



Finance

Service Plan Mid-Year Review 2019-20

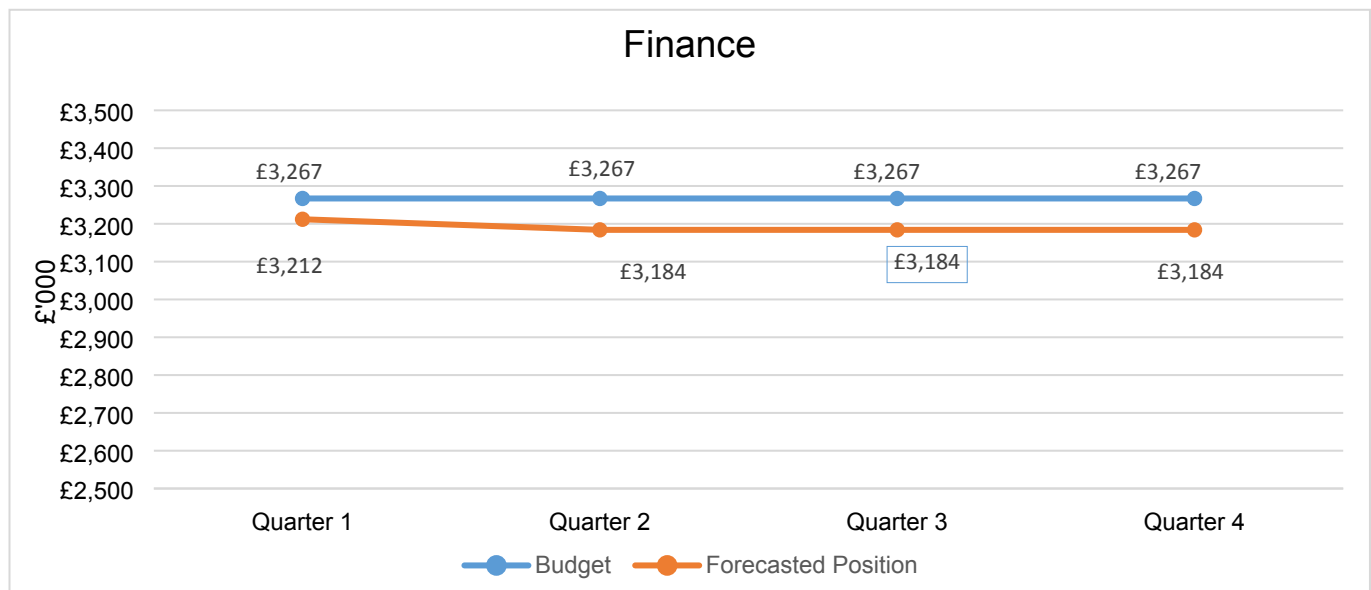
Head of Service – Meirion Rushworth

Introduction

The Finance service comprises of four teams: Accountancy; Internal Audit; Procurement/e-payments; and Revenues. Together, the teams provide a diverse mix of services and activities that support the Council's service areas; setting overall policy frameworks for the whole Council; and Revenues, as one of the biggest external customer departments dealing with all households and businesses.

Through the Corporate Plan and beyond, Finance Services will continue to build on delivering more 'self-service' functions both internally such as the Council's Budget Management System and Procurement and externally through the Council's Customer Relationship System and My Account enabling residents and businesses to make more online payments. As the Council faces increasing demands on its services from its residents and businesses, the Council will need to make more difficult decisions and our Finance Business Partners will support and develop strong, integrated financial planning, management and governance.

2019/20 Budget



To support the delivery of the Council's Corporate Plan 2017-22, the Finance Service Plan 2018-22 focuses on the delivery of:

- **Well-being Objective 4** – To build cohesive and sustainable communities; and
- **Corporate Theme** - Modernised Council

The 2019/20 Service Plan has identified 6 objectives that are focused on:

Objective 1 - Internal Audit to provide assurance on the adequacy of the Council's systems of Governance, Risk Management and Internal Control to ensure the proper use of public funds and to minimise fraud and corruption within the Authority.

