Wiltshire Council

Overview and Scrutiny Management Committee

13 December 2012

Subject: **Update on SAP**

Cabinet member: **Councillor John Noeken – Resources**

Purpose of Report

1.   To update the committee on the progress made on SAP development since April 2011.

Background

2.   SAP has been live since April 2009 and is used for Finance, Procurement, Human Resources, Payroll, Performance and Risk.

3.   In addition SAP is used to provide payroll services to external clients including Green Square Housing and Schools inside and outside of Wiltshire including Academies

4.   The KPMG SAP Post Implementation Review report in November 2010 stated:

   a.   the overall finding by KPMG that "Ultimately Wiltshire Council achieved a great deal in successfully implementing a major SAP system";
   b.   the decision to go live on 1 April 2009 was bold but appears to have been the right one; and
   c.   that project initiation and planning was well organised and co-ordinated, a good standard of project documentation existed and that the Council's SAP trainers showed a great deal of dedication.

   At the time the report also stated:-

   a.   that conflicting and competing priorities within the council at the time resulted in limited capacity and resources for the project;
   b.   there are currently no plans to further invest in SAP so as to drive out further efficiencies in other areas of the business;
        (The work identified in the appendices below addresses these issues)
   c.   planned head-count reductions will mean that it is likely future projects will have to consider the use of contractors where internal capacity and/or skills are limited;
        The in source of Information Systems from Steria and subsequent significant training of staff has addressed this issue

     d.   some service areas felt uncomfortable with the pace of the project and struggled to provide sufficient resource to manage the necessary business change activities that were delegated to them.

     e.   Technology works but some cultural (behavioural) issues to address.

5. Following on from this the Information Systems team, working with the senior users in the business areas identified the need to rationalise, improve, and further develop SAP in order to meet the following corporate objectives:

- corporate plans to improve efficiency and effectiveness
- organisational restructuring
- discussions with business leads and users
- return on investment

6. From discussion with users the group decided there was a need to:

- improve the user's experience of SAP
- reduce duplication of data,
- reduce the time and effort to maintain data,
- deliver meaningful, timely management information to service managers.
- deliver system efficiencies,

7. Analysis of these needs revealed three categories that need to be addressed, resourced and delivered:

- Implementation improvement issues
- Short to mid-term essential business developments
- Projects to be addressed as part of a SAP development programme

8. A PID and initial work programme was developed and approved by CLT on 23 May 2011 and approved by Audit Committee on 13 May 2011. A project manager was allocated from the Corporate Programme team and senior officers from HR, Payroll, Procurement, Finance and Information Systems worked together as a group to drive forward the improvements and developments. Some of this work was already in progress but the PID and project consolidated all the current work and planned the future developments and improvements for the system.

Progress to date

Implementation improvement issues – Appendix A

9.   There were a number of outstanding actions that remained unresolved with the implementation, These were as a result of use of the system since implementation and identifying processes that need to be refined or that had changed. Increasing user knowledge of SAP and the interdependence between the different aspects of the SAP system (HR, payroll, finance and procurement) meant that the council had a greater understanding of where it needed SAP to be developed to meet the business needs.

10.   Workarounds had been developed to overcome issues that were faced at unitary (such as multiple terms and conditions for staff) and due to other priority work taking precedence it had not been possible to close out these issues. By resolving these issues it has been possible to significantly reduce the recurring support and reliance on the SAP Support team and remove the workarounds used by the business.

11.   These issues have all been completed and a full list can be found at Appendix A

Essential business developments - short to mid-term – Appendix B

12.   A number of short to mid-term business development requirements were identified.   These were small discreet projects required in their business areas that once addressed, mitigated recurring support issues and reliance on the SAP Support team. These have all been completed or closed and are listed in Appendix B

Projects Completed or Closed – Appendix C

13.   In addition, there were a number of projects across the wider business that had a dependency into SAP. Appendix C lists those These have been completed or closed .

