



## **Assurance Paper: Migration from Sage Server Based System to Xero**

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### 1. Purpose

The purpose of this paper is to update and provide assurance to the SMT that the risks associated the transition to a new financial platform have been considered and are being appropriately managed.

### 2. Summary

The organisation has recently migrated its accounting system from a server-based Sage platform to the cloud based system Xero in alignment with a key objective of the organisation's digital strategy.

The previous system had become increasingly resource intensive, manual, and limited in its reporting capability, creating inefficiencies and operational risk.

The migration has now taken place, and the organisation is currently in a short transitional period where both systems are being accessed to ensure historic data remains available, the year end processes are fully completed and signed off by auditors, and new processes are fully embedded. Early benefits from the new system are already being realised, particularly through improved reporting capability and reduced manual processing.

### 3. Options Considered

As outlined a previous paper considered by SMT, as part of the review of potential financial systems, cloud-based solutions within the Sage product range were considered. However, feedback from users and sector peers regarding Sage cloud offerings was mixed to negative, particularly in relation to usability, reporting capability, and overall functionality. These options were therefore not considered to represent a sufficient improvement over the existing system. Oracle Cloud was also considered as part of the review. While it offers a range of enterprise system capabilities, feedback and reviews were also mixed, and its functionality and reporting capability for the organisation's scale and operational requirements were assessed as being less well aligned with organisational needs than Xero.

In contrast, Xero is widely adopted and recognised as a modern accounting platform with strong automation, reporting capability, and sector support.

### 4. Key Risks Associated with Previous System

The Sage system required significant manual input across multiple financial processes, including transaction entry, reconciliations, and report preparation. This reliance on manual processing created several risks, including an increased likelihood of human error, inefficient use of BST staff time, heavy dependence on administrative processes, and reduced capacity for financial analysis and oversight. The administrative burden also meant that staff time was frequently diverted away from other areas of work, which had the potential to create additional organisational risk, particularly where resources were limited and priorities needed balancing. Reporting functionality within the system was limited, often requiring financial data to be manually exported and manipulated to produce reports, which delayed timely access to information. In addition, the system was hosted on internal servers, creating dependence on

on-premises infrastructure and associated risks related to hardware failure, ongoing maintenance, and overall system resilience.

#### 5. Risk if No Change Had Been Made

Had the organisation continued to operate the Sage system, the risks outlined above would likely have increased over time. Manual processes would have continued to consume significant staff resource and maintain the risk of human error. At the same time, reliance on internal servers would have continued to present infrastructure and resilience risks. Maintaining the existing system would therefore likely have resulted in increasing operational inefficiency and organisational risk.

#### 6. Current Position Following Migration

The organisation has now transitioned to Xero to align with the new financial year. There is currently a short transitional period where the organisation is straddling both systems, allowing historic financial data to remain accessible while new processes are embedded within the new platform, and also to allow the year end process to be completed and signed off.

The transition required and still requires an initial investment of staff time and resource.

However, several factors support the implementation:

- Some BST staff had prior knowledge and experience of using Xero
- The organisation's external IT support provider uses Xero for its own financial management and supports other organisations using the system and has been providing guidance
- Data migration and reconciliation have been carefully considered and managed to ensure accuracy and continuity of financial records

Importantly, benefits are already beginning to be realised, including:

- Reduced manual data entry through automated bank feeds
- Improved accessibility of financial information
- Enhanced reporting capability
- Reduced reliance on internal server infrastructure

Further efficiency gains are expected as processes are fully embedded within the system.

#### 7. Mitigating Risks with Implementing Xero as a New Accounting System

To mitigate risk associated with implementing Xero, the Head of Business Support and the Business Support Manager will meet with the organisation's external auditors to ensure that the new system setup meets their requirements and supports compliance with audit standards. In addition:

- Appropriate financial controls and approval workflows will be configured within the system
- A data migration and validation process will be undertaken to ensure accuracy and completeness of financial records
- We are working closely with our external accountant, who is providing guidance on the migration of year end figures to ensure accuracy and a smooth transition as part of the implementation process.
- User access controls and permissions will be reviewed to ensure segregation of duties
- Relevant staff will receive further training and guidance to support effective use of the system
- A period of parallel system running and reconciliation (where appropriate) will be used to confirm accuracy

- Ongoing monitoring and review will be in place to identify and address any issues

#### 8. Assurance

SMT is invited to note the assurance that the risks of retaining the previous accounting system and taking no action were significantly greater than those associated with implementing a new system. Implementation is being carefully managed, and the move to a modern, cloud-based platform will reduce overall risk while strengthening financial management capability.