

BIRMINGHAM CITY COUNCIL

AUDIT COMMITTEE

TUESDAY, 16 MAY 2023 AT 14:00 HOURS
IN COMMITTEE ROOM 6, COUNCIL HOUSE, VICTORIA SQUARE,
BIRMINGHAM, B1 1BB

A G E N D A

1 NOTICE OF RECORDING/WEBCAST

The Chair to advise/meeting to note that this meeting will be webcast for live or subsequent broadcast via the Council's Public-I microsite ([please click this link](#)) and that members of the press/public may record and take photographs except where there are confidential or exempt items.

2 APOLOGIES

To receive any apologies.

3 DECLARATIONS OF INTERESTS

Members are reminded they must declare all relevant pecuniary and other registerable interests arising from any business to be discussed at this meeting.

If a disclosable pecuniary interest is declared a Member must not participate in any discussion or vote on the matter and must not remain in the room unless they have been granted a dispensation.

If other registerable interests are declared a Member may speak on the matter only if members of the public are allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless they have been granted a dispensation.

If it is a 'sensitive interest', Members do not have to disclose the nature of the interest, just that they have an interest.

Information on the Local Government Association's Model Councillor Code of Conduct is set out via <http://bit.ly/3WtGQnN>. This includes, at Appendix 1, an interests flowchart which provides a simple guide to declaring interests at meetings.

4 **EXCLUSION OF THE PUBLIC**

a) To consider whether any matter on the agenda contains exempt information within the meaning of Section 100I of the Local Government Act 1972, and where it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information, for the reasons outlined in the report.

Item 5 – Private discussion - Oracle Implementation: Schedule 12A s3 Local Government Act 1972 - Commercially sensitive information.

b) If so, to formally pass the following resolution:-

RESOLVED – That, in accordance with Schedule 12A of the Local Government Act 1972 as amended by the Local Government (Access to information) (Variation order) 2006, the public be excluded from the meeting during consideration of those parts of the agenda designated as exempt on the grounds that it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the press and public were present there would be disclosure to them of exempt information.

3 - 6

5 **REPORT ON ORACLE IMPLEMENTATION**

Report of the City Solicitor & Monitoring Officer and Interim Director of Finance & s151 Officer

6 **EXTERNAL AUDITORS UPDATE**

Verbal discussion

7 **OTHER URGENT BUSINESS**

To consider any items of business by reason of special circumstances (to be specified) that in the opinion of the Chair are matters of urgency.

8 **AUTHORITY TO CHAIR AND OFFICERS**

Chair to move:-

'In an urgent situation between meetings, the Chair jointly with the relevant Chief Officer has authority to act on behalf of the Committee'.

BIRMINGHAM CITY COUNCIL

Report to:	Audit Committee
Report of:	Janie Berry, City Solicitor & Monitoring Officer and Fiona Greenway, Interim Director of Finance & s151 Officer
Date of Meeting:	16 th May 2023
Subject:	Oracle Implementation
Wards Affected: All	
<p>1. Purpose of Report</p> <p>1.1 To advise the Audit Committee of the actions being taken to ensure difficulties encountered with the implementation of the Oracle Cloud ERP system are remedied to improve the internal functions relating to financial management and human resources.</p> <p>2. Recommendation</p> <p>2.1 The Audit Committee is asked to note the details of this report</p> <p>3. Detail</p> <p>In April 2022, the Council went live with a new ERP/IT system, Oracle Cloud, to improve its internal functions relating to financial management and human resources.</p> <p>The switch to Oracle was the first major change in ERP/IT system that BCC had undertaken since 1999. Whilst it is not unusual for the implementation of new IT systems to encounter difficulties, it is clear that the transition to Oracle has not run as smoothly as the Council would have liked.</p> <p>There have been some successes, for example the Council has made payments to over half a million suppliers since April 2022, with a value of £2.5 billion using the new system. However, some elements of Oracle still require further work to function adequately and their failure to do so has impacted upon day-to-day operations in areas such as Finance and HR.</p> <p>From a finance perspective, a key issue relates to the Bank Reconciliation System. This has meant that a number of transactions (payments to and from the organisation) are having to be recorded manually to accounts (rather than automatically via the system) which is creating an administrative backlog.</p>	

From the HR side there have been problems, for example with recruitment, recording of some sickness absences and payroll issues.

The Council acknowledges that these issues have caused significant challenges for those schools that utilise the Council services for Finance and HR, and has apologised unreservedly.

To resolve the issues with Oracle implementation as quickly as possible, the Council is now being supported by a team of external experts, including some from Oracle directly.

There has also been a change in leadership in key areas of responsibility. The s151 functions has been re-designated to the interim Director of Finance and the Strategic Director for Adults Social Care and Health is the Senior Responsible Officer for the Oracle Programme.

Governance has been strengthened, with a new task force being set up to focus on Oracle related issues, which is chaired by the Chief Executive, with progress overseen directly by the Leader of the Council and other senior Elected Members of the Council

BCC is actively engaging with its key partners including its External Auditors and the Department for Levelling Up, Housing and Communities. The External Auditors have offered to independently review the plans to get the implementation of Oracle back on track.

The issues caused by the Oracle implementation are not impacting upon the front-line delivery of Council services across the City.

As this is an evolving position, updating information will be provided to the Committee on 16th May 2023, however some of this material will be commercially sensitive and will be provided in accordance with Schedule 12A s3 Local Government Act 1972.

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