

REPORT TO:	Audit and Governance Committee 19 January 2023
SUBJECT:	My Resources – Oracle Cloud Fusion
LEAD OFFICER:	Jane West, Corporate Director of Resources and Section 151 Officer
CABINET MEMBER:	Cllr Jason Cummings Cabinet Member for Finance
WARDS:	All
PUBLIC/EXEMPT:	Public

SUMMARY OF REPORT:

This report provides an overview of My Resources, the Council's Oracle Cloud Fusion ERP System, and highlights the development work to facilitate strengthening of the Council's governance, finance and accountability framework.

The report also provides an updated IT Controls Audit Action Plan for My Resources.

FINANCIAL IMPACT:

As this is an update report for noting, there are no financial implications directly arising.

RECOMMENDATIONS:

The Audit and Governance Committee to note:

1. The current status and known issues as regards My Resources and its adoption in the Council;
2. The planned approach and way forward; and,
3. The updated Audit Action Plan.

1. Background

1.1 My Resources is the Croydon Council Enterprise Resource Planning (ERP) application.

1.2 One of most critical IT systems used across the organisation, the application is a suite of inter-dependant modules that provides the operational backbone of all services, encompassing finance, accounting, budgeting, HR, procurement, risk management and compliance, and supply chain operations. This system is critical to the business continuity of the Council as it enables the payment of

staff and suppliers, the collection of income and management of the Council's finances and employees.

- 1.3 The current platform used to deliver this ERP capability is Oracle's Cloud Fusion product (referred to as My Resources within Croydon). An initial five-year contract was signed in August 2017 with a contract value of £2.575m total (Decision 2617FT CCB1259/17-18).
- 1.4 The My Resources solution went live in May 2019 replacing several separate systems. The total cost of the programme to procure, deploy and migrate to this new platform and undertake the extensive change management work involved to get the system operational exceeded £8M.
- 1.5 In addition to the contract with Oracle for licences to use their Fusion product, Croydon partnered with Evolutionary Systems Ltd (Evosys) to help implement the system. Subsequently a contract was awarded to provide ongoing essential technical support services. (CCB1513/19-20). Value of the core support contract was £624,000.
- 1.6 Reviews during 2021 led by the Assistant Chief Executive and Interim Corporate Director of Resources and Section 151 Officer, and including the Chief Digital Officer, the Independent Financial consultant engaged to review Finance, and the Head of Digital Operations, were conducted following Croydon's issue of a Section 114 notice. The reviews considered the efficacy of the use and controls of the My Resources platform.
- 1.7 Senior Officers also discussed the suitability and capability of the system to support Croydon's Renewal Plan with Senior Officers in other Councils and Organisations and concluded that leveraging the capability of the system is a key enabler and will be essential to implementing the recommendations and improvements listed in the Croydon Renewal Plan.
- 1.8 A discussion paper was presented to CMT in November 2021 outlining the plans for the My Resources system. There was unanimous approval to continue to leverage the Oracle Fusion platform rather than undertake a costly re-tendering exercise to replace it.

2 Current Status

- 2.1 In September 2022, following review and recommendation by the Contracts and Commissioning Board, the Executive Mayor:
 - Approved the variation of the existing contract with Oracle Ltd in order to extend the provision of Oracle Cloud licences for two years from 16/09/2022 at an additional value of £1,091,421, bringing the overall aggregate contract value to £3,698,432.
 - Approved the variation of the existing contract with Evolutionary Systems Ltd (Evosys), now Mastek, in order to extend the provision of Oracle Cloud ERP system third-line support services for two years from

01/9/2022 at an additional value of £440,360, bringing the overall aggregate contact value to £1,492,560.

- 2.2 The system is stable; however, there is a perception within some parts the Council that My Resources can be a blocker to improvements in the way the organisation operates.

3 Problems

- 3.1 The known problems are grouped into two themes and itemised below.

