

## REPORT TO EXECUTIVE



<b>DATE</b>	<b>23<sup>rd</sup> September 2008</b>
<b>PORTFOLIO</b>	<b>Resources</b>
<b>REPORT AUTHOR</b>	<b>Diane Wintle</b>
<b>TEL NO</b>	<b>01282 425011 x2219</b>
<b>EMAIL</b>	<b>dwintle@burnley.gov.uk</b>

**Procurement of Capital Accounting Software****PURPOSE**

1. To seek budgetary approval of £20,700 to enable the procurement of essential capital accounting software,
2. To inform members of the reasons behind the need to procure the software.
3. Inform members of the selection of the software provider.

**RECOMMENDATION**

4. The Executive is recommended to:
  - a) Recommend Full Council to establish a budget of £20,700 within the Capital Programme for the current year in order to finance the procurement of capital accounting software, and reduce the existing budget provision for Office Accommodation by an equivalent amount.
  - b) Approve the waiving of standing orders SOC14 and SOC15 for contracts relating to contracts valued at between £15,000 and £50,000 to enable the work to proceed.

**REASONS FOR RECOMMENDATION**

5. The software is required to enable the authority to meet the requirements of the Chartered Institute of Public Finance and Accountancy (CiPFA) Statement of Recommended Practice (SORP) for 2008/09 and beyond. In order to achieve this it will be necessary for the software to be in operation before the end of the current financial year.
6. There are not sufficient suppliers of software to the specification required to be able to

comply with the requirements of Standing Orders for Contracts.

## **SUMMARY OF KEY POINTS**

### 7. The Need for Capital Accounting Software

Recent changes in the Capital Accounting requirements of the CiPFA SORP have led to a marked increase in both the complexity and volume of accounting transactions. In order that the authority may continue to meet these increasingly onerous requirements, it is necessary to acquire specialist software. Failure to do so would seriously jeopardise our ability to comply with the SORP and may result in a qualification of our accounts by the External Auditor. This would have a detrimental impact on our overall financial standing as measured by the Use of Resources assessment.

### 8. Real Asset Management

After careful consideration and detailed discussions, Real Asset Management (RAM) has been selected as the preferred supplier of this software. RAM is a full Civica business partner and provides the only capital accounting system that integrates into our Financial Suite. They are able to provide a swift implementation of the system, which is essential to enable us to meet the SORP requirements for the production of the Authority's 2008/09 accounts on time. The cost of acquisition that has been negotiated with the supplier is £20,700.

9. Other suppliers have been considered and officers have attended a demonstration of an alternative system, but this was discounted due to implementation issues and uncertainties surrounding cost. The software is required in order to complete the final accounts for 2008/09 and must therefore be operational before the end of the current financial year. It was not clear that this supplier could meet the implementation timetable required.

10. It should also be noted that due to the emergent market in this area and the need for swift implementation, it has not been possible for officers to obtain a range of quotations as required by Standing Orders for Contracts valued between £15,000 and £50,000.

11. There is currently no budget provision for the £20,700 of capital resources that is required for this project. Officers have carried out a thorough examination of the revenue budget for the Finance Unit and identified an equivalent amount of revenue savings (principally salary savings resulting from maternity leave) that could be diverted for this purpose.

12. However, following discussions with the Director of Resources a different course of action is proposed. There is continuing pressure on the revenue budget and it is important that revenue resources are preserved wherever possible. This project forms part of the Council's asset management activities and should be financed if possible from the capital resources that have already been allocated in the Capital Programme for this work. As has already been reported to the Executive in May, it will not be possible to proceed with the Office Accommodation Project as quickly as had been envisaged and this budget will not therefore be required in full this year. Resources can therefore be transferred from this project.

## **FINANCIAL IMPLICATIONS AND BUDGET PROVISION**

13. As shown in the body of the report. There will also be an ongoing revenue requirement of £2,500 per annum to pay for the licence. This can be found from within the existing revenue budget.

#### **POLICY IMPLICATIONS**

14. There are no specific policy implications.

#### **DETAILS OF CONSULTATION**

15. None

#### **BACKGROUND PAPERS**

16. Files held in Finance Unit

#### **FURTHER INFORMATION**

**PLEASE CONTACT:**

**Diane Wintle- Principal Accountant**

**ALSO:**

**Phil Moore – Head of Finance**