Internal Audit is a statutory requirement within local government in accordance with S151 Local Government Act 1972 and Accounts and Audit (Wales) Regulations 2014; the team will comply with the Public Sector Internal Audit Standards. Audit work will be undertaken to assess the adequacy of the internal control environment, governance and risk management, to ensure public money is being spent appropriately and fraud / error is minimised across all service areas. This will enable the Chief Internal Auditor to provide an annual overall opinion. This will involve a mix of opinion and non-opinion related audit work. The Internal Audit team will be alert to any potential fraudulent activity and will report any concerns to the Chief Internal Auditor who will risk assess the situation and decide whether or not to investigate further.

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The Internal Audit team will provide assurance that controls are working well and provide advice where improvements are required. The team will continue to provide advice and training to raise awareness and support for stronger financial management across all service areas. To add more value, where applicable, the Internal Audit will identify potential savings during the course of their work. The Chief Internal Auditor will provide assurance to, and be accountable to the Audit Committee on a quarterly basis.

Objective 2 - The Income Collection team will increase the options available for customers to transact digitally.

To provide the means for customers to carry out routine transactions digitally. To enable citizens to access their council tax records and carry out routine transactions digitally which will improve efficiency, reduce costs and reduce unnecessary contact. It will also allow the Revenues Team to focus more on recovery of debts and not deal with low level transactional matters.

Objective 3 - We will support the organisation by developing robust medium term financial projections to ensure key priorities have funding and the organisation understands its financial challenge. We will support the delivery of efficiency and change plans.

The Council requires a robust medium term view of its financial position to ensure priorities can be delivered and that appropriate plans are developed to achieve balanced budgets which are robust.

Objective 4 - To achieve earlier closedown of accounts and as minimum, meet statutory deadlines and requirements.

For accounts year ending 31st March 2021 the financial accounts of the Authority will need to be audited and published 2 months earlier than the current deadline. This is a significant challenge for the accountancy department. Timescales as follows:

- For accounts year ending 31st March 2019 and 31st March 2020 the draft accounts deadline will move from 30th June 2019/20 to 15th June 2019 and the final accounts deadline from 30th September to 15th September 2019/20.
- For accounts year ending 31st March 2021 the draft accounts deadline will be 30th June 2021 and the final accounts deadline will be 31st July 2021.

Objective 5 - Review, develop and implement a revised operating model for strategic procurement. Seek improvements in full P2P cycle process.

Review, develop and implement a revised operating model for strategic procurement. Taking account of the resource levels within the function, to identify key outcomes and work-streams which need to be completed to ensure the Council is compliant with the Public Contract Regulations, WG policy and requirements where needed, adds value to the Council and delivers financial/non-financial benefits wherever possible. Further improve the payment of manual invoices by seeking alternative payment methodologies to enhance the process through procurement card solutions and any other viable payment options.

Objective 6 - Implementation and compliance with new legislation and Welsh Government best practice initiatives.

Welsh Government Ethical Employment in Supply Chains, Code of Practice commitments and Welsh Language Act.

Executive Summary from the Head of Service

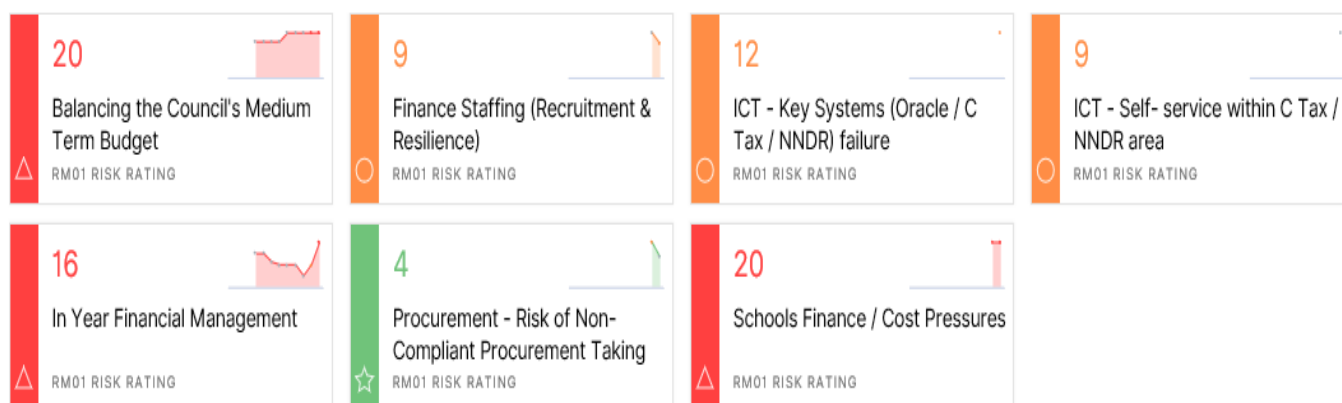
The Finance service is making good progress on most of its objectives, whilst operating within budget. Performance is also good with most targets being met.