Projects In Progress – Appendix D

14.   There are a number of projects that are in progress to improve the way that SAP interfaces to existing systems and reporting and facilities for managers . These are ongoing and their current status is listed against each project

New Projects Planned – Appendix E

15.   There are statutory changes that need to be implemented between January and June to ensure that the SAP system is fully compliant with latest changes directed from government including the major changes on Pensions auto enrolment and Real time information for HMRC payroll. In addition each year there is an annual patching of the SAP system to ensure all system updates are applied and tested

Development Projects Currently Being Investigated- Appendix F

16.   Appendix F lists the projects that are currently being explored in order to further automate and improve the way that that we use SAP. These developments are governed by a Board consisting of senior business users from the council to evaluate the cost and benefits of implementing them.

Conclusions

17.   To note the improvements and developments made to date and the work that is currently planned and under development.

Jacqui White
Service Director Business Services

REPORT AUTHOR:
Jacqui White
Service Director Business Services

Date of report: 27 November 2012

Background Papers:
SAP Development PID – author and Project Manager Sally Rose
Project status reports – Sally Rose

Appendices:

Appendix A	**Implementation Improvement Issues**
Appendix B	**Short to Mid-Term Essential Business Developments**
Appendix C	**Projects – Completed or Closed**
Appendix D	**Projects In Progress**
Appendix E	**New Projects Planned**

Appendix A

Implementation Improvement Issues - Payroll

Issue	Description	Status	Costs Incurred by WC
Pension Banding Decision Setting	Currently employees' pension contribution banding is calculated monthly. With effect from 1st April 2011 we would like the assessment to be done in April and therefore fix the employee rate for the whole year. We would like to use the rule which fixes the rate on the 1st April but if a retrospective change is made later in the year (e.g. pay award not settled on time) then reassess	**COMPLETED**	Nil
Pension Proration	Currently any employee who is opted into the pension scheme mid month is having their contribution calculated twice. The system is first calculating the pension contribution based on the earnings that month and then it is prorating it by the number of days in the month for which the employee has been opted into the scheme	**COMPLETED**	Nil
Schools Payroll Reconciliation	Problems exist with the reconciliation of schools payrolls. Additional GL mapping required & correction of issues caused by summarisation due to SAP processing. Additional mapping developed and moved to Production. Feb payroll reconciles but other issues need addressing eg WC wage type, centrally funded items and WT 6713. Split Teachers and Local Govt pension contributions	**COMPLETED**	Nil
Compensatory Grant	Functionality required for Fire & Police to administer payments of Compensatory Grants to employees of External Customers	**COMPLETED**	Nil
Pension Increase	Functionality required to automate pension increases across all pension payrolls. Logica required to develop a solution / programme and all records to be automatically updated by payroll staff	**COMPLETED**	Nil
Amendment to Ztax Validation	Payroll schemas Z000 & ZRET do not work in the case of multiple employment late leavers. To deal with this a bespoke scheme ZRET has been set up however there is no validation against this schema to prevent changes across year end resulting in various payroll issues. It has been suggested that:- 1. 'Enhancement Spot' technology of ECC 6.0 is investigated to see if additional code can be added into GRETC to enable this to work for ME leavers in addition to single	**COMPLETED**	Nil

Issue	Description	Status	
	contract leavers. 2. Validation is added to the bespoke schema ZTAX to prevent changes across Year End		
New NI Wage Type	Wage type to reallocate Ni'able pay from one month to another without affecting the YTD ni'able pay	**COMPLETED**	Nil
AXISe Pension Reports	The axise interface reports: Starters, PT Hours, Contract Post and Personal changes have been re-specified following the visit from Logica on 9/2/11	**COMPLETED**	Nil To be delivered by Logica F.O.C

