

Audit Committee – 29 September 2023

Title of paper:	Finance Improvement Plan Update	
Corporate Director(s) / Director(s):	Ross Brown – Corporate Director of Finance and Resources (S151 Officer)	Wards affected: All
Author:	Shabana Kausar - Director of Finance and Deputy S151 Officer	
Other Colleagues who have provided input:	<ul style="list-style-type: none"> • Finance Team • Audit and Risk Team 	
Does this report contain any information that is exempt from publication?		
No		
Recommendation(s):		
1.	To note the progress to date on the Finance Improvement Plan and remediation controls project	

1. Reasons for recommendations

- 1.1 The purpose of this report is to provide the Audit Committee with an update on the progress made against the Council's Finance Improvement Plan since the last reported position to the committee in July 2023.
- 1.2 The report incorporates an extract of activities undertaken to end of August 2023 and planned activities to the end of October 2023.
- 1.3 The report also provides an update to the committee on the progress of the control's remediation project.

2. Background

- 2.1 The Financial Improvement Plan (FIP) is a high-level plan established under the following 8 improvement themes:
- 1) Strengthening financial leadership.
 - 2) Improving the approach to managing and governing the capital programme.
 - 3) Enhancing financial systems to meet user needs.
 - 4) A well designed and robust system of internal financial control.
 - 5) Embedding professional accounting practice.
 - 6) Capacity building and training.
 - 7) Enhancing financial strategies.
 - 8) Understanding and effectively managing its finances (social care).
- 2.2 The FIP has been mapped to the Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Management Code to establish how the financial control environment develops through the life of the FIP, with the outcomes from the FIP deliverables providing the professional standards expected of a council.

- 2.3 It should be noted that the FIP is both dynamic and a comprehensive document that continues to reflect actions to address emerging risks and issues identified i.e., establishment control, spending controls and financial control assessment review and controls remediation.
- 2.4 Improvements to the Council's financial governance, financial management and control and reporting framework are at the heart of the Council's finance improvement agenda and are a high corporate priority for the Council. The organisation is starting from a very low base albeit it is starting to make demonstrable improvements that will have a positive and lasting impact on improving control and stewardship of its finances. However, it continues to face a number of fundamental challenges as it seeks to achieve wholesale improvement within a reasonable but ambitious timeframe. Given that financial management underpins the delivery of all services and enabling functions, the organisation is mindful of the fact that in establishing strong and robust financial management arrangements will require cross-cutting and deep-rooted cultural changes for all service areas.

3. Finance Improvement Plan (FIP) Overview

- 3.1 The FIP continues to deliver the planned financial improvement within the agreed eight themes, taking advantage of available opportunities to implement improvements where possible in live business processes, whilst planning future improvements for implementation at the earliest opportunity, subject to available resources and system functionality and development constraints.
- 3.2 Appendix 1a provides an insight into the specific improvements delivered since the last update, whilst Appendix 2 provides key activities planned to be undertaken to end of October 2023. Also included in Appendix 1b is previously reported completed activities.
- 3.3 The finance improvement plan continues to be ongoing, and progress made to since the last update in July include the following activities and required substantial capacity and effort across the Finance team and Service departments.
- Finalising the statutory accounts for 2019/20 – 2021/22 (paragraph 3.8).
 - Internal recharges and reallocations of policy (paragraph 3.9).
 - Financial accountabilities' framework (Paragraph 3.10).
 - Establishment Control (paragraph 3.11)
 - Financial Improvement Plan actions mapped to the EY remediation control project
- 3.4 Below is an update on the key improvement areas noted above, illustrating how the earlier actions taken to date are being embedded and/or further developed across finance and into the wider organisation, where needed and the significant and positive change this is bringing about in how the Council is effectively managing its finances.

3.5 Staffing capacity and retention remains a key risk for the service not just for delivering the FIP activities but also managing key business as usual (BAU) activities such as the budget process. This is being reviewed continuously with further options being explored with regards to reviewing current interim resources and current business and organisational need alongside potential need for additional resource.