3.2 Known Business Problems

- **Inaccurate Establishment Data**
The organisation has struggled to maintain accurate establishment data as well as keep the data held in My Resources and My Finance aligned. This makes it difficult for the organisation to manage and report on staffing and its associated costs.
- **Compliance issues with self-service processes**
There are known compliance issues with self-service processes including Procure to Pay (P2P), expenses and pcards expenses as highlighted through recent no assurance or limited assurance audit reports
- **Poor Absence Records**
There have been instances where managers do not return staff back from sick leave in My Resources and their pay has been affected.
- **Usability of the system**
Many staff are not feeling confident using the system to monitor budgets. The Finance Review identified several recommendations to improve financial systems and reporting based on CIPFA best practice. CDS carried out a discovery exercise into My Finance, the findings are summarised and included at **Appendix 1**.
- **Effort in Finance to Produce monthly financial reporting**
It requires numerous steps and a lot of effort from the Finance team to prepare monthly financial reporting. It is important that any work arising is co-ordinated between the My Resources work programme other Corporate Projects and Working Groups so it can be prioritised.

3.3 Known Problems with the governance, development and adoption of Oracle

- **Ownership and usability of business processes:**
A lot of the difficulties staff experience is not due to software at all, but rather the design of business processes themselves. For example, processes such as Establishment Control and Procure to Pay (P2P) involve many steps and hand-offs and are difficult to understand and

navigate. In many cases, there is nobody whose job it is to monitor how well the process is working, respond to feedback and improve these processes. The implementation of these processes into Oracle is therefore more complicated than it needs to be.

- **Lack of strategic governance of My Resources**
Since the successful go live of the system, and beyond the immediate early life support stage, senior management oversight and strategic governance of the system had taken something of a back seat, particularly in the light of the wider context in Croydon of COVID19 and financial challenges.
- **Not exploiting the full potential of Oracle**
There is no roadmap of improvements that could be made to the system or processes. Oracle release new features and improvements to the system quarterly which are not being evaluated.
- **Lack of awareness of the capabilities of the system,**
Leading to workarounds using other databases and spreadsheets. For example, there is a Capital Project Finance module within My Resources; however a lot of work is done off system using spreadsheets.
- **Oracle Licences**
We need to monitor licence usage and allocation as part of the My Resources governance to ensure that we do not use more licences than we have paid for. The current licence agreement is due to expire in August 2024.
- **My Resources Support Model**
Oracle support the Cloud Fusion platform; however there is a gap between the support Oracle provide and the technical support required in addition to the in-house support team. This gap is covered by a contract with Evosys (Mastek) for third line support. This contract expires on 31 August 2024. The support model should be reviewed, and requirements gathered so an appropriate procurement can be undertaken before the contract expires

3.4 It should be noted that many of the problems are not specific to My Resources or the Oracle platform it sits on. They would exist whatever technology was in place to run these business processes.

4 Oracle Value Assessment

4.1 As part of the recent contract negotiations with Oracle and Mastek, discussions were held on how to get more from the system to maximise benefits and minimise costs. These have resulted in Oracle recommending a Value Assessment led by the Oracle Insight consultancy team and using Evosys' Value Based Assessment (VBA) service. In effect this uses a software tool and consultancy to review usage of the system and highlight where additional

benefits could be attained and identify where licences can be reduced. This exercise will realistically take 3 months to setup, and then need to run for a minimum of 12 months.

- 4.2 Due to the importance of this system and the value of the underlying contracts, the longer-term intention is to use the information from the VBA review to re-baseline the support and functional licence needs and requirements of Croydon so a more informed competitive procurement exercise can be commissioned before the end of the proposed contract extension period.

5 The Way Forward

5.1 Approach

- 5.2 It is not cost effective to consider changing platforms as the identified problems can be resolved by:

- establishing effective governance, including improving process ownership.
- changing the narrative so the message shifts from 'what the system can't currently do', to 'what can we do to make the system work better for us'; and,
- keeping things as simple and pragmatic as possible – can our default processes change to minimise any tailoring needed in the system so we can reduce the investment needed to make changes to the way we work?
- My Resources is a key enabler for the Croydon Renewal Programme and can support further process improvement.

- 1.2. The following activities set out the steps towards addressing the known problems and deliver improvements to My Resources. This will be a significant undertaking and a long-term improvement programme is required to support this work. The potential costs and efficiencies arising from the improvement programme are currently being assessed and a business case will need to be developed. However, the first phase of this programme will be managed within existing resources.