The main issues at this point from an operational point continue to be:

- ICT related with (i) delays to developing the Council's self-service capacity in the revenues system i.e. Council Tax and NDDR and (ii) upgrading and maintaining performance on our core finance systems. These are identified as risks in conjunction with their impact on delivery of some objectives. This has been escalated and some resourcing and focus is now in place with progress starting to take place.
- Staffing issues within Internal Audit which is having some impact on delivering the audit plan at this time, though performance to date is on target. We are reviewing this carefully as the issues continue.

From an organisational viewpoint, the update here points to a challenging picture on the achievement of a balanced MTFP and in year budget management is challenging both from a School's budget perspective plus a small number of other Council services / activities with very significant over-spending. There is significant activity across the organisation in resolving / improving these issues.

Service Area Risks



Glossary

Note – Actions / Performance measures recorded with a green RAG status, commentary is optional

Actions (Red / Amber / Green)

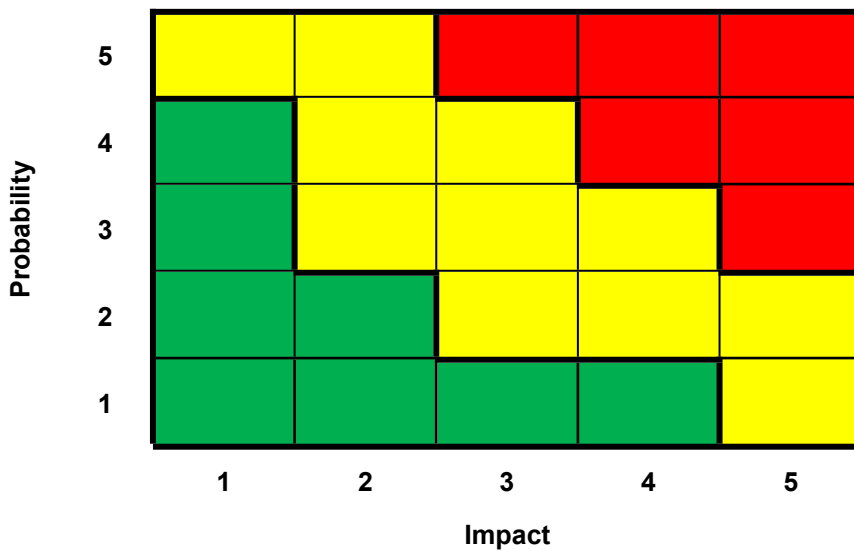
C	Action Complete (Commentary provided is optional)
	Action is on target to complete by agreed timescale (Commentary provided is optional)
	Issues are identified which could impact on the delivery of the action by the agreed timescale
	The action is not going to be able to deliver by agreed timescale and immediate action is required.
?	Update has not been provided for Q2.

Performance Measures

	Green – Performance is above Target (Commentary provided is optional)
	Amber RAG – Performance is below Target (0-15%)
	Red RAG – Performance is Under achieving (+15%)
?	Unknown RAG (Data missing)

Risk Table (5x5)

For example: Probability = 5 / Impact = 4 / Total = 20



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Objective 1 - Internal Audit to provide assurance on the adequacy of the Council's systems of Governance, Risk Management and Internal Control to ensure the proper use of public funds and to minimise fraud and corruption within the Authority.