3.6 Finalising the statutory accounts for 2019/20 – 2021/22

3.6.1 The Council now has its draft 2019/20 Statutory Accounts ready for external audit certification and will have draft set of accounts for 2020/21 and 2021/22 ready for audit by September in line with the IAB instructions. A separate report on the progress is being presented to Audit Committee at the same meeting.

3.6.2 The Finance team have been working diligently to meet the direction from the IAB to resolve all known issues for 2019/20, 2020/21 and 2021/22 accounts by 30 September 2023. Following the additional queries received from Grant Thornton in August, there is now a real risk that the finance team will not be able to produce draft accounts for 2021/22 by end of September 2023, therefore not meeting the direction completely. The non-delivery of the direction is not due to the finance team not being able to resolve audit queries but due to the fact that new queries are emerging as Grant Thornton review the revised set of 2019/20 accounts and responses to their earlier queries.

3.6.3 The table below summarises the progress to date.

Table 1: Statutory Accounts progress

Financial Year	Summary	Progress as at 31 August 2023	Expected Progress to end of September 2023
2019/20	Ledger	99%	100%
	All required entries input by 30 June 2023, but further entries being processed for prior period adjustment.		
	Draft Accounts		
	Revised draft accounts submitted to Grant Thornton on 5 July 2023 incorporating all identified changes at that time. Further changes are now being made because of the Prior Period Adjustment being required by Grant Thornton for PPE.		
	Audit Queries		
	All requests received to end of April have been responded to by the Council. The Council is actively responding to new requests received in August but requires input from the external valuations specialist.		

Financial Year	Summary	Progress as at 31 August 2023	Expected Progress to end of September 2023
2020/21	Ledger	85%	100%
	Ledger entries were completed by mid-August, but need to be reviewed in light of PPA in previous year		
	Draft Accounts		
	Revised draft accounts in production. Was expected to be completed by mid-August 2023, but now expected to be completed by early September		
	Audit Queries		
	Audit not yet commenced		
2021/22	Ledger	25%	60%
	Ledger entries were to be made by end of August 2023, but Fixed Asset entries not yet input due to additional work on 2019/20 and are now expected by mid-September		
	Draft Accounts		
	Draft accounts for publication were expected to be ready by 30 September 2023, but are now anticipated to be ready in early October		
	Audit Queries		
	Audit not yet commenced		

3.7 Internal Recharges and Reallocation Policy

- 3.7.1 Following the fundamental deep dive analysis to of all recharging activity, a new, holistic control framework for managing, accounting for and reporting recharges and reallocation has been developed.
- 3.7.2 A draft recharge framework document containing guidance on definition of a recharge, reallocation and apportionment has been produced.
- 3.7.3 A master document has also been produced to ensure that each recharge or reallocation has a clear rationale, includes overheads only where appropriate, is agreed by both parties and correctly coded
- 3.7.4 Internal recharges are also being examined under the Controls Remediation project and a draft recharges policy developed for the Director Of Finance's review and sign off.

3.8 Financial Accountabilities' Framework

- 3.8.1 A council wide Financial Accountabilities Framework has been drafted as a guide to the key roles and responsibilities that support excellent financial management at Nottingham City Council (NCC). The purpose of the

framework is to help officers in understanding their roles and how they support others.

3.8.2 The Framework does not seek to replace the Council’s Financial Regulations. The Council’s Constitution and Financial Regulations are the detailed description of the way the Council operates in relation to financial management and financial administration.

3.8.3 The Framework is based on the widely used RACI methodology (Responsible, Accountable, Consulted, Informed) that is especially useful in clarifying roles and responsibilities in cross-organisational processes, and has been adapted to better suit NCC working pattern.

3.8.4 The table below defines the methodology terms.

Table 2: RACI Methodology terms

Methodology Terms	Definition
Accountable	The person who is expected to justify actions taken or decisions made to deliver the completed task or activity. This person will “sign off” on a piece of work or process.
Responsible	The person who performs or takes the lead on an activity. This is the key “doing” role, and the person who is responsible will either do the task or activity themselves, or delegate it to someone else within their team. If delegated, the person retains the responsibility and must ensure that it has been completed satisfactorily.
Consulted	The person that must be consulted on the activity in order for there to be a successful outcome. This is a proactive role that offers support, advice and insight to contribute to the activity.
Informed	The person that needs to know of the decision or action.

