



PUBLIC SECTOR

**Review of data
migration to SAP
financials**

Wiltshire Council
2009/10 audit
June 2010

AUDIT

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Introduction

Purpose of this report

On 1 April 2009, the four former Wiltshire district councils and Wiltshire County Council were combined to form one unitary authority, Wiltshire Council ("the Council"). As at that date, key financial applications were migrated to the new SAP system, the project being known as the Business Management Programme ("BMP"). At the same time a new Cash Receipting application was implemented in a separate project to the SAP implementation.

The merging of the councils added to the difficulty and complexity of the SAP project, by increasing the number of source applications to be converted, at a time when there were also significant changes in personnel and organisational structure.

The first stage of the SAP project comprised the implementation of the Accounts Receivable, Accounts Payable, General Ledger, Fixed Asset Register, Bank Reconciliation, Cost Ledger and Payroll functions.

It is crucial that data is accurately and completely migrated from the previous systems in order for the opening balances of the new Council's accounts to be correct. This is a very technical and complex process, but the higher than normal number of source systems involved increased this complexity further.

We have therefore undertaken detailed work on the data migration process to gain assurance on the complete and accurate transfer of data from the previous systems to the new SAP system.

Our approach

The review to date has been performed by the following means:

- reviewing of the cutover plans (i.e. the data migration list in the summary of tasks for the transfer of systems);
- interviewing relevant BMP and other personnel, in particular Finance staff;
- reviewing data sign off documents – the confirmation by data owners of the satisfactory migration of data – and checking to supporting information;
- reviewing the extract files from the source systems and load files generated from these for import into SAP; and
- comparison where relevant of SAP data with the extract files from the source applications.

The work was performed during the period between March 2009 and March 2010. The protracted work period was due to:

- delays experienced by the Council in clearing conversion differences in the Accounts Receivable transaction loads at March 2009; and
- the technical problems it encountered which also delayed the conversion and load of the General Ledger opening balances and the fixed asset registers as at 31 March 2009 until February 2010.

Executive summary

Headline messages

The Council had several potential options available to it in relation to the financial applications, the main ones being the replacement of all source systems in one go, a partial implementation of SAP replacing only one set of legacy financial systems initially, or the retention and gradual replacement of the applications in place at the previous councils. These choices had varying advantages and disadvantages. The decision in favour of replacement of all of the existing financial applications with SAP at the date of the merger of the councils was a choice that came with the most significant complexity and resource demands during the already complicated process of the former councils preparing for, and then embedding, the new unitary authority. However, it has also compressed the period of major change and disruption into a much shorter period.

As would be expected, there have been significant challenges. There was a divergence in the quality of management of the data migration. We consider that payroll, bank and the structural/organisation elements (e.g. cost centres and bank sort code reference files) have been appropriately managed. However, there have been control weaknesses in the live migration of both the Accounts Receivable transactions and Accounts Payable masterfiles. There are mitigating factors in both these areas, due to other problems arising (many of which were outside the direct control of the migration personnel), which diverted resource from the control process. These are explained in more detail in section four. The migration of the General Ledger and Fixed Asset register opening balances have been subject to delays, but the eventual migration process was satisfactory. Given the magnitude of changes the Council has been through, not only in the context of IT systems, but in organisation and personnel, the results of the data migration could have been much more problematic.

We recognise that the combination of the implementation of SAP, the conversion from multiple source systems and the uncertainties and learning curves created by the merger into a unified authority have created a pressured and stressful situation for the staff involved in, and affected, by the SAP implementation project. We are grateful for the time and effort they have given to support us in this work. Acknowledgement should be given to the work undertaken by members of the BMP team and other Wiltshire Council staff.

As explained further below, in a number of areas this audit has not provided the necessary audit assurance on the migration of data into the new SAP system. This will have an impact on the amount of further audit work required to obtain this assurance.

We have set out our detailed findings in section 4, but our key findings are summarised below.