1.3. Now – next 6 months

- **Re-establish the governance at strategic level**
 - Establish a refreshed governance model for My Resources, to ensure the right decisions are made at the right level in the organisation and input is obtained from Oracle and Evosys, enabling My Resources to be seen as an asset to Croydon's improvement journey.
 - Implement a Finance and HR Corporate Steering Group, chaired by the Corporate Director of Resources reporting into Digital Internal Control Board.
 - Consolidate work already done on Establishment Control, Finance and Budget Monitoring in response to the recommendations of the Finance Review.

- It is critical that the governance of My Resources is not separate to the Corporate Governance. Ownership of work already underway needs to be co-ordinated under the oversight of a governance board
- **Develop a programme of work**
 - A coherent programme of work (roadmap) for the next two years which acknowledges:
 - Technical and BAU activities to 'keep the lights on'
 - Critical path activities (Value Assessment)
 - Other projects and improvements (prioritised based on robust business case and support of corporate objectives)
 - Sufficient resources and funding to deliver this at appropriate pace
- **Confirm process ownership**
 - Understand the key business processes across the organisation. Key processes within My Resources are
 - Procure to Pay (P2P)
 - Establishment Control,
 - Budget Monitoring
 - Receivables
 - Employee and Manager Self-Service
 - Expenses including Procurement Cards (or P-Cards)
 - Recruitment
 - It is critical that work to improve key business processes is led by process owners and co-ordinated with other corporate programmes and working groups.
- **Set up a user group**
 - Consider how best to understand how people are using the system and can contribute to improvements.
 - Focused on the key business processes
- **Establishment Control**
 - Build on the work of the recent establishment project to ensure consistency of the data held by HR and Finance and to improve the processes to maintain an accurate establishment.
- **Current Work in Progress**
 - Continue with the current programme of business-as-usual activities (Roadmap attached at **Appendix 2**, including:
 - Adults and Children's ICT systems (Liquid Logic and ContrOCC) interfaces
 - Direct Debits
 - New Property System interfaces
 - New Maternity Plan for HR/Payroll
 - Legislative changes for Teachers' Pensions

- **Commence work on a Value Assessment in conjunction with Oracle and Mastek to review our implementation**
 - Commence work with Oracle to carry out an insight study. Oracle have offered this study as a free of charge service.
 - This will help us to assess the benefits achieved from our cloud solution and identify future areas of improvement where Oracle can work with us to realize further benefits.
 - To complement the Insight study, Mastek, our implementation and support partner, will join Oracle and add value to the study using their Value Based Analytics service (VBA), a suite of tools and analysis against agreed KPIs to highlight where improvements can be made. Mastek have included this service as a “value add”, however there may be a cost for any changes that arise.
 - Review system controls taking account of External Audit recommendations to implement a tool to manage access controls and segregation of duties conflicts

- **Develop a process to regularly review new features with process owners and update roadmap**
 - Ensure that process owners understand Oracle’s roadmap, can evaluate, and if appropriate implement, the new features released by Oracle part of their quarterly updates

- **Review My Resources support model and re-procure 3rd party support**
 - Take account of the Oracle Licence renewal when deciding the term.
 - Review support model to ensure it meets the Council’s requirements
 - Initiate an appropriate procurement to secure ongoing third line-support before the current contract ends.

1.4. Next – 6-9 months

- **Develop an improvement roadmap with a programme of work**
 - Map, review and simplify processes where possible
 - Undertake a training needs analysis and review the training offer
 - Identify any inter-dependencies with other workstreams e.g. Children’s ControCC work, Finance improvements, establishment project, and other workstreams of the Renewal Plan

- **Refine the improvement roadmap and align system target operating model with organisational design outcomes**
 - Review the improvement roadmap to take account of other work in the Council that may have an impact or dependency on the improvements or how My Resources is used and revise the plans where appropriate.

- **Agree programme outcomes, benefits and deliverables**
 - Confirm costs and investment required

- Develop a delivery plan for the programme taking account of:
 - Existing BAU roadmap
 - Capacity within the support team, CDS and business areas
 - Organisational Priorities
- **Confirm Governance and reporting for the programme**
 - The improvement journey needs to be driven by accountable business process owners and supported by the delivery of technical solutions

2. IT Controls Audit Action Plan

2.1. Following the IT Controls Audit 2020 a presentation was given to the Councils General Purpose and Audit Committee in June 2021. The presentation included an action plan to address issues raised.

