

**Agenda Item:**

**Report to:** Audit Committee

**Date:** 26 September 2006

**Report from:** Acting Chief Auditor

**Title of report:** **SUMMARY AUDIT AND RISK REPORT**

**Purpose of report:** To inform the committee of internal audit findings. The Summary Audit and Risk Report attached contains the results of the audit of:

1. Progress report of the audit of the Agresso Financial Management system.

**Recommendations:** That the report be noted.

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## Summary Audit and Risk Report

### Progress report of the audit of the Agresso Financial Management system

#### Background Information

In August 2003 a report was presented to Cabinet regarding the acquisition of a replacement financial system. It was agreed to replace the Council's Financial Management Systems that had been in place since December 1997. The software supplier's licence was due to expire on 16<sup>th</sup> December 2004, an extension was negotiated for one year to the end of December 2005 with no possibility of further extension.

Following demonstrations of 4 products, a report presented to Cabinet in May 2004 recommended purchase of a financial management system from Agresso Ltd via a sharing agreement with Lewes DC who already have a contract with Agresso Ltd for the provision of a Financial Management Systems. Lewes were to purchase sufficient licences and support to extend use of the software to Hastings BC and Rother DC. The total estimated cost of £200,000 was provided in the Capital programme and the system was scheduled to go-live on 1<sup>st</sup> April 2005. The system actually went live on 27<sup>th</sup> July 2005

Overall Audit Assessment: B: Most are in place and functioning; however, some issues are still to be addressed.

#### Key Findings

- The project timetable was extremely tight and was dependent on all partners progressing at the same rate. This did not happen. In addition the planned resources were not available consequently the timetable not met.
- There have been significant difficulties during the first months of operation. These were slowly resolved. However, it will be some time before the anticipated benefits of the new system are fully achieved.
- The implementation of not only a new financial management system but also a cash receipting, income management and payroll system has put a considerable strain on to the Financial Services Division, and also on other areas of the Council.
- A full cashbook reconciliation was not completed for 15 months. Procedures have now been put in place that should ensure prompt and regular completion of this reconciliation is performed.

#### Management Response

This project has proved very challenging from a number of perspectives. Many of the difficulties have now been overcome.

It is disappointing that our partners have not progressed in accordance with original agreements. This continues to delay progress in a number of areas including joint system administration and procurement initiatives.

**Summary Audit and Risk Report****Appendices and background documents:**

The full detailed report is available on request

**Policy implications**

Please tick if this report contains any implications for the following:

Equalities & Community Cohesiveness	<input type="checkbox"/>
Crime and Fear of Crime (Section 17)	<input type="checkbox"/>
Risk Management	<input checked="" type="checkbox"/>
Environmental issues	<input checked="" type="checkbox"/>
Economic / Financial implications	<input checked="" type="checkbox"/>
Human Rights Act	<input type="checkbox"/>
Organisational Consequences	<input type="checkbox"/>

Report written by

Dave Spillett, Acting Chief Auditor

Ext 1526