Herefordshire Council

MEETING:	AUDIT AND GOVERNANCE COMMITTEE
DATE:	17 JANUARY 2011
TITLE OF REPORT:	AGRESSO PROJECT UPDATE
PORTFOLIO AREA:	RESOURCES

CLASSIFICATION: Open

Wards Affected

None

Purpose

To provide a briefing on the Agresso project, and the Audit implications as the system nears go-live.

Key Decision

This is not a Key Decision.

Recommendation

> **THAT the report be noted**

Alternative Options

This is an information report and therefore no alternative options are outlined.

Introduction

1. Agresso is an Enterprise Resource Planning (ERP) system. This integrated computer-based application can be used to manage internal and external resources, including tangible assets, financial resources, materials, and human resources. Its purpose is to facilitate the efficient flow of information between all business functions inside the boundaries of an organization and manage the connections to outside stakeholders.

2. A project is underway to implement Agresso within the Council, Hereford Hospitals the Primary Care Trusts. This report gives an overview of the project, and some detail specifically for the activities that have implications for Audit in the run-up to the 1st April 2011 initial go-live.

Project Background

3. Many Commercial and Public Sector organisations have sought to implement ERP systems to help streamline their businesses and consolidate information centrally, thus creating the opportunity to reduce the number of disparate computer and paper-based

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systems.

4. For the three clients in Herefordshire, Agresso has been selected to be implemented and is a key enabler for the Shared Services. The table below details the elements of the Agresso system that each of the clients has opted to implement.

Main area of functionality to be implemented/ Client	Financial Ledger (Reporting, Financial Manage)	Payroll	HR	E-procurement (Proactis)	Sales to Cash (Debtors)	Procure to Pay (Creditors)
Herefordshire Council	Yes	Yes	Yes	Yes	Yes	Yes
Hereford Hospitals Trust	Yes	No [1]	No	Yes	Yes	Yes
Primary Care Trust	Yes	No	No	Yes	Yes	Yes

5. For the Council, Agresso provides the opportunity to consolidate previous disparate functions (e.g. bringing Payroll functions together) and streamline existing processes.

6. The new processes and ways of working will need to be reviewed again as further detail about Shared Services (and specifically the Target Operating Model) is agreed and becomes available. This will be post go-live.

7. There are no issues of concern with the Council's existing Financial Ledger system (Cedar) but it does not support future business needs (e.g. Shared Services) as it is not designed as a fully integrated Finance, HR and Payroll system.

8. Cedar's Supplier (COA Solutions) did form part of a competitive tendering process that was undertaken during 2009.

9. Agresso was selected as it offered similar functionality to other products, greater flexibility once installed, and for a lower total cost of ownership than its rivals.

10. For the Council alone the initial go-live will see around 200 users requiring to be trained. Eventually the majority of employees will use Agresso.

Unit4 (Agresso Supplier)

11. Agresso is an international product marketed by a company called Unit4 which has a

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[1] The NHS has a national HR (Electronic Staff Record) and Payroll system

range of financial and business system products, and operations in more than 20 Countries.

12.   Under the contract with Unit4 the project receives support from the Supplier in a number of forms;

- Project Management – Unit4's Project Manager is regularly on-site and is responsible (in conjunction with the local Project Manager) for driving the projects' activities on a day to day basis.

- Domain Experts – Unit4 provide experts in a given field to work with local project staff in their various business areas e.g. finance, payroll, HR. This involves designing and building the most efficient business processes, and creating and testing within Agresso.

Project Resources

13.   **People**

As mentioned previously there is a fulltime Project Manager driving the activities on behalf of the three clients. Currently (as it fluctuates with project requirements), also forming part of the project team are;

- Business Analyst – responsible for documenting current processes and helping design new ones.

- Change Lead – responsible for Communications, Training and supporting the clients in making the necessary changes to implement the system

- Business Area Leads – as stated earlier, there are a number of individuals from the business areas working as part of the project team. Currently this numbers 6 full time individuals, plus others who play a formal part in the project team.

14.   **Finance**

The Council's share of the project budget is £ 2,078,596 and currently forecast spend is within this amount. Some items (e.g. employee self-service) are scheduled to be delivered next Financial Year, and this is budgeted within this figure. Financial updates are received by the Project Board.

Build Phase

15.   Agresso in common with all ERP systems is tailored to support the business processes of the organisation. Locally, Solution Design Documents (SDD's) have been created for each impacted area to detail their requirement and how the system will be used. The SDD's have been created by a Design Group with comprises of Senior Managers from the business areas, supported by the Project team and Unit4. The SDD is then used in response to configure Agresso accordingly, which is known as the Build Phase.

16.   The Council and PCT have opted for an Assisted build, whereby local staff have been seconded into a project team to build and configure Agresso supported by the Supplier when required. Due to compressed timescales, the Hospitals Trust selected a Managed build, whereby Unit4 has been engaged to create the build on their behalf.

