



Foreign, Commonwealth & Development Office

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Meg Hillier MP
Chair of the Public Accounts Committee

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7 January 2021

Dear Meg,

ACCOUNTING OFFICER ASSESSMENT: NEW FINANCE & HR SYSTEM FOR FCDO

As you know, it is normal practice for Accounting Officers to scrutinise significant policy proposals or plans to start or vary major projects and then to assess whether they measure up to the standards set out in *Managing Public Money*. From April 2017, the government has committed to make a summary of the key points from these assessments available to Parliament where they involve projects within the Government's Major Projects Portfolio.

This Accounting Officer Assessment considers the impact of the creation of the Foreign, Commonwealth and Development Office on the previous "Atlas" programme in the Foreign and Commonwealth Office to create a new finance and HR system.

Background

The Atlas programme was established by the FCO to provide a new finance and HR system and was operating under an outline business case approved in December 2019. It was designed in line with the government's shared services strategy, to shift to cloud-based systems using standard HR and finance processes. The aims were to improve the user experience, improve alignment of government overseas, drive efficiency and provide better management information for managing resources effectively.

In September 2020, the FCO and the Department for International Development were merged to form the FCDO. It was clear that the new department would need a common system for managing its finances and workforce effectively and that the Atlas programme (which did not include DFID) could not continue in its existing form. Following an options appraisal, the FCDO Management Board decided in October 2020 that the objectives of the Atlas programme remained valid, but that it should be re-branded, expanded and adapted to cover the entirety of FCDO. It was recognised that the project (which had been due to be completed in mid-2021) would take longer and cost more.

Since then, the Atlas programme has been renamed "Hera" (for HR, Enterprise Resource and Accounting system). Work is under way to widen the project's scope to meet the requirements of the former DFID. A Full Business Case is being prepared for consideration later this month by the FCDO Board, Ministers, the Cabinet Office and HM Treasury.

Regularity

The Hera programme complies with Parliamentary requirements for the control of expenditure. HMT regularity standards continue to be satisfied.

Propriety

There are no changes to the programme in terms of propriety. It is compliant with Parliamentary controls. Additional funding for the programme has been made available in the Spending Review. The Full Business Case will be subject to approval within FCDO and by wider government.

Value for money

The Hera programme will deliver significant cashable and non-cashable benefits. In particular, it will create a modern system with a better user experience and provide timely and integrated management information. The lifetime costs of not proceeding would be significantly greater and would involve increasingly expensive upgrades to legacy FCO and DFID systems.

There are several options for implementing the new solution across the department. The business case will assess in further detail which approach is most cost-effective.

Feasibility

There are delivery risks in any change to finance and HR systems. The wider FCDO transformation programme adds complexity. Nevertheless, these risks should be balanced against the considerable risks of continuing to operate on parallel legacy systems. Hera offers the most cost-effective and feasible way of integrating the new department's finances, workforce and payroll. The programme is tightly governed and is subject to close scrutiny and review within FCDO and by the Infrastructure and Projects Authority.

Conclusion

Adapting and extending the Atlas programme is the best value for money way of creating a common HR and finance system for the FCDO. This is important for managing our resources effectively and as an enabler for achieving the Government's objectives for the new department.

As Accounting Officer I considered this assessment and approved it on 6 January 2021.

This summary will be published on the Government's website (www.gov.uk). Copies will be deposited in the library of the House of Commons and sent to the Comptroller and Auditor General and Treasury Officer of Accounts.

*Yours sincerely,
Philip Barton*

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