Summary of key findings and conclusions

Module	Findings and conclusions
Payroll	Payroll was controlled well overall, with generally good completion of the data sign off documents, and the use of parallel runs to verify the accuracy of the data migration and conversion process.
Cash reconciling items	Whilst data sign off documents were not produced, the split of the existing council bank balances into the different SAP structure of GL accounts (i.e. balance per the bank and additional GL accounts for different types of uncleared items, which net off to the more normally found single account of bank balance per the council) was adequately controlled and managed. There have been significant problems in the receipts matching operation of the application in this area since go live. This is not due to data migration issues, but primarily to integration issues with the new cash receipting system, Civica, which was implemented as a separate project. These issues are outside the scope of this report, but the cause of the matching issue and the resultant backlog of unmatched items have been addressed.
Accounts Receivable	The controls and management of this area have not been adequate in respect of transactions. Reconciling differences were not identified in most areas until late 2009 and the reconciliation of the North Wiltshire DC data migration was only fully reconciled shortly prior to the 2009/10 financial year end, with the adjustments still being worked on after the year end. The work in this area has, however, been impacted by the pressure on resources due to the problems noted above in receipts matching. The key causes of the North Wiltshire District Council problems were the production of only a partial extract file, for which an adequate reconciliation to the accounts figure was not supplied, and the failure to identify there was a problem in a timely fashion, such that key staff whose knowledge was needed for the reconciliation were no longer available.

Executive summary

Summary of key findings and conclusions (continued)

Module	Findings and conclusions
Accounts Payable	<p>No transactions were migrated in this area, with all balances being cleared from the Accounts Payable ledgers in advance of the migration. However the controls over the migration of the supplier masterfiles were not adequate with a formal record and sign off for only one of several files migrated. The primary cause of this was the need for the rapid additional loads of several new sets of supplier records, due to a poorly programmed deduplication exercise and the failure of some departments to identify their suppliers for timely checking and loading. The deduplication issue was caused by the retention of only those suppliers which had been active within the last 18 months, but failing to sort duplicated accounts into supplier purchase value before deleting duplicates of the first record for that supplier. Therefore if the Wiltshire County Council record, normally the first record encountered, had no purchasing activity, then the duplicates of the record from other councils, even those with purchasing activity, would be deleted, and then the supplier itself deleted, as the remaining record showed no purchasing activity.</p>
General Ledger	<p>The migration of the opening trial balances was deferred until external audit clearance was received on the 2008/09 final accounts of all the previous councils in late November. However, test loads after that date identified a reporting issue, for which a solution was only loaded for testing in mid February 2010. This problem arose because the Council planned to report by cost centre so that each former council's load could be reported separately, but this type of reporting can only be done at profit centre level, and the existing profit centre structure was not on a cost centre organisation basis. In the end, a non-SAP solution was implemented in Excel. Testing in advance of the audit sign off might have identified the reporting issue and lead to an earlier resolution.</p> <p>The opening trial balance on SAP as at 1 April 2009 loaded in February 2010 agreed back to the overall Excel totals of the balance sheet in the statutory accounts for the previous councils, with the exception of the split within and between the current assets and current liabilities sections. The totals by SAP sub group for debtors and creditors had balancing differences arising from the grossing-up of wrong way balances in the statutory accounts (e.g. accounts on the debtors' ledger in credit through say overpayment, were excluded from the debtors total, thereby increasing the debtors ledger debit balance and added to the creditors' totals) and there were some reallocations for consistency across all councils. We undertook a high level review of the workings provided on the reallocation of the accounts and undertook a detailed check on one council, comparing the load journal with the detailed closing trial balance. This indicated that the mapping of accounts to SAP was reasonable.</p> <p>There was also evidence of an appropriate level of checking by the team.</p> <p>The loading of structural data primarily related to new organisation structure data, such as cost centre hierarchy, and was adequately controlled.</p>

Executive summary

Summary of key findings and conclusions (continued)

Module	Findings and conclusions
Fixed assets	<p>As with the General Ledger, the data migration was deferred until external audit clearance for the 2008/09 statutory accounts was received, and similar reporting issues were noted. The detailed registers were loaded in February 2010 as at 1 April. The totals per the fixed assets notes to the statutory accounts agreed to the relevant account totals within SAP and to the totals by asset category within the asset register on SAP.</p> <p>There were discrepancies on Wiltshire County Council between the asset register category totals and the General Ledger category totals. Dummy assets were set up to enable the opening balances to agree between asset register and the linked General Ledger account totals on SAP. There were also some differences between the SAP figures and the load files, which related to queries which were loaded separately.</p> <p>There was less evidence of checking as much was done to screen but overall the load was controlled and the loaded figures satisfactory.</p>

Executive summary

Impact on external audit for year ended 31 March 2010

We have noted a number of issues above, which combined in some cases with relevant issues noted in other areas of audit work not reported on here, have led to a change in audit approach. As highlighted below, in some areas we will not be able to rely, in part of at all, on audit assurance gained from testing controls in some areas. In these cases additional substantive audit work will be necessary. We set out below a brief summary of the impact.

