

AUDIT & GOVERNANCE COMMITTEE 9 NOVEMBER 2016

ANNEX 1 - FINANCIAL CONTROL IMPROVEMENT PLAN

THEME	ISSUE / DELIVERABLE	TIMESCALE	OUTCOME
ROLES AND RESPONSIBILITIES	<p>There is currently a lack of clarity at both team and officer level for the ownership of the corporate financial systems within Corporate Finance, and examples where decisions over systems and processes have been made without reference to or authorised by Finance.</p> <p>The roles and responsibilities for ensuring accountability and authority over the financial management systems, financial risk tolerance and stewardship need to be reviewed in conjunction with the Transformation Agenda.</p>		<p>Clear accountability and ownership.</p> <p>Effective control is in place that provides compliant solutions and value for money, enabling quality services to be delivered to our customers.</p>
	Roles and responsibilities for corporate and local financial systems to be reviewed within Corporate Finance Teams, and to be reaffirmed through the Council's regulatory framework.	31 August 2016	Corporate Finance structures clearly defined that enable the effective management and stewardship over financial systems and procedures.
	Roles and responsibilities of Directors and Managers to be reviewed in conjunction with the Transformation Agenda, including defining financial risk tolerance for delegated financial decisions.	30 September 2016	Officers have clear remit for financial decision making and where the limit of their authority lies not only in transactional activity, but also in making tactical and strategic decisions where there is an impact on agreed financial regulations or where there is a potential financial consequence.
REGULATIONS / POLICIES	There is currently no clarity over responsibility or		Clear regulations/policies and

THEME	ISSUE / DELIVERABLE	TIMESCALE	OUTCOME
/PROCEDURES	<p>process for reviewing and updating regulations and procedures. There is no assurance that existing procedures etc. are accurate and up to date.</p> <p>A full review of Financial Procedure Rules / Financial Regulations / Financial Policies and Procedures is to be undertaken, including clarity over control requirements.</p>		<p>procedures, understood by users that support control objectives, but are lean and efficient as determined by risk</p>
	Review of Regulatory Framework and Corporate policies and procedures	31 October 2016	
	Review of Procedures within Corporate Finance Functions, and the performance management framework	31 October 2016	All functions have clear objectives and operating procedures that are subject to regular performance monitoring and continuous improvement.
	Review of local financial procedures within operational teams	31 December 2016	Local financial systems operating in Directorates are compliant and meet defined control objectives.
TRAINING / SELF HELP	<p>Following the transfer of transactional services to the IBC, there has been a fundamental change to operations and requirements of OCC staff and Managers. Training has been limited, with a principle that first line of support should be available through self-help. It is also a principle that our customers and service providers will also be able to use self-help facilities through web based support. The existing arrangements have not been reviewed to ensure they are consistent and meet user expectations. There is evidence from internal audits that guidance and self-help material is varying in quality and in some cases is</p>	31 October 2016	<p>Staff and customers will be able to self help to speed up query resolution, increasing likelihood of getting things right first time, which in turn will improve the performance of the system and the customer experience.</p>

THEME	ISSUE / DELIVERABLE	TIMESCALE	OUTCOME
	<p>incomplete. There is also evidence of this from staff feedback.</p> <p>The IBC review will be addressing the broader issue of training and support to staff and customers; however the existing self-help facilities available to staff and customers via the intranet and internet are to be reviewed and improved, ensuring they are accurate and up to date, and designed to enable easy search and questions answered.</p>		
FINANCIAL REPORTING	<p>The existing system of financial reporting is heavily resource intensive, compared to the impact it has.</p> <p>A principle for integrated Business Management Reporting has been agreed, and is currently in design; however a business analysis of the current end to end process for monthly financial reporting has identified opportunity for leaning the process. A project will commence within Corporate Finance in July 2016 to redesign the process.</p>	31 December 2016	A lean end to end process for accurate financial reporting to key stakeholders.
MANAGEMENT CONTROL	Internal Audit Reports have highlighted a lack of management information and reporting to have oversight and monitoring of the performance and compliance with the financial systems, policies and procedures.	31 August 2016	Professional lead oversight to ensure that effectiveness and efficiency of policies and procedures are being met and delivering expected outcomes, including compliance with the regulatory

