AUDIT COMMITTEE

MBOS (MANAGING BACK-OFFICE SUPPORT) SUB GROUP

3 February 2022

ATTENDEES: Councillors Colin Swansborough, Gerard Fox, Matthew Beaver

Officers in attendance:

Phil Hall, Chief Operating Officer

Ian Gutsell, Chief Finance Officer

Graham Forsdyke, MBOS Programme Manager

Mark Winton, Audit Manager

## 1. SELECTION OF CHAIR

1.1     Councillor Colin Swansborough was chosen to chair the Sub Group.

## 2. MBOS PROGRAMME UPDATE

2.1     MBOS is key council programme and project which needs to be got right.  The project has a 10 year lifetime, and affects our core finance, HR, and procurement systems, and will impact every member of staff.  The previous system (SAP) was last replaced in 2005.  The MBOS Sub Group is part of the investment in programme management to deliver the project successfully, and is key to assurance.

2.2     Graham Forsdyke, the MBOS Programme Manager, explained that Finance, HR, Recruitment and payroll systems are being replaced as SAP R3 (the Council's current system) is being taken out of mainstream support.  The MBOS programme is designed to provide a replacement at a pace we are comfortable with, with manageable impacts.   The principle is of replacing like for like systems, not going for unproven technology: the age difference in systems has naturally upgraded some systems.  Satellite systems, such as Tribepad for recruitment, will be replaced with an integrated module within the new Operating System, which will be more efficient.

2.3     The governance structure is based on functional capability, with functional boards and sponsorship from the senior officer team, notably Ian Gutsell and Sarah Mainwaring. There is some cross functional working to avoid silos.  The technical design team ensure the programme is aligned to our IT architecture, not storing up technical debt or problems for the future.

2.4     The Programme Board is key in covering functional and cross-functional work, and making the decisions.  The Board is supported by Programme Management Team.  The Board is made up of internal officers, while the Programme Management Team are not council employees.   As the project is not routine work, the Council bought in expertise, to get the best people in to do specialist work.

2.5     Following evaluation and demonstrations there was universal agreement that Oracle was the preferred choice on delivery of functionality, the intuitive look and feel and built in training mechanisms, and the contract was approved by the Lead Member for Resources and Climate Change.  Oracle Fusion is a highly rated ERP which ESCC has bought as a cloud service on Oracle-owned and run infrastructure.  Upgrades will be delivered to us regularly, which will maintain suitability and maintain the life of the programme.  Infosys act as the implementation partner, ensuring that our requirements are covered.

2.6     An iterative discovery and design process is being used, with the initial build and conference room pilot.  The developers have built the ESCC processes into the Oracle base system, and are now running 40 sessions where they take a process to demonstrate to viewers how It works, working through the process and getting feedback to hone the design.  The final design is rigorously tested before user acceptance testing to ensure it is fit for our purposes.  There are three months of hyper care and Oracle are on hand at change over and first use of new system.

2.7     The general range of other ERP replacement programmes is in the £10-15m range.  Most of the costs are time-related, with external resources used as ESCC lacked expertise.  The key risks of costs and time duration are closely linked, but ESCC is within the expected costs window.  The Chair requested clarity on the major spend on small number of items.  The Programme Manager explained that backfilling staff to act as key Subject Matter Experts (SME) who worked on MBOS 100% was counted as an internal delivery cost.  Phil Hall confirmed the lessons learned from a helpful Internal Audit, which has led to changes of programme management and governance processes, with the Board having much greater oversight.

2.8     Councillor Fox requested the cost table be updated in real time, to see trends and actual outturn, in order to get ahead of the curve to avoid running out of time.  He also requested that the key risks be ranked and updated.

2.9     In response to a query from the Chair, Mark Winton agreed to provide the original Internal Audit report set out in para 2.7 above and the follow-up, as they demonstrate the opportunity to make improvements which were acted on by the Programme Board.

2.10    Councillor Beaver enquired about the backup, should there be a system failure on day one and the Worst Case Scenario.  The Programme Manager explained that should Oracle fail on Day 1 it would be turned off, and turn SAP back on and let SAP continue.  This would take day or so to do, to repoint satellite systems back to SAP.  The aim is to start at the beginning of the month for go-live, to protect payroll.  There will be hours of pre-release running, often at the weekend before releasing the programme to the organisation.

2.11    The Sub Group AGREED to convene three meetings, in May, August and November, to fit in with key programme steps.