Implementation Improvement Issues - Human Resources and OD

Issue	Description	Status	Costs Incurred by WC
Leavers Position Report	To include previous position field and correct titles in reporting options	**COMPLETED**	**£2,035** HR Budget 90193
Workplace Locations	Workplace Locations field required to be populated with a data upload programme & associated reporting	**COMPLETED**	**£1,500** SAP budget 90450
MSS Sickness Reasons	Ability to make changes to sickness reasons for selection in MSS	**COMPLETED**	Nil

Implementation Improvement Issues – Finance

Issue	Description	Status	Costs Incurred
Instalment Plans	Instalment Plan ZFIP function has not worked correctly since go-live. This has been recognised by WC & Logica and work is underway to remedy this	**COMPLETED**	Nil
Emailing of Customer Invoices (Accounts Receivable)	This was originally blueprinted but not implemented. *Logica to pay for development and transferred to the development list as B23*	**TRANSFEERED** Transferred to 'B' Development list **Currently In testing phase**	Nil To be delivered by Logica F.O.C
ABAP program ZFM01 needed for budget assessments	This is currently listed as a non-chargeable CRQ but is being considered further by Logica	**CLOSED** Transferred to next phase SAP Review	Nil
FI Validation Rules for Property	Validations are required to ensure Property cost centres use SIO's *CLOSED as requirement unclear – to be picked up within SAP projects*	**CLOSED** Requirement unclear – to be picked up within SAP projects	N/A
Re-Mapping for Bank Statement Imports .	Change of bank account numbers required, for remapping imports	**COMPLETED**	Nil
Accounts Receivable clearing	Ideally the AR clearing function would clear partial payments and create "residual items' on the customer account	**CLOSED**	N/A

		Transferred to Direct Debit Project	
	Transferred to Direct Debit Project		
Client names in SAP (AP)	Client names to be recorded against SIO's in SAP	**COMPLETED**	Nil
Overnight job monitoring	Currently not all overnight jobs are monitored to ensure they have run correctly. This has caused problems with the ERS programme not running and payments not being received by providers	**COMPLETED**	Nil
Make AR customer refunds through AP	This would allow refunds of overpayments by customers to be made directly through accounts payable	**COMPLETED**	Nil
Duplicate Invoice Entry – Validation for Accounts Payable	To reduce duplicate payments from the entry of invoices through MIRO a user exit is required. At the moment it does not check for duplicates in MIRO that have already been entered through FB60	**COMPLETED**	Nil
SAP Form changes	Ability to change forms in Sap (E.g. remittance advice etc); for minor changes	**COMPLETED**	Nil

Implementation Improvement Issues – Procurement

Issue	Description	Status	Costs Incurred
Workflow of approving Managers	Shopping carts rejected by Approving Managers which are returned to requisitoners for changing are not always going back to the Approving Manager	**COMPLETED**	Nil
Buyer Access to Cost Centres	Buyers can access any cost centre set up in Finance even if not in SRM and if the cost centre has been deactivated in SRM but not in Finance *Procurement to pay for development and transferred to the development list as B22*	**TRANSFERRED** Transferred to 'B 'Development list In development phase	**£303** Business Services-Procurement Budget 90170
Category Managers to have READ Only access to certain items of a Buyer	Category Managers would find it useful to be able to access sourcing pool to check many purchase orders	**COMPLETED**	Nil
Use of split cost centres in SRM	Finance have reported that using split cost centres in SRM causes them problems and they would like to suspend the function	**CLOSED Reviewed & no changes currently required. To be picked up with SAP Projects**	N/A
'E'mailing Purchase orders directly to suppliers, functionality & process	Many Vendors still being set up with no e-mail address. This results in any PO's generated going to a generic e-mail inbox and PO's have to be posted. when a Vendor set up is received their e-mail address is a compulsory requirement	**COMPLETED (ongoing updates to records)**	Nil