17. During the summer of 2011, it is planned that employee Self-Service will be rolled out. An example of this could be an employee claiming expenses or changing their own home address following a domestic move, which should further reduce transaction costs. The Director of Resources will ensure an audit of self service will take place.

18. The benefits of an ERP system can be significant, but are only be achieved if the system supports the organisation as designed. The intention of pre go-live testing is to;

- identify instances where the system hasn't been built in accordance with the SDD; and
- establish if the process in the SDD is incorrect, or the system itself is not behaving as designed, or not interacting with other systems as anticipated.

Testing

19. System testing is crucial to ensure that the system supports the business as anticipated, at several different levels. Testing will seek to ensure that the proposed business processes work efficiently within the system. At a more detailed level, testing will seek to prove that Staff and Suppliers will be paid correctly, and that governance arrangements (e.g. authorisation thresholds) cannot be overridden or circumvented.

20. The usual method of testing is to produce scripts (based on the SDD), which are then executed to evaluate the systems performance. The results of these tests are then recorded. If issues are identified, they are categorised as to their severity and the urgency that resolution is required, and this information is then used to direct local or Unit4's effort. The results of testing can then be used by the organisation to support a decision to go-live.

21. Testing is typically broken into two distinct phases, each phase focusing on different aspects of the implementation.

22. **Integrated System Testing (IST):** These scripts seek to assure the technical aspects of the implementation and the integration with other systems. For instance, whether employees' pay is calculated correctly, the BACS payment file to pay them is correct, and as payslips are printed by Amey, whether the electronic file produced by Agresso can be used by them. Often this testing is undertaken by the project team, and its successful completion is a pre-requisite to the next phase. Each script will be executed a maximum of three times (or cycles).

23. **User Acceptance Testing (UAT):** UAT focuses principally on the Users interaction with the system. It is essential that end-users are fully involved in this phase, and their input is available to help evaluate the potential impact of failures. For some business areas (e.g. Payroll and Finance) releasing staff at the year-end will be a challenge, but achievable by identifying the specific times when individuals are required.

24. The timescales for the testing phases and cycles are shown in the summary plan in Appendix A.

Data Migration

25. Data will be extracted from 15 systems as they will be decommissioned post go-live. The historic data (i.e. not now actively required) will be archived to fulfil the Council's and NHS operational and legal requirements,

26. Data required for existing employees, suppliers etc will be migrated, and testing will be undertaken to ensure that this migration is accurate and comprehensive. Whilst some of this data can be loaded in the run up to go-live, items such as Debtor balances cannot be loaded until after closure of the legacy system. Where there are several potential sources of data regarding a single entity the business made the decision on a field by field basis which system to choose from. For example an employee's NI number and payscale comes from the payroll system, whereas their job title comes from the HR system.

27. Cleansing of data is being carried out within the existing business functions in preparation for go-live. This is particularly important where data from several systems is being consolidated, as there were initially many inconsistencies and the consequent danger of creating duplicate records.

28. It is vital that the users check the data has been created and loaded in the test system to enable any faults to be fixed before data is loaded into the Live system

29. The timescales for the data migration are very challenging. The users are making good progress on cleansing the data, the final cut of data for HR and Payroll will be taken just before go-live as will the balances for debtors. It will be possible to move some records before this date to ease the pressure of loading all data at the same time.

Payroll

30. The testing of payroll is done in two different ways to ensure completeness.

31. **Parallel runs;** Firstly there is a separate 'parallel run' environment, into which a complete set of current data is loaded for comparison to the existing payroll system. This includes any new starters, expenses, overtime etc for the month in question. Any differences for any person are identified, and the fault causing the difference rectified.

32. **Specific Scripts;** In addition a full set of scripts have been created, covering scenarios that do not crop up during the parallel runs. For instance, no new part-time, term-time only staff are appointed during the period of the parallel run, or no-one commences paternity leave etc, then these calculations must also be tested.
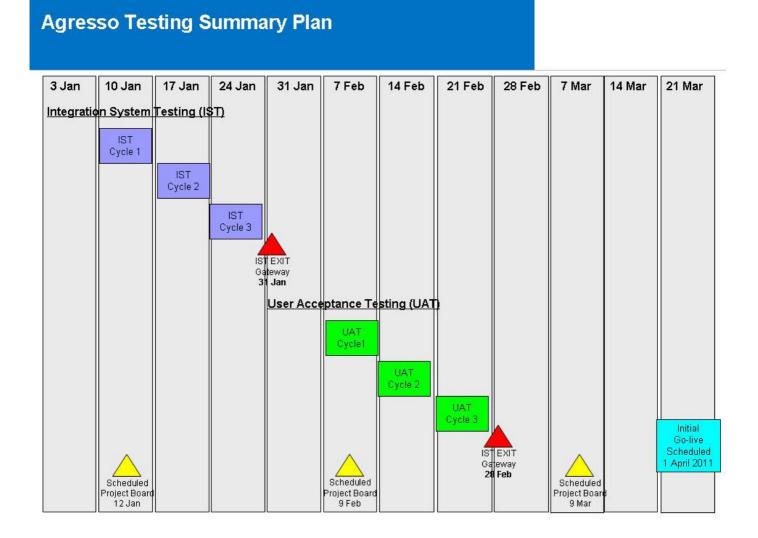
Governance

33. The Agresso project forms part of the Streamlining the Business workstream of Rising to the Challenge.

34. There is a Project Board comprising of Directors of Finance and Senior Managers from the three organisations, chaired by David Powell, Director of Resources for the Council. (A full list of Project Board members can be found in Appendix B).