THEME	ISSUE / DELIVERABLE	TIMESCALE	OUTCOME
	<p>The Assistant Chief Finance Officer (Assurance) in conjunction with the Finance Teams in Corporate Finance (and Corporate HR in relation to Payroll), will be defining management information requirements and commissioning the delivery of that information both internally and where appropriate through the IBC.</p>		<p>framework.</p>
<p>S151 ASSURANCE FRAMEWORK</p>	<p>The Chief Finance Officer is the statutory officer responsible for ensuring the Council maintains effective financial management and stewardship. This is discharged through an assurance framework. The CFO has identified that the existing framework has not been effective.</p> <p>The S151 Officer Assurance Framework, encompassing the stewardship responsibilities of the Assistant Chief Finance Officer, and the Finance Business Partners is to be mapped out, with a performance management process put in place to ensure that emerging financial risks and issues, including any weaknesses in financial control are identified early and action taken.</p>	<p>31 October 2016</p>	<p>An assurance framework established that provides confidence in the financial management across the council, and identifies issues and remedies early to limit the impact.</p>
<p>FINANCIAL SYSTEMS</p>	<p>There are a number of detailed actions emerging from the Internal Audits. These have all been agreed and officers assigned to implement the actions.</p> <p>The component parts of this Plan will result in all the key financial systems being subject to a fundamental management review, including</p>	<p>As defined in the Internal Audit reports</p>	<p>Positive assurance opinion from the Chief Internal Auditor on the system of financial control.</p>

THEME	ISSUE / DELIVERABLE	TIMESCALE	OUTCOME
	<p>ensuring that they are providing the optimum commercial solution, and that control objectives are clearly defined and understood with policies and procedures in place and subject to effective monitoring and assurance to ensure those control objectives are being met and system objectives and outcomes achieved.</p> <p>As this Plan is delivered, strategic and tactical solutions will be determined that will ensure improvements are robust and sustainable. This may result in timescales previously agreed in audit action plans, and the actions themselves being superseded; however, the original actions are being tracked through the existing Internal Audit monitoring system, so any changes will be transparent to Audit, and will be subject to Internal Audit review. Should there be any concerns over the timeliness or adequacy of management actions these will be independently reported to the Chief Finance Officer, and the Audit & Governance Committee by the Chief Internal Auditor</p>		
<p>BULK DATA UPLOAD (BDU)</p>	<p>The BDU system was implemented initially as a temporary solution pending direct interfaces between local systems and SAP, being built to automate the transfer of data to generate payments, invoices and other key financial transactions. The programme of interface building has not delivered fully automated solutions, including for example the CONTROC system used</p>	<p>31 March 2017</p>	<p>The decommissioning of the BDU, with better solutions in place that provide an efficient and effective means of processing records in a controlled way.</p>

THEME	ISSUE / DELIVERABLE	TIMESCALE	OUTCOME
	<p>by Adult Social Care. The BDU relies on manual intervention and audit processes that are neither efficient nor well controlled.</p> <p>All use of the BDU is being reviewed and alternative solutions being appraised, including opportunity for system interfaces.</p>		
IBC REVIEW	<p>Governance over the IBC has been reviewed and a client team established; however the operating governance of the partnership requires improvement as there is currently a lack of oversight over change request, agreed actions and in some cases there remains a lack of clarity over roles and handoffs between IBC and OCC. The existing arrangements are driving poor behaviours with a lack of clear communication at an operational management level resulting in uncertainty and inefficiency for end users.</p> <p>New governance framework to be agreed including a staff communications strategy and performance reporting. The governance will provide clear escalation routes where customers, suppliers and staff can have clarity that their issues are being listened to and addressed.</p>	31 July 2016	Clear governance and escalation process in place that provides staff and customers with confidence and feedback over the performance of the IBC.