Payroll

The data migration was generally satisfactory and no changes to the audit approach are envisaged from our work on data migration only.

Cash Reconciling Items

Whilst we were satisfied with overall completeness of the data migration, the monthly bank reconciliation process would have been an additional control to ensure that any minor errors (e.g. on cheque number format for matching) would have been highlighted. However, due to the problems outside the data migration in the cash receipting area, this reconciliation process could not be properly completed and there will be full reliance on the year end bank reconciliation, requiring testing to a higher degree of accuracy. However, we do not anticipate any significant problems with uncleared migration items arising from migration errors.

Accounts Receivable

The audit approach has been impacted both by the failure to verify the accuracy of the data migration load on North Wiltshire District Council and the non-migration issue of the cash receipting problems, which has meant that the debtor monitoring controls have not been able to function properly. Additional work will be needed at the year end on the valuation of debtors and to verify that items are within audit tolerances.

Work will also need to be done at the year end to ensure that the basis of the debtors ageing reports are understood. This arises not just from the lack of evidence of the checking in this area at the data migration, but also from control issues in other areas.

Accounts Payable

Due to issues identified in other audit areas, a primarily substantive approach will be adopted in relation to accounts payable and purchases. Whilst our testing may identify invalid suppliers and payments, this is not its primary purpose. As such the Council may wish to undertake its own work on ensuring that the lack of documented controls over the migration of supplier masterfiles did not lead to unauthorised changes to the supplier files loaded.

General Ledger

Overall the data migration was satisfactory, although much delayed. The year end audit will need to review journals post the load to ensure that any reclassification of general ledger opening balances post the data migration are appropriate.

Fixed Assets

As with the General Ledger, the Fixed Assets data migration was satisfactory, although much delayed. Dummy assets were set up to ensure that the asset register supplied properly balanced to the General Ledger accounts. The audit approach will include work to ensure that these dummy assets are fully explained and adjustments to these post the migration are appropriate. The late load of the register means there is a backlog of additions and disposals to process, as well as ensuring that changes to depreciation charges arising from differences in how SAP works compared with the legacy systems are understood and appropriate. There is therefore less time available to ensure that any problems encountered in updating the ledger are resolved and to identify, understand and adequately explain any significant differences in the depreciation charge, arising from SAP adjusting the cumulative depreciation charge to obtain its calculated current net book value.

As a result of the above, it is likely that the audit will require additional time to complete and therefore additional fee will be necessary, although we are not yet in a position to quantify this impact. We will of course keep this under review and ensure that any increases in the fee are kept to a minimum.

Key issues and recommendations

We have noted the following issues which have impacted on the effectiveness and auditability of the data migration process in some areas. Some of these are inherent issues that are often seen with complex IT implementation programmes, whilst others relate specifically to the way in which the process was handled by the Council.

- A failure to complete data load logs immediately following the load.
- Failure to retain evidence of the detailed load to SAP, to support the record count documented.
- Inadequate evidence retained in some cases around the correction of migration errors.
- The North Wiltshire District Council AR open transaction file not being the full extract of the source ledger, an issue that was not identified for some time and for which the adjustments were only finally determined in April 2010. The causes of the differences are not clear in some cases.
- Problems with the integration of the new Cash Receipting System which was also implemented in April 2009, as a separate project, leading to major problems with allocation and posting within SAP.
- The impact of the reorganisation changes on personnel, with responsibilities to both old and new councils.
- Contract staff being released too early, leading to a loss of knowledge on the migration process itself.
- Loss of knowledge of the source systems making reconciliation difficult.
- Elements of the data cleansing being performed in the wrong order, leading to deletion of some required AP masterfiles, which needed later rapid reinstatement.
- Failure of users within the old councils to identify vendor/creditor accounts, leading to additional loads being required at short notice.
- Unforeseeable problems diverting staff time, such as an error by the bank leading to duplicate transactions being sent to and loaded by the Council.
- User lack of familiarity with the system, so that key staff were diverted into user support.
- An organisational structure set up within the General Ledger that meant the planned reporting on both the General Ledger and fixed assets loads was not possible.
- Users in the previous councils not following instructions and inadequate monitoring of this (e.g. the extraction of the North Wiltshire District Council accounts receivable ledger and the failure of the ex County Council to post all cash to the accounts receivable ledger up to 31 March 2009).

