

# Finance and Audit Scrutiny Committee

Minutes of the meeting held on Wednesday 26 May 2021 in the Town Hall, Royal Leamington Spa at 6.00pm.

**Present:** Councillors: Ashford, Davison, R Dickson, Grey, Illingworth, Luckhurst and Syson.

**Also present:** Councillor Hales (Portfolio Holder for Transformation).

## 1. Apologies and Substitutes

- (a) apologies for absence were received from Councillors Heath, Nicholls and Tracey; and
- (b) Councillor Luckhurst substituted for Councillor Tangri.

## 2. Appointment of Chair

It was proposed by Councillor Syson, seconded by Councillor Illingworth and

**Resolved** that Councillor Nicholls be appointed as Chair for the 2021/22 Municipal Year.

In the absence of the Chair it was proposed by Councillor Syson, seconded by Councillor Illingworth and

**Resolved** that Councillor Dickson be appointed as Chair for the 26 May 2021 meeting.

## 3. Declarations of Interest

There were no declarations of interest.

## 4. Minutes

The minutes of the meeting held on 21 April 2021 were taken as read and signed by the Chairman as a correct record.

## 5. Internal Audit Quarter 4 2020/21 Progress Report

The Committee received a report from Finance that advised Members on the progress in achieving the Internal Audit Plan 2020/21, summarised the audit work completed in the final quarter and provided assurance that action had been taken by managers in respect of the issues raised by Internal Audit.

At the start of each year Members approved the Audit Plan setting out the audit assignments to be undertaken. This year's Audit Plan had to be revised due to the impact of the Coronavirus Pandemic and a revised Audit Plan was approved by Members on 30 September 2020. A detailed analysis

of progress in completing the Audit Plan for 2020/21 was set out as Appendix 2 to the report.

An addendum circulated prior to the meeting advised Members of an amendment to page 23 of Appendix 3 to the report, which related to the Purchasing Card Recommendation.

In response to a question from Members, the Audit and Risk Manager advised that there had been a move to a more risk-based approach to audits.

Councillor Illingworth congratulated the audit team for the fact they were able to complete the audits given the circumstances faced as a result of the Covid-19 pandemic.

Councillor Hales, the Portfolio Holder for Transformation, also congratulated the Audit and Risk Manager and his team for the high quantity and quality of the reports that were completed under difficult circumstances, as a result of the Covid-19 pandemic.

**Resolved** that the report, including its Appendices 1 to 4 and A to N, be noted.

#### 6. **Internal Audit Annual Report 2020/21**

The Committee received a report from Finance. Forming part of the evidence for the Annual Governance Statement, the report presented a summary of the internal work undertaken during 2020/21 and provided a conclusion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

The Annual Report, in the format and comprising the topics prescribed by the Public Sector Internal Audit Standards, was set out as Appendix 1 to the report.

**Resolved** that the Annual Report of Internal Audit for the year ended 31 March 2021, including Appendix 1 to the report, be noted, as part of the consideration and approval of the Annual Governance Statement 2020/21.

#### 7. **Annual Governance Statement 2020/21**

The Committee considered a report from Finance that set out the Council's Annual Governance Statement for 2020/21 describing the governance arrangements that were in place during the financial year. The Statement would accompany the Council's Statement of Accounts.

Regulation 6 of the Accounts and Audit (England) Regulations 2015 required that a relevant authority must, each financial year prepare (and approve) an annual governance statement.

The Annual Governance Statement 2020/21 was attached as Appendix A to the report.

In response to a question from Members regarding the merger with Stratford-on-Avon District Council, the Audit and Risk Manager advised that for next two years the Council would continue to operate as WDC in terms of the functions/services it would provide. Separately, there would be an interest in the risks around the specific topic of the merger, and there could well be a separate topic undertaking a risk based review of the merger, and there would be discussions about this and the role of internal audit in that process, involving chair of the Finance and Audit Scrutiny Committee.

The Head of Finance advised Members that as part of the planned move towards the merger it was agreed that a further report should be coming back to the Committee in July 2021 setting out the programme of different workstreams that would be required. There was now a Programme Manager in place, and the idea was to bring back the full programme of activities to the Committee alongside a risk register, and how the progress of this work would be scrutinised was to be decided.

**Resolved** that the Annual Governance Statement for 2020/21 for Warwick District Council as set out at Appendix A to the report, be approved.

## 8. **Progress Report on Replacement IT Systems**

The Committee considered a report from Finance that provided a progress update on two large scale IT projects:

- the replacement of the corporate financial management system (Total FMS); and
- the replacement of the regulatory case management and waste services system (CivicaAPP) used by Health and Community Protection, Private Sector Housing and Neighbourhood Services.

The two projects represented key activities in the Business Strategy (2019/2023) to transform the Councils working practices and business processes, utilising technology and digital services to improve the customer experience and reduce costs.

The Executive approved the Financial Management System Replacement Project at its meeting in December 2019. An extensive procurement exercise launched early in 2020 ended with an award of contract to Technology One Ltd on 1 July 2020 and a finance system called Ci Anywhere.