Short to Mid-Term Essential Business Developments - Payroll

Ref	Project	Description	Benefits	Status	Costs Incurred WC
B1	School Costing Reports	Schools require the costing report to be output in alphabetical order and with Personal number, within cost centres. To also identify and resolve all other scenarios	Reduce the support currently required every month when costing reports are required Provide improved information to schools Easier payroll reconciliations	**COMPLETED**	£2,565 Budget Code 90260
B2	Payslip Issues	To identify and resolve all outstanding payslip layout issues	Accurate information displayed on payslips to include accumulations and correct job order	**COMLETED**	Nil

Short to Mid-Term Essential Business Developments - Human Resources & OD

Ref	Project	Description	Benefits	Status	Costs Incurred WC
HR&OD 1 **B3**	Establishment Control	Recording JE Outcome against position - Use of the job object	Improved accuracy of the recruitment process Improved protection against equal pay claims Improved reporting Facilitates pay modelling	**COMPLETED**	Nil
B4	Establishment Control	Clarifying records for multiple job holders.	Staff paid correctly Pensions and redundancy calculated correctly	**COMPLETED**	£545 £1,538

		Analysis of the structure of the pay record for staff with more than one work activity which should be separated into different positions with different pay arrangements, e.g. front-line leisure staff Update 2/2/12 Staff are now being paid on the variable hours wage types. This currently involves a workaround relating to sick pay. Currently all staff who have moved to a variable contract (around 300) are on a nil hours variable hours contract.	Sick pay calculated correctly Facilitates harmonisation of T&Cs Protects against equal pay claims		£2,225.60 Budget Code 90190
B5	Establishment Control	Use of Personnel Area / Sub Area Investigation of the best method of breaking the organisation down into Departments and Service Areas. The mechanism currently used by Business Information reports is the use of Personnel Area for Department and Subarea for Service Directorate. These fields are out of date and expensive to update and may affect the reporting of the employee's work history	Improved reporting of establishment in a wide range of existing and proposed reports Managers would have greater confidence in the SAP structure Development of a consistent approach to reporting on establishment	**COMPLETED**	Nil
B6	Establishment Control	Additional Position Information Identification of staff on secondment/acting up; market	QA and Equal Pay Audit Reporting improvements	**COMPLETED**	Nil

		supplement; location; additional fields for previous position			
B7	Establishment Control	Best approach to managing establishment, information and control Arrange visit and information sharing with Buckinghamshire CC, who are advanced in management of establishment	Process efficiency Insight into unused SAP functionality such as planned versions of the organisation structure to model proposed structures and costs	**CLOSED TRANSFERRED to Appendix F**	Nil
HR&OD 2 **B8**	Reporting Improvements	Integration of data from different SAP databases, e.g. person and position data	To be able to carry out reporting from SAP and reduce reliance on manipulation of data in spreadsheets To enable a wider range of QA reporting To facilitate reporting on the new JE functionality being implemented	COMPLETED	Nil
B9	Reporting Improvements	Business Intelligence reports to improve information provided on turnover, sickness and equality/diversity	Provide missing reporting capability	**COMPLETED**	Nil
B10	Reporting Improvements	Advisory Case Tracker – Improvements to existing ACT New case categories are required	New case categories provided for reporting	COMPLETED	Nil
HR&OD 3	Quality Assurance	QA Reports Internal development of a range of	Accuracy of HR data improved Payment of salaries correct	**COMPLETED**	Nil

		reports to improve how data entry and process errors are highlighted	Protection against Equal Pay Claims Highlights possible improvements to processes		
B11					
HR&OD 4 **B12**	Improved Processes	Contracts of employment Production of contracts using SAP data mail merge	Efficiency saving in production of contracts Reduce errors in contracts	**COMPLETED**	Nil
HR&OD 5 **B13**	Manager Self Service	To improve the MSS experience for managers by removing unnecessary and inaccurate reports and functionality and relaunching reports as the SAP data is improved to make them fit for purpose	Increase managers use of MSS Reduce reliance on HR for provision of information on employees To provide managers with the information they require to undertake staff lifecycle processes such as recruitment	**COMPLETED**	Nil