It is also probable that potential resources were not available whilst finance staff undertook necessary work to support the completion of the year end audits of the old councils. It is important that the Council both addresses the remaining issues on the SAP implementation on a timely basis and considers what steps it should take to ensure similar issues are avoided or minimised.

Recommendations

Prior to any further system implementation and migration projects, the Council should undertake a comprehensive post implementation review to identify:

- what went well
- what did not go well, with a realistic split between:
 - problems directly and solely related to the unique situation of the merger of the councils;
 - other problems;
- how the positives can be applied to future projects and how they can be used to reduce the risk of the problems encountered recurring; and
- what else needs to be done to mitigate the risk of problems reoccurring.

Key issues and recommendations (continued)

In addition we consider the following recommendations are important for future migration projects:

- Continuity of staff is maintained wherever possible and realistic – especially where historical knowledge of issues, systems, balances, and processes exists.
- As much data cleansing as possible is performed prior to migration. This should be undertaken by staff who understand the data/balances in question, and should be performed in line with formally agreed and communicated policies
- Migration reconciliations are best done internally, given the knowledge staff will have about the underlying data, and therefore reliance on external consultants for such tasks should be avoided wherever possible.
- For future implementations it may be appropriate to follow a staged process, with each system being migrated and signed off prior to the next being migrated. This will have advantages in specification, resource, planning and the application of learning points.
- Monitoring should take place to ensure that users are following procedures (this should be easier now there is one council).
- Timely completion of control documentation and investigation of errors.
- Production and retention of control evidence for Quality Assurance and audit purposes.

Detailed findings

We set out below the detailed findings supporting the previous sections.

Payroll

Overall, the payroll migration has been adequately verified and controlled. There were some minor issues with the sign off forms, and load reports from SAP were either not produced or not retained in all cases for verification. We have undertaken some supplementary work using data analysis to re-check the key areas.

We have seen completed, electronic data sign off forms (the Data Load Log, which records the authorisations for loading, the formal sign off of the load, record count checks, evidence of load files and SAP loaded data and details of records not loaded) for all but the six manual loads on Team Spirit (the Salisbury District Council Payroll application – all other councils were on Cyborg) and we were able to verify most of these to paper versions with signatures. Error recording was generally satisfactory and a sample check on resolution of recorded errors found they had been dealt with correctly. There were some omissions of the required sample print from SAP and evidence supporting the number and, where appropriate, totals of records loaded to SAP was mostly either not produced or not retained. We only noted two forms where the number of records in the load file or the number of records loaded, was not recorded, and these were non-key loads. Whilst the load files are present for the loads, there is no adequate audit trail documented between the extract files and the files for loading.

Reliance on the accuracy of the data conversion is placed on the results of the two parallel runs. The second parallel run was reconciled to a tolerance of 50p on the payslip. However only limited documentation of these has been seen, including an issues list and a summary of the records processed; those failed; the number of gross and net differences; and the number of those reconciled.

Cash reconciling items

The data migration of those accounts with external live transactions was controlled, although this was not documented in data migration sign off forms.

The conversion of bank accounts was only partially achieved as at mid June 2009, but met the key objective of the Finance team of converting all those accounts where external live transactions would be going through (thus for example, transfers between accounts were not migrated), so that the cash side would be operational. However at the time of our on-site work in this area in mid June 2009, the April bank reconciliations were only just being completed. There have been long running issues in the production of reconciliations, due to problems with the matching of cash receipts from Civica cash receipting and the bank statement information imported into SAP. This led to a backlog of unmatched items that was still being eliminated in January 2010. This is an issue which does not relate to data migration, but to the interface between SAP and Civica.

We understand that the problems in the interface with the new cash receipting system were due to the implementation of the latter being run as a separate project with insufficient integration and testing to identify and avoid the problems which have occurred.

In addition there was a further, unrelated problem initially when the bank provided on two separate days, a statement file that not only contained the current day's transactions, but also included those of the previous day, which had already been loaded. This occupied staff time in identifying and reversing out transactions.

We have however received satisfactory evidence on the completeness of the data conversion. The bank reconciliation control process provides details of the accuracy of cheque number conversions, by indicating if the matching process has been able to operate successfully. We are not aware of any issues on the payment matching side.