35. The Project Board meets monthly and;

- receives progress reports from each workstream, and approval is sought for future project activities
- assesses the risks and issues as they are identified, and agrees mitigating actions if applicable

36. Project Board members also receive a weekly brief (referred to as the Flash report) which

provides a snap-shot of the week's progress and details are new risks that have arisen, or updates on existing risks where pertinent. An example can be found in Appendix C.

37.   Once testing commences, each weeks' results will be added to the Flash report to keep the Project Board fully apprised of progress. Also noted on the summary plan, are the monthly Project Board meetings where summary test results will be received and direction sought where applicable.

38.   It is likely that if issues are identified during testing, relevant members of the projects Design Group will also be involved to provide immediate guidance and recommendations to the Project Board on their likely business impact.

39.   Contingency planning has been undertaken in case elements or all of Agresso is not ready for go-live. This has involved seeking to identify the milestones and direct costs if contracts for existing systems have to be extended. Direction will be sought from Project Board members in the event this is required.

Appendix A – Summary plan for Testing activities

Agresso Testing Summary Plan

| 3 Jan | 10 Jan | 17 Jan | 24 Jan | 31 Jan | 7 Feb | 14 Feb | 21 Feb | 28 Feb | 7 Mar | 14 Mar | 21 Mar |

Integration System Testing (IST)

IST Cycle 1

IST Cycle 2

IST Cycle 3

IST EXIT Gateway **31 Jan**

User Acceptance Testing (UAT)

UAT Cycle1

UAT Cycle 2

UAT Cycle 3

IST EXIT Gateway **28 Feb**

Scheduled Project Board 12 Jan

Scheduled Project Board 9 Feb

Scheduled Project Board 9 Mar

Initial Go-live Scheduled 1 April 2011

Appendix B – List of Agresso Project Board members

Name	Role	Organisation
David Powell	Director of Resources (Chair of Project Board)	Herefordshire Council
Howard Oddy	Director of Finance	Hereford Hospitals Trust
Marcia Pert	Director of Resources	Primary Care Trust
Zack Pandor	Joint Director ICT	Herefordshire Council, Hereford Hospitals Trust and Herefordshire Primary Care Trust
Suzanne Penny	Interim Head of Workforce and OD	Herefordshire Council
Akif Kazi	Shared Services Programme	Herefordshire Council
Jonathan Riches	ISS Implementation Project Manager	Herefordshire Council
Joe Cairney	Project Manager (Agresso)	Unit4
Sue Jones	Professional Services Manager (Agresso)	Unit4
Simon Lind	Connects Programme Manager	Herefordshire Council

Appendix C – Example of Weekly Project Board Flash Report

Project		Integrated Support Services	Date	23rd December 2010

<table>
<tr>
<td rowspan="1">Accomplishments</td>
<td>
Core build into test complete for all workstreams

Data migration stream making good progress

Significant proportion of interface requirements mapped

Test Plan & Strategy issued today following on from consultation on draft versions
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<td>Progress</td>
<td>
ProActis contract management module complete –possibility of early go-live in January for this one module, subject to final testing & board approval

Overall build running according to plan.

Writing of test scripts about 80% complete

Test script execution matrix complete

Workflow Process, Roles and Users, making progress. Further work ongoing.

Issues & opportunities around payment processes being explored & prioritised
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Behind	On Target	Ahead
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Concerns & Top Risks

Code	Issue	Recommendation
A	Competing demands for key staff. Although currently sufficient resources have been freed up there is still a significant risk as resources are tight and there is no contingency time left.	Ensure adequate resources freed up. Keep project scope within feasible limits.
A	Outcome of Commissioner/Provider review (within health) will impact on system requirements after build has already been completed.	Identify new structures asap in order that they can be built and tested.
A	Interfacing requirements not fully mapped and will require significant effort. Some identified interfaces may need manual workarounds for an interim period, particularly those currently manual / not existing.	Data & Interfaces manager working to identify & map requirements. Business Analyst working to gather requirements for identified interfaces.

	A	Project delays to date have used up available contingency. There is a risk that any further delays could impact on go-live date	Monitor carefully. Director of Resources has agreed to mobilise extra resource if required.
	A	Timescales for delivery of @UK integration are tight.	Ensure any decisions required are made quickly. Keep careful track of progress.
Next Steps	Complete test scripting Complete workflow design Interface Design & Build Support team proposal Disaster management strategy Data migration & cleansing tests Explore options for maximising benefit from Version One scanning Finalise Training Strategy & recruit training consultant		