

**AUDIT AND GOVERNANCE COMMITTEE**  
**14 DECEMBER 2018****SECOND UPDATE ON FINANCIAL 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 next Committee.**

**Background**

2. At the last two Audit and Governance Committees (July and September 2018) the Committee discussed the external audit (Grant Thornton) Annual Reports and improvements being made in Finance. The summary of the Programme discussed at the last Committee is attached as an Appendix.
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 –**

- Significant progress has been made to action internal and external audit recommendations, including reconciliations.
- A review has been completed of the Financial Regulations and schemes of delegation and proposals for improvement are being drafted.
- Draft procedure manuals have been produced.

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

- A review of cost centres and subjective reporting is on target to be completed at the end of the calendar year. This will be suggesting significant reductions in budget holders and cost centres.

- iii. **Financial Transactions:**

- All processes have been mapped and redesigned maps created for Accounts Receivable that are being discussed with the services.
  - A proposal is being finalised to Senior Leadership Team to review the Accounts Payable function and recommend more streamlined processes.
  - We have started to reduce the number of Procurement cards and a review of petty cash accounts has started.
- iv. **Staffing structures:**
- This stage of the programme is focused on the roles and responsibilities to ensure form follows function. At this stage therefore only issues to note are being flagged in this project to inform future actions.
- v. **Systems:**
- Staff resources have been identified to work on the link between E5 General Ledger and the replacement of the social care database (Frameworki with Liquid Logic). This project is currently looking at mapping.
- vi. **Partners and customers:**
- Discussions are underway to appraise the current contract and key performance measures with Liberata to identify areas for future discussions.
  - An annual survey of Liberata services is being finalised for issue in January 2019.
  - Training for 40 Schools to roll out Collaborative Planning has been scheduled by Liberata. Note this builds on 4 pilot schools.
5. Underpinning these are two cross cutting projects
- i. **Communications:**
- A Finance Internal web portal has now been created to hold information to inform budget holders.
  - A monthly newsletter is now going to all Finance staff and Wider Leadership Team
  - A survey of Finance staff has been completed to assess current state to compare with in 12 months to measure effectiveness of the programme. A survey of budget holders is also being completed.
  - Project champions for E5 and the Programme have been identified.
- ii. **Training:**

- Draft training procedure manuals are being reviewed.
- A schedule of events are in place for 2019

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. A budget for the next stage of work and payback assessment is currently being completed.

### **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 – 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:

External and Internal Audit Reports presented to the Audit and Governance Committee 26 July 2018.

**Finance Improvement Programme Overview diagram.**



Portfolio Map v0.4 Draft  
20th June 2018