Detailed findings (continued)**Accounts Receivable**

Overall we have found significant weaknesses in the control and management of the data migration process within Accounts Receivable. A key element of this has been the lack of a timely completion of the data sign off forms so that some issues were not identified until key staff at the source councils were no longer available. The reconciliations for West Wiltshire, Kennet and Salisbury District Councils were completed by November 2009, but those for Wiltshire County Council and North Wiltshire District Council were still not completed at that date and North Wiltshire differences were only fully identified in March 2010. The lack of effective controls may be partially attributed to the staff at the source council who did not provide adequate information about what was extracted, but the lack of timely identification of this has made the reconciliation process more protracted.

The load of the material master file (required for invoicing purposes) was satisfactory. For customer master files, the live load included items omitted from the pre-production test run, as the extract had incorrectly excluded masterfiles for accounts where all items were over 1 year old.

At the date of our site visit in mid June, only two Data Load Sign off forms had been completed, those for West Wiltshire and North Wiltshire District Councils. The delay in completion of the conversion checks was due to the team concentrating on dealing with day to day issues on this and other modules and the problems with the interface to the new Cash Receipting system (one such issue occurred during our discussions, which had to be temporarily suspended to allow the member of staff to deal with the matter). In addition one site did not follow the correct cut off procedures for processing cash receipts against the debtors ledger, leading to manual adjustments having to be made. Neither of the data sign off forms completed were correct.

We were unable to obtain further information from the Finance section for over two months and this lack of response was therefore escalated. During this period the contractor responsible for the reconciliations departed. We were informed that only at the point when escalation occurred was it realised within the Council that the reconciliations had not been performed and two other people took over this role. Some information was then supplied to external audit on some but not all areas and a further visit was undertaken in November 2009 to obtain the outstanding reconciliations and to understand how the errors identified by the new team had occurred.

The situation at that point was as follows:

Authority	Total as per original SAP download	Total as per legacy system	Difference
WCC	6,413,470.76	6,404,401.26	9,069.50
SDC	1,504,067.43	1,504,085.68	-18.25
WWDC	282,445.29	297,013.51	-14,568.22
KDC	1,207,190.61	1,241,315.95	-34,125.34
NWDC	509,308.14	674,759.44	-165,451.30
Total	9,916,482.23	10,121,575.84	-205,093.61

Detailed findings (continued)**Accounts Receivable (continued)**

Authority	Total as per amended SAP download at 19 11 2009	Total as per legacy system	Difference
WCC	6,398,235.78	6,404,401.26	-6,165.48
SDC	1,504,067.43	1,504,085.68	-18.25
WWDC	297,013.51	297,013.51	0.00
KDC	1,241,316.15	1,241,315.95	-0.20
NWDC	509,308.14	674,759.44	-165,451.30
Total	9,949,941.01	10,121,575.84	-171,634.83

Some of the differences arose because the transactions had not been correctly identified as debits or credits. This problem did not occur at the test runs, when the files were prepared for load by a contractor, but as he left the project on 31 March 2009, prior to the live conversion files being received, the preparation was done by staff unfamiliar with the process.

Although North Wiltshire District Council was showing as agreed in the Data Load Log Template, there was actually a large difference, due to the extract file from the source system being incomplete. Due to the delays in identifying this issue by the Council, the people who performed the extract were no longer available. There have therefore been and were still up to the 2009/10 year end, problems in identifying the reconciling items in detail, exacerbated by the departure of staff familiar with the source system and its reporting. The difference on this account consists of many elements. Part relates to £363,276 of old Housing Benefit debts included in the source account balance of £674,759 – this was correctly excluded from the extract file, but this would have left a balance on the transfer file of £311,483, not the £509,308 actually extracted.

The hard copy prints initially produced of each element of the Accounts Receivable balance on the legacy system did not add back to the balance, with at least one of the reports apparently on a different basis to the others. The final reconciliation indicates that transactions prior to September 2007 were not extracted even though they were not written off at 31 March 2009 year end, and that other, more recent transactions appear to have been omitted from the extract file, whilst other unknown transactions have been added. In addition as with the other councils credit items have been posted as debits. There is still an unidentified balances of £2,343.37 to the trial balance which will be written off.