Short to Mid-Term Essential Business Developments – Procurement

Ref	Project	Description	Benefits	Status	Costs Incurred WC
B14	Direct Payments Limit Orders GR/R	In some instances PO's are still being fully paid or partially paid by direct payment, resulting in purchase orders being left on SAP without being goods receipted and commitments being posted twice. If orders are partially paid by goods receipt and direct payment this causes confusion	More efficient use of the system If PO's have to be deleted as a result of being paid by direct payment valuable procurement information is lost. Less activity at year end with deleting PO's Commitments are not on the system in duplicate	**COMPLETED**	Nil
P00 2	Organisation Structure	A review is required as following the management and ongoing staff reviews	Greater efficiencies when using SAP Opportunity to identify a dept rep who	**COMPLETED**	Nil

B15		there are many changes needed to the organisation structure of SRM. Users only report issues when they have shopping carts which have not been approved. There are also instances where there are more managers than requisitioners in some areas	would take ownership of the dept structure so that all requests for user set up/cost centre set up are controlled, DCS use this approach. Provides an audit trail		
P003 **B16**	Review Product Categories and GL Accounts	Users report problems with selecting the correct product category, departmental accountants are having to journal accounts to other GL codes. Users are selecting inappropriate product categories to match GL accounts Procurement data is compromised	Improved procurement information less time wasted having to do journals Easy to use requisitioning	**CLOSED TRANSFERRED To Appendix F**	Nil
P004 **B17**	Training for Requisitioners and Buyers	SAP has been live for 2 years and due to the number of staff changes a training review is needed to ensure users are able to use the system effectively	Improved efficiency for Users Share good practice Stop bad practice	**COMPLETED**	Nil
P005 **B18**	Catalogues and setting up Corporate Contracts	We now have less catalogues on the system than we did at Go Live. We have not set up any Corporate Contracts.	Catalogues are easier for requisitioners/Buyers to use as items, Vendor and prices are already in place. Contracts would also give a degree of control as the Vendor is automatically assigned. Saves time in the req process	**COMPLETED**	Nil
P006 **B19**	Reporting directly from SRM Organisation Structure	A report is required to address the requests from the Business for information on requisitioners/Buyers etc.	This report will give us greater flexibility, more accurate up to date information and hopefully improved timescales for providing info to depts	**COMPLETED**	£2,035 Budget Code 90450

P007 **B20**	Setting up and testing of punch out catalogue direct to Lyreco website	We may be ceasing the current contract we have with Marketplace (Dec11) and instead punch out directly to the Lyreco website	Save costs by moving away from marketplace	**COMPLETED**	Nil
P008 **B21**	Setting up of XMA on Marketplace	Setting up of XMA on Marketplace until (Dec11) see above	XMA have supplied nearly all the necessary information required to set them up on the Marketplace site Easy to purchase from XMA – not reqrd	**COMPLETED**	Nil
B22 *Transferred from A list*	Cost centre access	Buyers can access any cost centre set up in Finance even if not in SRM and if the cost centre has been deactivated in SRM but not in Finance *Development carried out which would have introduced need for further bespoke customisation. No further action agreed*	*Development carried out which would have introduced need for further bespoke customisation. No further action agreed*	**COMPLETED**	£303 Budget Code 90170
B23 *Transferred from A list*	Emailing of Customer Invoices (AP)	This was originally blueprinted but not implemented. Logica to pay for development	Option to 'e'mail AR invoices to customers	**COMPLETED**	Nil

