

## **AUDIT AND GOVERNANCE COMMITTEE**

### **15 MARCH 2019**

## **THIRD UPDATE ON FINANCE IMPROVEMENT PROGRAMME (FIP)**

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### **Recommendations**

1. **The Chief Finance Officer recommends that the Audit and Governance Committee note the report and that a further update is brought to the September Committee.**

### **Background**

2. At the last three meetings (July, September and December 2018) the Committee discussed the external audit (Grant Thornton) Annual Reports and improvements being made in Finance. Appendix 1 is a reminder of the Programme.
3. This report updates the Committee on progress on this improvement programme.

### **Management action to date**

4. To ensure that the Council has a fit for purpose finance function to support the organisation in the coming years an Improvement Programme is in place with six individual projects and two cross cutting projects. Progress on each area since the last Audit and Governance Committee is set out below:

- i. **Control environment –**

- We have reviewed old purchase order accruals and have identified £0.7 million credit that has been corrected back to service cost centres. These are mostly aged goods receipting accruals, which need to be cancelled as we have either paid an invoice separately or that the goods have never been received and probably never will be. This helped to bring this year's overspend forecast down.
- We are issuing new guidance for purchase orders to ensure this issue is not replicated in future years.

- ii. **Budget Structures and roles and responsibilities:**

- The cost centre *hierarchy review project* has been completed. We have had discussions and meetings with directorates to discuss progress and expect changes to be made for the new financial year. This will see a reduction of 530 (39%) cost centres.

- iii. **Financial Transactions:**

- Work in this area has slowed as the focus of resource has moved to the implementation of the Liquid Logic care management system. However, an

Accounts Payable and Receivable Manager has been appointed for the next 12 months from internal resources to lead the business as usual development.

- Resource has been targeted to chase and collect debt outstanding.

iv. **Staffing structures:**

- A draft competency framework is being discussed with staff and a workforce strategy is in development.

v. **Systems:**

- We have completed a handover of reconciliations to the Corporate Accountancy function to run now as business as usual having corrected issues raised at previous audits.

vi. **Partners and customers:**

- We are in discussion still with Liberata regarding the current contract and key performance measures. We will be reporting progress to the Corporate and Commissioning Committee in May.

5. Underpinning these are two cross cutting projects:

i. **Communications:**

- As part of the ongoing development of the webpage, we have included a request for feedback on the finance service. On our [home page](#) there is a link to the [survey](#) which we are asking managers to complete if they have any comments, compliments or complaints about the finance service. We will be evaluating this at the end of March.

ii. **Training:**

- Training procedure manuals are being uploaded to our intranet page, for example see [Accounts Receivable](#) on our webpage, as well as others on the following link - [finance documents and guidance](#).
- We have held 4 training workshops on how to use the Council's budget monitoring tool 'collaborative planning, involving 52 budget and spend managers. A further four sessions have been scheduled during March with a further 60 managers.
- Five lunch and learn sessions have been held already this year for the Finance team, looking at a wide range of issues from using pivot tables to expected behaviours.

6. The Programme is being monitored by a Strategic and Operational Programme Board in accordance with the Councils Project Management processes. The latest highlight report notes no red issues.

## **Legal, Financial and HR Implications**

7. There will be a cost associated with resourcing the Programme. At present this is being managed within the existing Finance service budget by reallocating and realigning individuals within the current team. In 2019 that is likely to be supplemented by specific resources for specific tasks, for example the use of Advanced (owners of

E5) for system enhancements and training. This should be offset by recurring savings generated from efficiencies arising from the Programme, and as such the Programme is seen as an efficiency programme.

8. In addition, it is envisaged that the Financial and Procurement Regulations will need updating. This will be undertaken in accordance with the Council's constitutional provisions for updates that includes and requires councillors input.

## **Contact Points**

### County Council Contact Points

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### Specific Contact Points for this report

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## **Supporting Information**

- Appendix 1 – Finance Improvement Programme Overview diagram.

## **Background Papers**

In the opinion of the proper officer (in this case the Chief Financial Officer) the following are the background papers relating to the subject matter of this report:

The agenda papers and Minutes of the Committee meetings in July, September and December 2018.

## Finance Improvement Programme Overview diagram.