There was also a lack of a clear audit trail on the original reconciliations, as much of the initial reconciliation work was done by another contractor (who left at the end of June), using automated procedures. Likewise there is still a lack of evidence on the reconciliation of the debtors' ageing prints to those produced by SAP. We were informed that a general reasonableness assessment was made instead of a detailed reconciliation of the source of any differences. However, no evidence of this has been supplied and we understand from the new team that it is probable that no checks were done in this area, due to the problems in reconciling the actual balances.

There were no sales orders to convert, and now all sales orders are being raised in SAP (with the exception of Waste 2000 system which bills the council itself).

Detailed findings (continued)

Accounts Payable

No transactions were converted from the legacy applications, as all transactions on the originating system ledgers were paid off prior to the implementation date. There was a lack of documentary evidence over the loading of vendor master files, which in theory could have led to unauthorised changes to the files, or to additional vendors being loaded.

Creditor masterfile accounts were migrated, following some deduplication work to minimise the risks posed by having multiple accounts for the same creditor in SAP. The migration took place in several stages, based on priority.

A sign off form has only been provided for the load for Supplier Relationship Management suppliers, and this lacked an adequate audit trail to the electronic load file. Forms are missing for the first load (it is probable that they were not produced rather than mislaid), that of interface accounts, and the third, major load, of other suppliers. In addition several small files were created after these loads as more current suppliers were identified. There is no data load log with a formal sign off of these loads, to identify the number of records extracted and loaded. The late identification of additional suppliers increased pressure on the team to get the loads done quickly, which is probably the cause of the lack of documentation and evidence of controls.

In addition to the data conversion loads, some suppliers had to be set up manually during the first month after go-live, as a faulty method used by the automated deduplication process led to supplier accounts still in use being eliminated. Whilst the staff setting up these additional accounts are those who would do the task as part of their normal job, this does not compensate for the fact that there was no documentary evidence of the required controls over the set up of many of the accounts, including the conversions (and when staff set up new suppliers as part of their normal job, documented evidence of controls would also be expected). This failure to evidence controls allowed the potential for unauthorised changes to fields to take place and the creation of additional creditors.

General Ledger opening balances

The General Ledger balances were not loaded until February 2010. The totals per the previous councils' statutory accounts balance sheet agreed to the opening balances on the relevant account groupings (e.g. intangible assets) on SAP except for some elements of current debtors and creditors. The differences occurred due to the grossing up of wrong way items within these sections for statutory accounts purposes and to the reallocation of some accounts for consistency across the councils. There was adequately evidenced checking of the load.

No transactions were converted from the legacy applications.

Overall the load was satisfactory in terms of completeness and accuracy.

The load of the opening trial balances was initially deferred until external audit clearance of the 2008/09 accounts had been received for all the previous councils, an event which occurred in November 2009. It was planned to load each council's balance in turn, producing a trial balance and clearing each load as the task progressed. It was then discovered that such reporting could only be done at profit centre level, but that SAP only had the requisite organisational structure at cost centre level. Although solutions were tested, eventually a more manual approach was taken by entering the statutory account balance sheets into excel and checking the total of these to SAP sub categories of accounts. There were some differences in the overall totals on debtors, payments in advance, receipts in advance and creditors, due to the grossing up of wrong way balances in these categories in the statutory accounts and the reclassification of accounts e.g. from Debtors into Payments in Advance, but a review of these indicated that such reclassification was appropriate for consistency of treatment.

No data load logs were produced, nor was there any other formal sign off of the loads. Per the Interim Chief Accountant this was because the work was done by the team owning the balances, under his supervision.

Detailed findings (continued)

General Ledger structure set up

As the Council was set up with a new organisational structure and a new chart of accounts, most of these data loads were not migrations but a load of manual, newly created data. However, they followed the same control process as migration data. We have found no issues with the loading of this data. The accuracy of the source data is outside the scope of this report.

Data load forms have been produced appropriately for the following areas.

- General Ledger accounts
- Fund centres and fund centre standard hierarchy
- Commitment items and hierarchies
- Commitment Item Group **
- Cost element Groups **
- Cost elements
- Internal orders
- Cost centres and cost centre standard hierarchy
- Profit Centres
- Funds
- Project Master Data
- Bank sort codes
- Finance statement version

** - checked by a visual scan per the data sign off form.

These are all the tasks as per the list of data migrations for General Ledger forming part of the Cutover RAG spreadsheet of 1 June 09.