Projects Completed or Closed		APPENDIX C
• *Revenue and Benefits*	🟢	**COMPLETE** – *Interfaces for new system following unitary*
• *Help to Live at Home*	🟢	**COMPLETE** – *Payments to suppliers following development of Help to Live at Home*
• *Carbon Emissions – Grey Fleet*	🟢	**CLOSED** – *No major development required – Report from SAP only*
• *Direct Debit Functionality*	🟢	**COMPLETE** – *Set up through a managed service arrangement to enable customers to pay SAP invoices by Direct Debit facility*
• *SAP Online Appraisals Phase 1*	🟢	**COMPLETE** – *Initial set up for online appraisal functionality*
• *SAP Online Appraisals Phase 2*	🟢	**COMPLETE** – *Improved Workflow and content for Employee Self Service (ESS) / Manager Self Service (MSS). Training sessions for managers and online based training for employees*
• *SAP Appraisals Phase 3*	🟢	**COMPLETE** – *Development of online form to support the appraisal process*

•	*SAP Publication of Organisational Charting in MSS*	**COMPLETE** - *Organisational charts available to Managers through MSS using the SAP portal. Data being updated automatically on a nightly basis*
•	*SAP Reporting Capability*	**COMPLETE** - *Internal capability developed to provide Business Analysis and Business Intelligence query skills. Transfer to BAU – SAP Application Support Team*
•	*SAP Access Controls and SAP Super User Privilege Management*	**CLOSED -** *These 2 products are component parts of the SAP Governance Risk and Compliance (GRC) suite of tools. The procurement and deployment of these particular products has been considered in the background since shortly after SAP go-live .Given the recent in-house developments around security processes (e.g. Fire-fighter accounts, security logging via SM19/SM20), and strong recent audit results for SAP the costs involving in buying, implementing, configuring, licensing and maintaining these 2 products would not be cost-effective at this stage*
•	*SAP Solution Manager (SLM)*	**COMPLETE -** *Solution Manager is required as part of our SAP environment to manage technical configuration of multiple environments, but more importantly its use is the only way to deploy upgrades or Enhancement Packs (EP) into SAP. The readiness of SLM has been a discussion point and key dependency for other work items included in the SAP optimisation programme. Logica have confirmed that SLM is now in a state that will support the required activity and allow us to apply EP's*

Projects In Progress		APPENDIX D
SAP Line of Business Reviews & Updates	🔺 *IN PROGRESS* 🔺 *IN PROGRESS* 🔺 *IN PROGRESS*	*QL Housing System Invoices to SAP for payments - With Logica in development stage* *GVA System Invoices to SAP for payments – Being specified by WC* *Libraries Galaxy Invoices to SAP for payments – Being specified by WC*
New 'e'recruitment Interface 'Talent Link to SAP'	🔺 *IN PROGRESS*	*'e'recruitment employee information to SAP for HR & payroll – With WC for testing & final specification adjustments*
SAP Budget Management Phase 1	🟢 *COMPLETE* 🟢 *COMPLETE* 🔺 *IN PROGRESS*	*Development of new reports for Budget Manager* *Update of SAP Portal for Budget Managers* *Training for Budget Managers*

NEW PROJECTS PLANNED	APPENDIX E
Annual SAP Patching	System Patching - Statutory updates January 2013 – March 2013
Pensions Auto Enrolment (Payroll)	Statutory Requirement - Go Live March 2013
Real Time Information – HMRC (Payroll)	Statutory Requirement – Go Live June 2013

Development Projects Currently Being Investigated	APPENDIX F
Finance and Procurement Process and Structure Optimisation	- Review Structural Elements - Process Improvements - Modification & Simplification - Increase Self Service - Support Category Management
Process Automation E Forms	- Process Automation - Self Service facilities - Improved service to schools - e forms
Invoice Automation	- Deployment of packaged solution - Improved Vendor Management - Scanning Invoices - Optical Character Recognition (OCR) - Process Automation

Payroll & Expenses Optimisation Electronic Payslips	- Various Configuration Options for Payroll - Automated Timesheets - Pension Scheme Changes - Roll out Schools Self Service - Electronic Payslips for schools & external customers - Further Appraisal Development - Inclusion of whole workforce into SAP ie volunteers / agency staff