ARGYLL & BUTE COUNCIL

Internal Audit Section

INTERNAL AUDIT REPORT

CUSTOMER DEPARTMENT	CUSTOMER SERVICES
AUDIT DESCRIPTION	SYSTEM BASED AUDIT
AUDIT TITLE	RESOURCELINK – SYSTEM UPGRADE
AUDIT DATE	AUGUST 2016

2016/2017

Argyll
&Bute
COUNCIL

1. BACKGROUND

This report has been prepared as a result of the Internal Audit review of Resourcelink – System Upgrade within Customer Services - Improvement & HR as part of the 2016/2017 Internal Audit programme.

The software Resourcelink Aurora provides an integrated approach to all aspects of HR & Payroll and was implemented in 2002 following a tender specification process. The Resourcelink (RL) system has undergone significant enhancement since the original implementation and a review project was commenced in 2008 to identify areas for improvement, including upgrade. Reporting to the HR Board, the original RL project covered specific areas (data system & integrity, absence management, HR & payroll reporting and self-service HR & payroll function) which were delivered in the period up to March 2013.

Significant resources, including both revenue and capital budget and in house staff time, have been made available to further the development the Council's RL system. Budgeted expenditure for the period 2012-2017 was approximately is £365K.

The project has evolved from 2008 and we are currently on RL4 which was approved in 2014. RL4 is scheduled to be completed in September 2016.

2. AUDIT SCOPE AND OBJECTIVES

The main objective of the audit was to review the governance arrangements for the Resourcelink system upgrade. Controls included:

Authority – Roles and delegated responsibilities have been identified and are documented.
Occurrence – Sufficient documentation exists to evidence compliance with business case.
Completeness – Documentation is accurately and fully maintained.
Measurement – Processes and work plans are in line with business case objectives.
Timeliness – Work plans, timescales and milestones are regularly reviewed and updated as necessary.
Regularity – Documentation is complete, accurate and not excessive; it is stored securely and made available only to appropriate members of staff.

3. RISKS CONSIDERED

- Project is not delivered within agreed timescales;
- Project does not stay within agreed budget;
- Project does not achieve expected requirements and outcomes.

4. AUDIT OPINION

The level of assurance given for this report is High.

Level of Assurance	Reason for the level of Assurance given
High	Internal Control, Governance and the Management of Risk are at a high standard with only marginal elements of residual risk, which are either being accepted or dealt with. A sound system of control is in place designed to achieve the system objectives and the controls are being consistently applied.
Substantial	Internal Control, Governance and management of risk is sound, however, there are minor areas of weakness which put some system objectives at risk and where specific elements of residual risk that are slightly above an acceptable level and need to be addressed within a reasonable timescale.
Reasonable	Internal Control, Governance and management of risk are broadly reliable, however although not displaying a general trend there are a number of areas of concern which have been identified where elements of residual risk or weakness with some of the controls may put some of the system objectives at risk.
Limited	Internal Control, Governance and the management of risk are displaying a general trend of unacceptable residual risk above an acceptable level and system objectives are at risk. Weakness must be addressed with a reasonable timescale with management allocating appropriate resources to the issues raised.

No Assurance	Internal Control, Governance and management of risk is poor, significant residual risk exists and/ or significant non-compliance with basic controls leaves the system open to error, loss or abuse. Residual risk must be addressed immediately with management allocating appropriate resources to the issues.

This framework for internal audit ratings has been developed and agreed with Council management for prioritising internal audit findings according to their relative significance depending on their impact to the process. The individual internal audit findings contained in this report have been discussed and rated with management.

A system of grading audit findings, which have resulted in an action, has been adopted in order that the significance of the findings can be ascertained. Each finding is classified as High, Medium or Low. The definitions of each classification are set out below:-

High - major observations on high level controls and other important internal controls. Significant matters relating to factors critical to the success of the objectives of the system. The weakness may therefore give rise to loss or error;

Medium - observations on less important internal controls, improvements to the efficiency and effectiveness of controls which will assist in meeting the objectives of the system and items which could be significant in the future. The weakness is not necessarily great, but the risk of error would be significantly reduced if it were rectified;

Low - minor recommendations to improve the efficiency and effectiveness of controls, one-off items subsequently corrected. The weakness does not appear to affect the ability of the system to meet its objectives in any significant way.