Fixed Assets

As with the General Ledger balances, these were not loaded until February 2010. The totals per the previous councils' statutory accounts balance sheet notes agreed to the opening balances on the relevant fixed asset General Ledger accounts and to the asset categories within the SAP asset register. In some cases, dummy asset records had to be set up in some asset register categories to agree the opening balances to the 2008/09 statutory accounts, with these being reallocated later as appropriate.

The quality of data within some of the asset registers was not always satisfactory, with, for example, assets with a value impairment and no cost and the totals per asset category not always agreeing with the relevant General Ledger account.

Some data had to be created to meet SAP requirements, this being derived from existing data on the source registers e.g. remaining life derived from overall asset life and the date capitalised.

Overall the load was satisfactory in terms of completeness and accuracy. The load of the revaluation account was also satisfactory

Detailed findings (continued)

The same problems were encountered with the fixed asset register load as with the General Ledger load as reported above. The equivalent final solution was applied with the totals per SAP General and fixed asset registers being agreed back to an excel generated total for all the previous councils from the fixed asset notes in the 2008/09 statutory accounts.

There was a lack of evidence of checking by the council team responsible for the load, primarily because we are informed that much of it was done visually to screen. No data load logs have been produced for the same reason as with the General Ledger load.

We have as a result of the above checked the load on a substantive basis. We noted differences between the load files and SAP, as a result of some assets with non- standard data being loaded separately. For example the Kennet District Council register include assets with impairments to cost but no cost. On North Wiltshire District Council some part disposals in the year per the source register were not included on the load file, but had been adjusted in SAP. The ex Wiltshire County Council asset ledger differed to the nominal balances and had dummy items created to balance the initial load to the General Ledger. Later corrections would therefore adjust the General Ledger. As with Kennet **District Council**, there were some unusual entries that have been loaded separately e.g. assets with no acquisition cost, but with a value coming from revaluation.

An adequate audit trail was added to the load file to enable the asset to be traced back to the source data. We understand that further work is being done by the Council to reconcile property databases with the SAP asset register to ensure consistency of records.

We also undertook similar testing on the load of the revaluation account records. Three dummy records were created on this side of the balance sheet to enable the detailed source records to agree to the General Ledger balances. This again reflected some poor quality data in the source systems.

Housing benefit interface

We undertook a brief review of the housing benefit interface as this effectively automatically sets up the housing benefit creditors within the Accounts Payable module for the payment of benefits. We have only looked at a high level at the sign off documentation and we are satisfied, on this basis, that the work at this level was performed to an adequate standard. We cannot however comment on the overall accuracy of the extract and load.

The initial interface is effectively a data conversion of the creditors. We also now understand however, that whilst on each subsequent run, a check is made by the interface procedure as to whether the creditor account already exists, all details in the account are nonetheless overwritten by the interface, to ensure they are current.

Interface sign off documents for each of the four source feeds, based on the final tests in the week before go live, have been produced, with satisfactory explanations for the differences in record totals. The differences indicated that SAP will only accept one occurrence of the same vendor and that a vendor cannot be set up when a record already exists in SAP.

The first interface was run manually as this set up the majority of the creditors. We are informed that no validation errors were noted, but we have not done any verification work in this area.

We have given each recommendation a risk rating (as explained below) and agreed what action management will need to take. We will follow up these recommendations next year.

Priority rating for recommendation		
Priority one: issues that are fundamental and material to the successful completion of the project.	Priority two: issues that make an important contribution to the successful and evidenced completion of the project.	Priority three: issues that would, if corrected, improve the successful and evidenced completion of the project.

No.	Risk	Issue and recommendation	Management response	Responsible Officer & target date
1	One	<p><u>Post Implementation Review</u></p> <p>Issue</p> <p>We have identified some areas of the data migration where improvements are needed. These are set out in the following recommendations.</p> <p>Recommendation</p> <p>In every project, however well run, there are learning points to improve the next project. We recommend that an independent post implementation review is undertaken.</p>	<p>The Audit Committee approved the recommendation for a post-implementation review on 24 March 2010.</p> <p>A review is now being commissioned and will take place over the summer.</p>	<p>Martin Donovan October 2010</p>
2	One	<p><u>Continuity of staff</u></p> <p>Issue</p> <p>Due to the delay in the reconciliation of the Accounts Receivable migration, staff with knowledge of the North Wiltshire District Council source systems had departed before the reconciliations had been completed, This made it difficult to obtain the information needed to complete the reconciliation and identify correcting postings.</p> <p>Recommendation</p> <p>The need for the retention of knowledge should be considered during phases of staff reduction and, where possible and realistic, staff with key knowledge should be retained until that knowledge has been passed on to the remaining staff or until the knowledge is no longer required.</p>	<p>Previous difficulties with knowledge transfer were related to the amalgamation by staff from the 5 previous authorities. Processes are now being put in place to ensure that effective knowledge transfer takes place</p>	<p>Matthew Tiller, in liaison with project leads for relevant work streams and HR On-going</p>

