

REPORT TO: AUDIT COMMITTEE

DATE: 1 JULY 2021

REPORT TITLE: FINANCE (AGRESSO) SYSTEM CONTROLS

DIRECTOR: MALCOLM COE, DIRECTOR OF FINANCE

**AUTHOR: SELONGE RUSSELL, HEAD OF FINANCE AND
PROCUREMENT**

Purpose of Report

- 1 To provide an update to the Audit Committee on the controls that have been put in place with regard to WECA's automated Finance System (Agresso)

Impact of Covid-19 pandemic

The Combined Authority has actively reviewed its key activities and work programme to reflect changing priorities as a result of the Covid-19 pandemic. Specific issues relating to the Covid-19 situation that impact on or are addressed through this report are as follows:

- Implementation of the Combined Authority's new Agresso Finance system (Agresso) was delayed from April 2020 until September 2020 due largely to the Covid pandemic;
- Throughout the pandemic, the percentage of staff working at home has significantly increased. Adequate and effective controls have to be maintained in any automated financial system to enable remote working.

Recommendation

- Members are asked to note the controls that have been implemented and procedures adopted with regard to the WECA Finance System (Agresso)

Background / Issues for Consideration

- 2 Up until November 2019, all ICT systems and services were provided to the West of England Combined Authority by Bath and North East Somerset Council, (BANES). The BANES arrangement was always considered to be transitional and, as such, WECA engaged in a commercial dialogue with Agilisys, (under an existing delivery contract with North Somerset Council), when BANES served notice in early 2019.

- 2.1 Whereas the ICT hardware and iTrent payroll system were mobilised and implemented at the end of 2019, the intended implementation of a new (Agresso) Finance System was scheduled for the beginning of April 2020 to coincide with the start of a new financial year.
- 2.2 Unfortunately due to the Covid pandemic escalating from March 2020 and knock on capacity issues with our new ICT provider, Agilisys, several delays were encountered with final implementation of Agresso not completed until September 2020.
- 2.3 Agresso is a fully automated financial system with core functionality including:
- Processing accounts payable;
 - Processing accounts receivable;
 - Purchase ordering;
 - Budget management online information and reporting and;
 - Generation of core Statement of Account information
- 2.4 Prior to implementing Agresso, WECA financial transactions and reporting were largely reliant on manual systems and stand-alone spreadsheets.
- 2.5 Agresso is an established Financial System which is used widely across the Public Sector. In order to minimise control risks when developing the system specification for the Combined Authority we used the existing structure, controls and system architecture that was already operating effectively for North Somerset Council.
- 2.6 We applied the WECA coding structure, financial regulations and approved scheme of delegation to the system architecture to ensure that the final product was 'fit for purpose'. Other key controls and assurances that we have put in place throughout the development and implementation of Agresso include:
- Involving internal audit in project group meetings throughout the system development stages;
 - Commissioning specialist resources from North Somerset and G7, (Agresso specialists), to ensure that configuration matched with our requirements;
 - Appropriate segregation of duties built into the system for all financial transactions in compliance with approved regulations;
 - Regular exception reports generated by the system which are reviewed by the WECA Head of Finance and Procurement;
 - System generated published quarterly reports showing all financial transactions over £500;
 - Monthly budget monitoring meetings held between Finance 'Business Partners' and all major budget holders within the Combined Authority
 - Annual core system compliance audits undertaken by Audit West
- 2.7 The new Combined Authority Agresso system has enabled significant improvements on how the finance service operates whilst delivering tangible efficiencies through automated transaction processing. WECA's 2020/21 Statutory Accounts, which will be presented to the Audit Committee later this year, will be largely system generated and build on the positive progress, (as recognised by external audit), that we delivered through the 2019/20 Accounts process.
- 2.8 Detailed WECA procedure notes for Agresso, including work flows, reporting and controls are detailed in Appendix 1.

Consultation

- 3 Throughout the development stage of Agresso, consultation was undertaken with a wide range of WECA budget holders along with key stakeholders such as Internal Audit and North Somerset Council.

Other Options Considered

- 4 Having already entered into a commercial agreement with Agilisys for the provision of ICT services, WECA could not consider any alternative options with regards to the development of a new financial system.

Risk Management/Assessment

- 5 Risks regarding the integrity, accuracy and security of WECA financial data have been considered and managed throughout the development and implementation of the WECA Agresso financial system using a structured project management approach.

Public Sector Equality Duties

- 6 The public sector equality duty created under the Equality Act 2010 means that public authorities must have due regard to the need to:
 - Eliminate unlawful discrimination, harassment and victimization and other conduct prohibited by the Act.
 - Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - Foster good relations between people who share a protected characteristic and those who do not.
- 6.1 The Act explains that having due regard for advancing equality involves:
 - Removing or minimising disadvantages suffered by people due to their protected characteristics.
 - Taking steps to meet the needs of people from protected groups where these are different from the needs of other people.
 - Encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low.
- 6.2 The general equality duty therefore requires organisations to consider how they could positively contribute to the advancement of equality and good relations. It requires equality considerations to be reflected in the design of policies and the delivery of services, including policies, and for these issues to be kept under review.
- 6.3 There are no equality implications arising directly from this paper. Equalities implications are considered as part of the planning and implementation of specific activities.

Finance Implications, including economic impact assessment where appropriate:

7 Having a fully operational and integrated financial system promotes strong governance and delivers efficiencies through increasing the volume of automated financial transactions.

7.1 An ICT development budget was approved by committee for the transition of moving ICT providers from BANES to Agilisys.

Advice given by: Malcolm Coe, Director of Investment and Corporate Services.

Legal Implications:

8 The Accounts and Audit (England) Regulations 2015 state that “A relevant authority (the Council) must ensure that it has a sound system of internal control which includes effective arrangements for the management of risk”.

Advice given by: Shahzia Daya, Director of Legal

Climate Change Implications

9 On 19 July 2019, the West of England Combined Authority declared a climate emergency, recognising the huge significance of climate change and its impact on the health, safety and wellbeing of the region’s residents. The Combined Authority is committed to taking climate change considerations fully into account as an integral part of its governance and decision making process.

Each report/proposal submitted for Combined Authority / Joint Committee approval is assessed in terms of the following:

Will the proposal impact positively or negatively on:

- * The emission of climate changing gases?
- * The region’s resilience to the effects of climate change?
- * Consumption of non-renewable resources?
- * Pollution to land, water or air?

Particular projects will also be subject to more detailed environmental assessment/consideration as necessary as part of their detailed project-specific management arrangements

9.1 *Taking the above specifically into account, please comment on any climate change implications arising as a result of this report, and include details of any mitigation:*

9.2 There are no specific climate change implications arising as a result of this report. Risks arising from the declaration of the Climate Change Emergency, in relation to the delivery of WECA’s business plan, are highlighted in the corporate risk register.

Appendices:

Appendix 1 – WECA Agresso Financial System Procedure Notes (June 2021)

West of England Combined Authority Contact:

Any person seeking background information relating to this item should seek the assistance of the contact officer for the meeting who is Ian Hird / Tim Milgate on 0117 332 1486; or by writing to West of England Combined Authority, 3 Rivergate, Temple Quay, Bristol BS1 6EW; email: democratic.services@westofengland-ca.gov.uk