3.8.5 The RACI methodology will be adopted and designed to maximise its simplicity and useability in the context of NCC.

3.9 Establishment Control

3.9.1 As previously reported, an Establishment Control project chaired by the Director of HR and EDI has been established. The project is a key activity in supporting delivery of the HR improvement Plan and aligns to the FIP.

3.9.2 PwC LLP were commissioned for 12-weeks period to support the Council to get to a single version of the truth in relation to their staffing baseline. This is critical to understand the true baseline position for transformation. This work focuses on three key areas:

- A reconciliation of the establishment baseline across all Council service areas to get a single version of the truth.
- Simplifying and communicating processes that are associated with changes to establishment to enable changes to happen in a more timely and accurate manner.
- Developing and rolling out a simple Power BI dashboard to support Budget Holders with establishment reporting and monitoring

3.9.3 PWC LLP work to date has been primarily focused on aligning existing data sources. Key activities have been:

- Reconciling the different data sources from HR, Finance and the Budget Managers to highlight discrepancies between these data sources.
- Meeting with Budget Managers to discuss any issues and document their view of establishment.
- Creating an action log that sets out required actions / decisions from HR and / or finance.
- Receiving confirmation from Budget Managers that their existing establishments have been captured correctly.

3.9.4 The finance team and HR team are working collaboratively with the PWC LLP team to ensure the 12-week plan is on track to be completed by end of September 2023. The objectives to the end of September are:

- Complete the data reconciliation work.
- Document and share key processes in relation to recommended changes to their current establishment.
- Production of a Power BI dashboard that will be shared with Budget Holders on a monthly basis for them to review and confirm that data held is accurate.

4. Financial Oversight and Governance

4.1 Financial Resilience and Sustainability

4.1.1 There is a continued imperative to ensure the council maintains a credible medium term financial strategy that addresses IAB instructions with regard to demonstrating Best Value. Consequently, the successful development and delivery of the forthcoming MTFP process is critical. To this end the Director of Finance working with the Corporate Director of Finance and Resources and in consultation with CLT have formulated and presented 2024/25 Budget Strategy approach & MTFP to the Executive Board in July 2023.

4.1.2 As part of the FIP it has been important to reconsider the capacity for both finance and budget holders in preparing the in-year financial monitoring reports. In line with the recently agreed timetable the first bi-monthly forecasting report has been presented to the Executive Board in June 2023.

4.2 CLT Oversight and Governance

4.2.1 Alongside the specific areas of improvement in the control environment domain, CLT continues to seek routine oversight on key control and financial process and timetables. Papers received and actioned upon advice of the Councils S151 Officer include:

- Establishment control (see paragraph 3.9)
- Financial controls remediation (see section 5)
- 2023/24 Period 2 financial monitoring in accordance with the management timetable (as reported to Executive Board in June 2023)
- Release of spending control workbooks and dashboard (including user guidance) for completion by Directors for collation and reporting into CLT

4.2.2 Taken together, these pieces of work are all focused on improving the council's financial resilience and sustainability. When fully delivered, the Council will undoubtedly see a positive shift in the control (grip) it has over its finances and how they are routinely managed. This will undoubtedly provide sufficient and positive assurance that the Council has robust and "adequate" financial management arrangements.

5. Financial Controls Remediation Project

5.1 Background

5.1.1 As reported to Audit Committee in June and July 2023, a remediation project has been scoped and EY (Ernst & Young) commissioned to deliver a 12-week focused controls remediation response. The project commenced 12 June 2023 and is currently on track.

5.1.2 Phase 1 of the remediation work will ensure the Council has the essential basics in place, although it is anticipated further investment in systems will be required to provide the most effective control environment where the system will deliver record actions and the supporting evidence required for each financial transaction.