2.2. Here is a link to the presentation on the Croydon Council website

[10 Jun 2021 General Purposes and Audit Committee Papers](#)

and a link to the minutes from that meeting (approved on 3 March 2022).

[10 Jun 2021 General Purposes and Audit Committee Minutes](#)

2.3. An updated action plan, showing completed and outstanding actions is included as **Appendix 3**.

3. CONSULTATION

3.1. Reviews during 2021 led by the Assistant Chief Executive and Interim Corporate Director of Resources and Section 151 Officer, and including the Chief Digital Officer, the Independent Financial consultant engaged to review Finance, and the Head of Digital Operations, were conducted following Croydon's issue of a Section 114 notice. The reviews considered the efficacy of the use and controls of the My Resources platform.

3.2. Senior Officers also discussed the suitability and capability of the system to support Croydon's Renewal Plan with Senior Officers in other Councils and Organisations and concluded that leveraging the capability of the system is a key enabler and will be essential to implementing the recommendations and improvements listed in the Croydon Renewal Plan.

3.3. The consultation also noted that there is a perception within some parts the Council that My Resources can be a blocker to improvements in the way the organisation operates.

4. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

- 4.1. There are no direct financial implications as a result of this report. Any costs arising from recommendations as a result of the reviews outlined above will be subject to full business cases and will need to be approved via the Councils governance processes

Approved by Lesley Shields, Head of Finance, Assistant Chief Executive and Resources on behalf of the Director of Finance.

5. LEGAL CONSIDERATIONS

- 5.1. The Head of Litigation & Corporate Law comments on behalf of the Director of Legal Services and Monitoring Officer that: As this is an update report for noting, there are no legal considerations directly arising.

Approved by Sandra Herbert, Head of Litigation & Corporate Law on behalf of the Director of Legal Services and Monitoring Officer

6. HUMAN RESOURCES IMPACT

- 6.1. Further to the matters and know business problems as outlined in the body of the report, there are no immediate HR impacts arising from this report for Croydon Council employees or staff.

(Approved by: Gillian Bevan, Head of HR Resources and Assistant Chief Executives on behalf of the Chief People Officer)

7. EQUALITIES IMPACT

- 7.1. The Council has a statutory duty to comply with the provisions set out in the Sec 149 Equality Act 2010. The Council must therefore have due regard to:

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

- 11.2 All systems should be monitored to ensure compliance with equality standards in relation to disabilities in particular relating to conditions related to some physical disabilities and neurodiverse conditions.

(Approved by: Denise McCausland – Equality Programme Manager)

8 DATA PROTECTION IMPLICATIONS

8.1 WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?

YES

8.2 The following table shows the lawful basis for processing of data held in Oracle Cloud Fusion (My Resources). The data was tested against the following 6 Lawful bases: **Contract; Consent; Vital Interest; Legal Obligation; Public Tasks; Legitimate Interest** and recorded below:

ERP			
Data Category	Data Description	Lawful basis for processing	Notes
Suppliers and Customers	Organisation or person Name and addresses, Email, phone numbers, contact person names and their contact details and addresses etc.	Contract	To meet contractual obligations with customers and suppliers
Business information of suppliers and customers	Business type, Tax identifier, tax codes, Office or warehouse locations, Business terms and conditions, DUNS number	Contract	To meet contractual obligations with customers and suppliers
Financial details of suppliers and customers	Credit information like credit terms and conditions, bank names and bank account information	Contract	To meet contractual obligations with customers and suppliers
Financial Transactions	Purchase, sales and cash transactional information with Suppliers and customers. Trade contracts, GL transactions etc	Legal Obligation	The Accounts and Audit Regulations (2015) require that local authorities maintain a financial control system that is suitable for financial management and control. This by definition requires the processing of information about all financial activity such as receipts and payments to or from individuals and organisations. Additionally, it requires information about assets & liabilities, which would include creditors and debtors

			held with other individuals and organisations.
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HCM			
Data Category	Data Description	Lawful basis for processing	Notes
Personal and Identity information	Employee name, Address, date of birth, national insurance number, password, visa etc	Contract	In order to meet the contractual obligations for Contracts of Employment
Social	Email, contact number, job title, work history, references, interviews, disciplinary actions etc	Consent	In order to meet the contractual obligations for Contracts of Employment
Financial	Bank account details, salary details, pay history	Legal Obligation	To comply with legislative requirements with regards to PAYE, and to meet contractual obligations to pay staff
Family	Marital status.	Legal Obligation	To comply with Tax and pension law
Academic or education or competency	Education Qualification, Degree, year of completion, college or school attended, skills, certificates	Contract	information held for recruitment (Pre-contractual)
Employment	Job, Position, Grade, Department & Location, previous employment history, employment contracts	Contract	Contract of employment