Action No.	Action Title	Action Description	Start Date	End Date	% Complete	RAG Status	Commentary
1	Complete Sufficient Audit Opinion Related Work	To complete sufficient (per target agreed by Internal Audit Committee) audit opinion related work in order for the Chief Internal Auditor to provide an overall opinion for the Authority as a whole at the end of each financial year	01-Apr-19	31-Mar-20	16%		10 audit opinions (16%) issued at end of Q2 which is a bit lower than expected, but this generally picks up in Q3 & Q4.
2	Co-ordinate the review of returned Data Matches From NFI	Co-ordination of the review of returned data matches from NFI	01-Apr-19	31-Mar-20	99%		Internal Audit (IA) have co-ordinated the returned data matches from NFI and have checked the majority of reports. Some service areas have not yet checked the reports they are responsible for; IA have sent out reminders asking for the checks to be undertaken and the results recorded on the NFI system.
3	Raise Awareness of the Anti-fraud, Bribery & Corruption Policy	Raise awareness of the Council's Anti-fraud, Bribery & Corruption Policy	01-Apr-19	31-Mar-20	30%		Anti-Fraud & Bribery training package has been developed with first training session delivered to NCC / Monmouthshire County Council IA teams; package will be further developed before rolling out to managers across NCC.
4	Review Agreed Management Actions	Review and report on how many of the agreed management actions have been implemented within	01-Apr-19	31-Mar-20	0%		This is annual exercise undertaken by the IA team undertaken in Q4 of the financial year. IA are working with the performance team to make the service areas more accountable for this as

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Action No.	Action Title	Action Description	Start Date	End Date	% Complete	RAG Status	Commentary
		service areas to improve service delivery, controls and governance					they have the responsibility of implementing the agreed management actions in order to demonstrate improvements.
5	Undertake Work in Line With Internal Audit Plan	Undertake audit work in line with the agreed Internal Audit Plan	01-Apr-19	31-Mar-20	33%		Progress against the plan is above the target of 30% at the end of Q2 despite the IA team not having a full complement of resources. Audit Management will keep this under review going into Q3.
6	Update and Implement a New Audit Reporting Structure	Update and implement a new reporting structure for audit findings to differentiate between control, effectiveness, efficiency and other issues	01-Apr-19	31-Mar-20	30%		Discussions around classifications of identified weaknesses have been discussed in team meetings but this has not yet been fully incorporated within the IA reports. Where applicable IA reports now identify potential efficiency savings. This will be considered as part of a wider review of IA report formats.
7	Complete Sufficient Audit Opinion Related Work	To complete sufficient (per target agreed by Internal Audit Committee) audit opinion related work in order for the Chief Internal Auditor to provide an overall opinion for the Authority as a whole at the end of each financial year	01-Apr-19	31-Mar-20	16%		10 audit opinions (16%) issued at end of Q2 which is a bit lower than expected , but this generally picks up in Q3 & Q4

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Objective 2 - The Income Collection team will increase the options available for customers to transact digitally.

Action No.	Action Title	Action Description	Start Date	End Date	% Complete	RAG Status	Commentary
1	Confirm Project Commencement	Report to Digital Board to confirm project commencement.	01-Nov-19	02-Mar-20	0%	To commence in Quarter 3	Due to technical issues with ICT infrastructure that have to be resolved the commencement of this project will now commence in Quarter 3
2	Plan and Deliver Project	Project plan and delivery	01-Nov-19	06-Jul-20	0%	To commence in Quarter 3	The technical delivery plan is in place and the project will commence in Quarter 3 once the ICT infrastructure has been updated.
3	Setup Project Team	Setup project team, including external suppliers.	03-Mar-20	05-Jun-20	0%	To commence in Quarter 4	The team will be in place for the project commencement in Quarter 4.

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Objective 3 - We will support the organisation by developing robust medium term financial projections to ensure key priorities have funding and the organisation understands its financial challenge. We will support the delivery of efficiency and change plans.

Action No.	Action Title	Action Description	Start Date	End Date	% Complete	RAG Status	Commentary
1	Ensure Risk Based Modelling of Key Financial Risk Areas are Robust	Risk Based Modelling of key financial risk areas are robust, include all known and relevant risks and provide good trend analysis and information to inform senior managers and help manage and plan budgets.	01-Apr-19	31-Mar-20	50%		Senior Finance Business Partners and Finance Business Partners need to continue to work with service areas to ensure the forecasting tools are as robust as possible and kept up to date.
2	Identify and Deliver Service Savings	Delivery of 19/20 finance service savings and identify opportunities for future savings over the medium term.	01-Apr-19	31-Mar-20	100%	C	All 19/20 savings completed and delivering per target. Savings identified for future years in line with current process and targets, though this process is subject to continuous change and updating.
3	Provide Robust Challenge and Support of Budget Proposals	Provide robust challenge and support of budget proposals through development and review of business cases, ensuring MTFP and business cases are robust and accurate and risks are flagged.	01-Apr-19	31-Mar-20	50%		Budget proposals are currently being developed and alongside Heads of Service, Finance Business Partners will need to provide challenge of the proposals being put forward.
4	Support Strategic Projects	Significant and strategic projects are well supported with appropriate accountancy input	01-Jun-19	31-Mar-20	70%		