5.1.3 As set out in the Financial Controls Assessment report to Audit Committee meeting in July 2023, to mitigate the risks caused by the weakened control environment, immediate interventions are required. The first step involves the rapid assessment and remediation of ten specific control issue areas.

5.1.4 The following principles have been adopted to ensure there is synergy with the transformative focus being delivered within the FIP and empower officers from the Council to take ownership of control improvements going forward:

- Ensuring that the objectives and targets for both process design and key control design are validated against the FIP, to ensure work is additive and duplication avoided.

- Identifying Business Process Owners, and key Finance roles responsible for implementing and monitoring controls, strengthening job role and functions developed through the FIP programme.
- That a collaborative approach is adopted with the FIP programme leads, and regular touchpoints to ensure shared awareness and amplification of the respective work programmes within Finance, and with the service.

5.1.5 The approach is to work through the steps identified below:

- Step 1 – Rapid intervention on identified issues within areas in scope
- Step 2 – NCC and Group Wide Controls Health Check
- Step 3 – Implement newly scoped controls across the group
- Step 4 – Establishing Grip Report

5.2 Project Overview

5.2.1 The table below sets out the ten areas in scope of the remediation project grouped into three themes.

Table 4: Controls in Scope for Remediation Project

Core Financial Process	Organisation Wide Process	Financial Systems
1. Grant Receive to Record	5. Procurement Process	8. System Reporting
2. Purchase to Pay	6. Service Recharges	9. Segregation of Certain Financial Activities
3. Record to Report	7. HR and Expenses Process	10. Systems Access
4. Goods Receipting		

5.2.2 Weekly project checkpoint meetings with EY are being held with additional meetings held with the Corporate Director Finance and Resources to provide progress and seek decisions at relevant milestones to ensure the control environment is improved at pace. Subject to any additional findings identified through Phase 1 of the remediations work, the improvements to the control environment are expected to provide the assurances required by the S151 officer to discharge their statutory responsibilities.

5.3 Progress Update

5.3.1 To end of August 2023 all of the 39 remediation activities identified had agreed controls in place. 38% have been fully implemented at the end of this period (3% as reported in July 2023) with 62% in process of being implemented over September. Table below provides a summary of the progress against each control theme.

Table 5: Remediation Controls Progress

Remediation Control Themes and specific areas		Controls Agreed and Implemented	Controls Agreed, Designed and in process of implementation	Total
Core Financial Process	1. Grant Receive to Record	1	2	3
	2. Purchase to Pay	1	3	4
	3. Record to Report	2	6	8
	4. Goods Receipting	2	2	4
Organisation Wide Process	5. Procurement Process	3	2	5
	6. Service Recharges	1	2	3
	7. HR and Expenses Process	2	1	3
Financial Systems	8. System Reporting	1	3	4
	9. Segregation of Certain Financial Activities	1	2	3
	10. Systems Access	1	1	2
Total	No	15	24	39
	%	38%	62%	100%

5.3.2 EY and council staff are continuing to prioritise tasks for implementation, reflecting capacity with a view to having these implemented during September 2023.

5.3.3 Work has also been underway between EY and the finance team to map the identified remediation control project outcomes to FIP deliverables. Some areas are challenging to implement interim measures for because they require a significant overhaul of systems for the Council to meet statutory requirements. However, it is important these are identified and closed in the next phase of the remediation works.

6. Financial Implications

6.1 The Local Government Act 1972, requires the Council to make arrangements for the proper administration of their financial affairs and shall secure one of their officers with the responsibility for the administration of those affairs.

6.2 The S151 officer has a Financial Improvement Plan in place which has been refreshed to demonstrate how CIPFA's Excellence in Finance model will be implemented over the lifetime of the plan, giving the council the assurance, it requires in relation to this statutory duty.

6.3 It is important to note that the FIP is an evolving document and will be continuously updated and expanded to reflect outcome of particular pieces of work such as the remediation control project, establishment control, which may require additional resources.