Special categories of data			
Data Category	Data Description	Lawful basis for processing	Notes
Sexual	Gender, sexual orientation	Legal Obligation	To comply with Equalities law
Internal	Gender, marital status, religious belief,	Legal Obligation	To comply with Equalities law
Medical	Sickness absence information, medical conditions, disabilities, employee health reports	Legal Obligation	To comply with legislative requirements with regards to PAYE and Equalities law, and to meet the contractual obligations for contacts of employment.

8.2.1 HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?

YES

A copy of the DPIA is attached as appendix 4.

- 8.2.2 The Director of Digital and Resident Access comments that this procurement relates to the extension of existing licence and support contracts which have safeguards within the contracting arrangements and working practices.
- 8.2.3 The data is hosted by Oracle and stored in the cloud. The process of granting access to the application and data is managed by the Council who remain accountable.
- 8.2.4 Evolutionary Systems offshore teams work only through a highly secure remote server based in Oracle's IAAS Data Centre in the UK. It is understood that the server is further secured to restrict upload or download of data to any location other than Oracle Cloud and the Council's secure FTP.
- 8.2.5 A number of additional security modules have been procured from Oracle to provide a higher level of protection for data stored in the cloud.
- 8.2.6 The support contract with Evolutionary Systems includes Standard Data Protection clauses issued by the ICO as an appropriate safeguard to ensure that both the Council as the Data Controller, and the contractor have in place suitable controls to protect individuals' rights and freedoms in respect of their personal data.
- 8.2.7 The contractor has adopted the Croydon Information Security Management System (ISMS) set of policies and guidelines.
- 8.2.8 The DPIA was reviewed and approved in 2019 and is currently under review by the Data Protection Officer (DPO).

Approved by: Paul Golland Interim Chief Digital Officer & Director of Resident Access

Guidance Notes

This paragraph must always be completed and should primarily identify whether the subject matter within the report will involve the processing of 'personal data'. If there are no data protection implications then this should be stated.

The Director of the relevant division is responsible for the processing of 'personal data' by the services for which he/she has management responsibility. This paragraph should therefore be completed in their 'name'. Some departments will be processing 'special category data' and 'criminal offence data' and these types of information require additional protections to be in place over and above those required for 'personal data'.

If the report involves the processing of personal data the Council must consider data protection and privacy issues pro-actively and is required to have in place appropriate technical and organisational measures to implement the data protection principles and safeguard an individual's rights. This requires the Council to integrate data protection into its processing activities, from the design stage right through the lifecycle of the information and/or service provision concerned.

Report authors must therefore consider relevant data protection issues that arise from the report including, if relevant, the design, implementation of systems, services, products and business practices that they are describing within their report.

Further guidance is available on the intranet under the Information Management GDPR guidance page including definitions of 'personal data' 'special category data' and also 'criminal offence data'.

<https://intranet.croydon.gov.uk/resources/information-management/gdpr/gdpr-overview>

Once the report author identifies that the report will involve the processing of personal data, the officer should immediately contact the Information Management Team (IMT) information.management@croydon.gov.uk

who will advise if it is necessary to complete a Data Protection Impact Assessment (DPIA). The DPIA will identify if there are any risks to the data being processed and also provide mitigating measures against any identified risk(s). The IMT will provide support to the service in completing a DPIA. If a DPIA is not needed the IMT will advise accordingly

CONTACT OFFICERS:

Jon Martin, Interim Head of Specialist Systems,
Mark Moody, My Resources Programme Lead

APPENDICES TO THIS REPORT

[Appendices to be attached to this report must be listed in number order below]

Appendix 1 - My Finance Discovery Report

Appendix 2 - Work in Progress Roadmap

Appendix 3 - IT Controls Audit Action Plan

Appendix 4 - DPIA

BACKGROUND DOCUMENTS: *[Complete for Part A reports only - list documents that have not been published previously]*

None