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Action No.	Action Title	Action Description	Start Date	End Date	% Complete	RAG Status	Commentary
5	Update the MTFP to Reflect Pressures, Savings and Funding Assumptions	Update the MTFP to reflect the updated pressures, savings and funding assumptions for agreement with SLT and report to Cabinet.	01-Apr-19	25-Feb-20	15%		

Objective 4 - To achieve earlier closedown of accounts and as minimum, meet statutory deadlines and requirements.

Action No.	Action Title	Action Description	Start Date	End Date	% Complete	RAG Status	Commentary
1	Continue Development of a Business Partnering Model	Continue development of a Business Partnering model within accountancy to provide a better focus on supporting service areas.	01-Apr-19	31-Mar-20	70%		
2	Improve the Councils Ability to Complete Processes Within Timescales	Ongoing challenge of existing processes and timetables. Requires 'buy-in' from senior management and service areas. Timetable updated with processes completed in shorter timescales with some year-end tasks being completed in year.	01-Apr-19	31-Mar-20	90%		
3	Increase the capacity and use of the Business Management System	Increase the capacity and use of the Business Management System (BMS) system and other services which allow for more self-serve, i.e. control risk self-assessments.	01-Apr-19	31-Mar-20	30%		
4	Work with WAO to Assess Which Accountancy Audits can be Completed	Work alongside Wales Audit Office to assess which areas of work accountancy can complete early in the year and can be audited before draft stage.	01-Apr-19	31-Mar-20	89%		

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Objective 5 - Review, develop and implement a revised operating model for strategic procurement. Seek improvements in full P2P cycle process.

Action No.	Action Title	Action Description	Start Date	End Date	% Complete	RAG Status	Commentary
1	Develop New Procurement Strategy	Current Procurement Strategy expires 2019, new Strategy to be written.	01-Sep-19	31-Mar-20	5%		1st October 2019 - work on new strategy has not really commenced, due to other more pressing priorities. It is still envisaged that a new strategy will be written by the deadline, with work to commence shortly.
2	Review and Agree Revised CSO's	Review and agree in Council, revised CSO's including threshold values and excepted contract options	01-Jul-19	31-Oct-19	70%		
3	Review, Develop & Implement a Revised Operating Model for Strategic Procurement	Review, develop and implement a revised operating model for strategic procurement. Delivering both the added value strategic and operational elements of procurement. To include: <ul style="list-style-type: none"> • Role of Procurement Gateway Board • Improvement to contracts register to help identify work programme • Compilation of and use of annual 'spend analysis' to identify opportunities for review e.g. off-contract spending etc. • Thematic reviews of spend to identify opportunities to maximise value and / or deliver savings • Self-service opportunities 	01-Apr-19	31-Mar-20	60%		

Objective 6 - Implementation and compliance with new legislation and Welsh Government best practice initiatives.

Action No.	Action Title	Action Description	Start Date	End Date	% Complete	RAG Status	Commentary
1	Deliver New Requirements and Welsh Language Standards	Deliver new requirements under the changes to Data Protection Legislation and ensure compliance with Welsh Language Act - standards related to procurement and general communication and language choice.	01-Apr-19	31-Mar-20	50%		

Performance Measures Quarter 2 (30th September 2019)

Performance Measure	Actual at (Q2 - 2019/20)	Target 2019/20 (Target at end of Q2 – if applicable)	Performance status	Actual 2018/19 (at Quarter 2)	Commentary
% of Internal Audit Plan Completed	33%	82% (30%)		36%	
Number of Days to Issue a Draft Report	7 days	10 days		N/A	
Number of Days to Issue a Final Report	2 days	5 days		N/A	
% Council Tax Collection	53.77%	97% Q2 - 50%		53.69%	
% Non-Domestic Rates Collected	59.8%	97% Q2 - 50%		58.25%	
% Total Council Tax Collected as a % of Annual Budgeted Amount	56.62%	100% (49.98%)		55.41%	
% Payment of Invoices Within Timescales	93.27%	90.00%		89.65%	
Total Value of Spend Through the P Card Programme	£2,384,000	£1,825,000 (£913,000)		N/A	