5. FINDINGS

The following findings were generated by the audit:

Roles and Responsibilities

Project Team roles, responsibilities and resource requirements are identified in the OBC (Outline Business Case) and in the PID (Project Initiation Document).

It was evidenced that a RL4 project team had been established. Minutes of the project team, which meets weekly, were available for review. A RL4 Project team meetings and communication tracker has been established and was also available for review.

Documentation

Sufficient documentation exists and project documentation is fully maintained. It was found that:

- A review of the RL HR, Payroll, web expenses and MyView core modules was undertaken by Northgate and a report of findings was published in April 2014 identifying fifty two recommendations. The report was circulated and it was evidenced that the findings in the Report had been discussed at a meeting of the HR Board. The original OBC was then revised and a PID was developed which incorporated the health check findings.   The approved OBC and PID were available for review.

- A project charter document provided by Northgate outlines the purpose of the project, the project structure and method of implementation and was available for review. It also describes the project vision, objectives, scope, deliverables, governance, plan, approach and procedures.

- Project documentation in respect of RL is stored on SharePoint and was readily available for review. Sufficient documentation exists to evidence work and progress towards achieving the project outcomes.

Reporting

The RL4 project is overseen by a Project Steering Group who report to the HR Board. Regular meetings are held of the Project steering group, minutes of meetings were available for review.

It was evidenced that summary highlight reports are prepared and presented to the Project Board Steering Group. The reports note progress against plan, detail of completed work package to date, major issues, current risks and project costs. Highlight reports were available for review.

It was evidenced that summary highlight reports are prepared and are presented to the Strategic HR Board.

Regular finance reports are produced showing up to date information. Financial summaries are prepared and discussed at the Project Steering Group meetings.

It was evidenced that consultant activity reports are prepared for the Council by Northgate Arinso. These reports outline key activities undertaken within identified objectives, key decisions made, issues identified and risks foreseen.

RL4 progress is reported on Pyramid.

Project

It was found that:

- A project plan is maintained showing task, finish date, percentage complete and responsible person.

- A work package checklist (the plan the project uses to track against the main projected plan) is documented outlining deliverables, required completion date and status. This is updated on a regular basis and was available for review.

- A project risk register is documented and is updated as required.

- A project issues log is documented and updated, including responsible person for auctioning and this was available for review. Work plans, timescales and milestones are regularly reviewed and updated as necessary. The issues and risk log is reviewed by the RL4 Team at their meetings and updated as required.

- A Northgate Arinso issues log and action tracker (including status of action) is update regularly and was available for review.

Deliverability

The RL4 project is on schedule to be completed in September 2016; however, not all objectives were achieved as agreed in the PID. At a meeting of the Project Steering Group in July 2014 it was agreed that the following modules be removed from the project: PRD, learning and development (moved to phase 2), optimum, time clocks and the mobile architecture module.

The RL4 project is projected to come in within revised budget. The project is managed by a member of the core team of HR&OD who works fulltime on this strategic project.

As part of the wider review of HR and Organisational Development, to pursue the most efficient and cost effective service possible, and to accommodate the 25% savings requirement from Service Choices decisions, the Council is currently investigating options for both the further improvement of RL and the opportunities presented by alternative software providers. This project is being undertaken by one of the Senior HR officers and is focused on identifying the best quality and value for money software system the Council can get for HR/payroll service delivery.

The Northgate (Resourcelink) contract is for 3 years and runs from Sept 2013 to Sept 2016. An extension is planned but not yet agreed that will cover the period to September 2019.

The functionality, if fully operational, should deliver efficiencies, however there will be a lead in time for managers' with regards to training, policies and procedures.

6. CONCLUSION

This audit has provided a high level of assurance. Good governance and reporting was evidenced as being in place with progress reported to an overview board and detail provided in respect of issues, risks and slippage. Material changes to scope were also evidenced as being appropriately authorised. Available functionality should, if implemented, provide efficiencies and improve customer and management information. There were no recommendations for improvement identified as part of the audit.

Thanks are due to the Improvement & HR staff and management for their co-operation and assistance during the Audit and the preparation of the report.

Contact Details

Name   Moira Weatherstone

Address   Whitegates, Lochgilphead, Argyll, PA31 8RT

Telephone   01546 604394

Email   moira.weatherstone@argyll-bute.gov.uk

www.argyll-bute.gov.uk

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