Action Plan (continued)

Risk	Issue and recommendation	Management response	Responsible Officer & target date
3	<p>Two <u>Data Cleansing</u></p> <p>Issue</p> <p>There were some problems with the data deduplication of Accounts Receivable and Accounts Payable masterfiles at the live load which were not identified in advance. In addition, some of the data on the fixed assets registers was of poor quality and needed adjustment on the load.</p> <p>Recommendation</p> <p>The Council should be in a position on future loads to review and cleanse the data prior to the load and ensure only “good data” is loaded.</p>	<p>Processes have been put in place to ensure that all data is reviewed and cleansed prior to upload.</p>	<p>Matthew Tiller, in liaison with project leads for relevant work streams</p> <p>July 2010</p>
4	<p>One <u>Problems caused by the loss of external contractors working on key areas</u></p> <p>Issue</p> <p>Problems were encountered on both the Accounts Receivable load files and the Accounts Receivable reconciliations because of the departure of contractors who had been doing the work.</p> <p>This led to the loss of knowledge and to errors in the load files and delays in the continuation of the accounts receivable reconciliations.</p> <p>Recommendation</p> <p>Reconciliations should be undertaken wherever possible by internal resources and where contractors are used, they should be retained until the tasks are completed and not released part way through.</p>	<p>Arrangements have been instigated to ensure reconciliations are undertaken by in-house finance staff and not contractors.</p>	<p>Matthew Tiller, in liaison with project leads for relevant work streams</p> <p>July 2010</p>
5	<p>One <u>Staged migration process</u></p> <p>Issue</p> <p>Many of the problems on the data migration were at least partly due to the decision to concurrently migrate up to five source systems to one new system.</p> <p>Recommendation</p> <p>In future migrations, the Council may be in a position to migrate from each of the old councils’ systems in turn, rather than concurrently. Whilst this will prolong the process, it will enable problems with each migration to be resolved and possibly prevent reoccurrence on the next migration.</p>	<p>Future migrations will be planned on a phased basis appropriate to the circumstances. Each migration will be successfully completed prior to any further inter-related migrations.</p>	<p>Matthew Tiller</p> <p>September 2010</p>

Action Plan (continued)

No.	Risk	Issue and recommendation	Management response	Responsible Officer & target date
6	Two	<p><u>Monitoring of procedures</u></p> <p>Issue</p> <p>We understand that users in the source councils did not follow required procedures in all cases, especially on Accounts Receivable. It is unclear if this was a time or a communication issue.</p> <p>Recommendation</p> <p>With a single council now this should be less of a problem. However, the project management process should include monitoring to ensure that procedures are being followed, possibly as part of a project quality assurance process.</p>	Project management processes have been instigated to ensure that relevant procedures are being followed.	Matthew Tiller September 2010
7	One	<p><u>Timely completion of control documentation and investigation of errors</u></p> <p>Issue</p> <p>Some documentation was not completed until some time after the data migration and in some cases not at all. Errors were therefore not identified at an early stage and the completeness and accuracy of the migration was not confirmed by the responsible personnel.</p> <p>Recommendation</p> <p>Completion of documentation should be undertaken within two weeks of the migration and errors investigated.</p>	In future all documentation pertinent to a migration will be completed within 2 weeks of that migration. All errors will also be investigated within the same timescales.	Matthew Tiller, in liaison with project leads for relevant work streams September 2010
8	Two	<p><u>Production and retention of control evidence</u></p> <p>Issue</p> <p>In some cases evidence of the completeness of the SAP load was not available. This is particularly important where there is no control value to verify to, e.g. on master files.</p> <p>Recommendation</p> <p>SAP load prints should be produced and retained as evidence of the completeness of the load and to enable quality assurance and audit checking to be performed.</p>	In future the completeness of each data load will be used by the use of SAP load prints.	Matthew Tiller, in liaison with project leads for relevant work streams / Project Quality Assurance September 2010