Governance arrangements included the establishment of a Project Board under the lead of Andrew Jones, Deputy Chief Executive and sponsor of the project. On the request of the Finance and Audit Scrutiny Committee, Councillors Hales and Syson were invited onto the Project Board and had been fully engaged in progress reviews from the outset.

To support project performance monitoring, the Project Board received and reviewed a monthly project highlight report with a project status update. The highlighted report was also shared on the Council's Intranet to increase awareness of project progress.

The implementation project had made good progress despite the challenges of remote working, with all workshops and other meetings between the

Council project team, service teams and the supplier team carried out via video conferencing. Initial transition challenges to the new ways of working were quickly overcome and the relationship between the project and supplier teams had proven very positive and productive.

The initial (design) phase of the implementation project reviewed long established financial business processes at Warwick District Council, identifying which processes could be developed to take advantage of modern technology, removing areas of duplicated data entry and streamlining or automating other activities to reduce overall workloads. This included changes to how supplier purchase orders were raised, how supplier invoices were validated and paid, and how customer invoices were created.

These changes would reduce workloads and create opportunities for contributing to the efficiency savings targets included in the medium-term financial strategy from digital projects. Progress to identify potential efficiencies and how these would be realised once the new system was live were a key performance tracker that the Project Board reviewed regularly.

Configuration of the system to align with new ways of working was completed in January 2021, launching the initial loading of data from legacy systems. This had, as anticipated, proven a complex and time-consuming area which had undergone several iterations as of April 2021. This area was nearing completion but would undergo a further iteration or upload of data that would be reconciled to the legacy system (based on financial year end balances at 31 March 2021) during May 2021.

An important phase of the implementation project which determined readiness for going live was user acceptance testing. At April 2021, testing was progressing well with no major concerns identified. Testing would be scaled up through May and June, increasing the breadth and volume of testing to lower the risk of issues emerging after going live. Users of finance systems throughout the Council would participate in user acceptance testing from May, increasing the number of people with familiarity of the new system and business processes.

The Project Board would meet in May 2021 to review testing and other project updates to determine a preferred go live target date. This would be a timeline from July 2021 that ensured risks of disruption to financial management at the Council was avoided.

The target date for going live with the new system to be agreed by the Project Board at their meeting in May, would provide a timeline for the delivery of user training and user support arrangements.

The procurement of a Regulatory Services and Waste Management system replacement for CivicaAPP concluded in December 2020 with a contract award to Arcus Ltd, with the implementation project underway from February 2021.

Governance for the project was provided through a Project Board with Andrew Jones as lead and sponsor for the project. By April 2021, regular monthly meetings of the Project Board were underway, attended by supplier representatives.

The project would replace the legacy back office case management system and files in several services areas (Health & Community Protection, Housing and Neighbourhood Services) and additionally provide a front-end self-service portal where residents would be able to contact the Council on a range of matters such as licence applications or reports of fly tipping or missed bins.

Once established and in use by residents, the volumes of enquiries received by telephone or email should reduce, reducing the level of Council officer time engaged with enquiries and in creating the application or new process. At April 2021, it was too early to determine the scope and scale of efficiencies from the project. Identifying and evidencing efficiency opportunities would be a performance monitoring process within the Project Board governance

Unlike the replacement of the finance system which was based on moving from one system to another at a single point in time (commonly referred to a "big bang" approach in IT implementation projects), planning for the implementation of the regulatory services and waste management system was based on a phased go live approach.

The approach was to create multiple go lives, with a group of related processes bundled into one of several go lives. This approach would provide a smoother transition into new ways of working and should enable efficiency opportunities much sooner than the big bang approach and delaying go live until all processes had been migrated to the new technology.

The rationale and detail for the mini go lives would be reviewed by the Project Board at their meeting in May 2021. At April 2021, the draft proposal indicated all service area processes in scope of the project would be migrated to the new system by the end of 2021.

In response to question from Members, the Project Manager – Financial Systems advised that the Council was not the first Council to use the technology, though it was being used in ways that were slightly new and different to the way it was being implemented elsewhere, and the Council was learning from experiences of other implementations of this technology elsewhere. The technology was being tested robustly and was as user friendly as it possibly could be, much more than the current system was, and had received excellent feedback.

Councillor Hales congratulated Councillor Syson for her work on the project board, the project board as a whole, the Project Manager – Financial Systems, and the engagement of all the different teams that were using this system. The feedback had been overwhelmingly positive, and the rollout had been excellent.

The Chairman asked the Project Manager – Financial Systems to take back the thanks of the Committee to both project boards for their work.

**Resolved** that the detail of the progress on both projects, be noted.

9. **Review of the Work Programme and Forward Plan & Comments from the Executive**

The Committee considered a report from Democratic Services that informed the Committee of its work programme for 2020/2021 Municipal Year, as set out at Appendix 1 to the report, and of the current Forward Plan.

**Resolved** that the report be noted.

(The meeting ended at 7.20pm)

CHAIR  
7 July 2021