7. Legal Comments

7.1 There are no legal implications to be noted at this stage.

8. Commercial and Procurement Comments

8.1 There are no implications with regards to procurement contained within this report.

9. HR and EDI Considerations:

9.1 There are no implications with regards to HR and EDI contained within this report.

10. Risk Management Considerations

10.1 As set out in the report above staffing capacity and retention remains a key risk for the service in not just delivering the FIP activities but also managing key business as usual (BAU) activities such as the budget process and budget monitoring. This is being reviewed continuously and activities and deliverables being reviewed and reprioritised accordingly.

11. Published documents referred to in compiling this report

- Audit Committee 28 September 2023 - Statement of Accounts Progress Update
- Audit Committee 28 July 2023 – Finance Improvement Plan Update
- Audit Committee 28 July 2023 - Statement of Accounts Progress Update
- Audit Committee 30 June 2023 - Financial Controls Assessment
- Executive Board 18 July 2023 – Period 2 2023/24 Budget Monitoring
- Executive Board 18 July 2023 – Budget Strategy and MTFP Refresh 2024/25 – 2027/28

Appendix 1a - Activities Completed since last report to end of August 2023

FIP Theme 1: Strengthening Financial Leadership	
Actions Taken	Impact on Control Environment
Developed a new template and appendices for in year and outturn capital reporting that provides more insightful information enabling all relevant stakeholders to fully understand the programme, the progress in delivering it relative to expectations and any significant emerging issues and risks and how these are being mitigated or managed.	To provide the leadership team and budget holders with an appropriate suite of reports to facilitate effective performance and decision making
Savings delivery tracker developed into financial reporting and rolled out to services	To provide the leadership team and budget holders with an appropriate suite of reports to facilitate effective performance and decision making
Developed a detailed timetable and workflow for in year monitoring and reporting of the capital programme that provides sufficient time to facilitate effective consideration of each Directorates programme by DMTs including the provision of an escalation loop to enhance senior management's early awareness of any emerging issues/risks.	To manage the expectations and deadlines for financial reporting
Roll out the agreed budget monitoring timetable	To strengthen financial leadership and manage expectations and deadlines for financial reporting.
Soft consultation with Staff and Trade Unions on Finance Target Operating model	To provide the finance leadership and the service with skilled and experienced staff to undertake and deliver key functions and roles for the department.
Successful phas1 of recruitment of interim to essential finance posts within the current structure	To provide the finance leadership and the service with skilled and experienced staff to undertake and deliver key functions and roles for the department.

FIP Theme 2 - Improving the approach to managing and governing the capital programme	
Actions Taken	Impact on Control Environment
Review of the current operating processes within Oracle Fusion to identify process improvement opportunities now completed. The review covered General Ledger, Projects, OTL and PBCS	Improve the functionality of the finance system to provide effective controls, streamlined and improved reporting and user experience for all those that use the financial data and information.

Appendix 1a - Activities Completed since last report to end of August 2023

FIP Theme 2 - Improving the approach to managing and governing the capital programme	
Actions Taken	Impact on Control Environment
Carried out a quarterly review of unsecured/secured capital receipts as part of the medium-term financial plan (MTFP) process and aligned to capital in year reporting.	The medium-term financial plan is consistent and integrated into relevant service plans and its capital strategy and can be demonstrated by the in year reporting cycle
Developed new template and appendices for in year and outturn capital reporting that provides more insightful information enabling all relevant stakeholders to fully understand the programme (what is being delivered), the progress in delivering it relative to expectations (on time and to budget) and any significant emerging issues & risks and how these are being mitigated/managed.	To provide the leadership team and budget holders with an appropriate suite of reports to facilitate effective performance and decision making

FIP Theme 3 - Enhancing financial systems to meet user needs	
Actions Taken	Impact on Control Environment
PCI DSS Compliance assessment carried out by the submission of Self-Assessment Questionnaires, annually in July by the Financial Systems Team. SAQs are sent to Sysnet Global Solutions	<ul style="list-style-type: none"> • Completion of annual PCI compliance check, implementing any recommendations made. • Enhancing financial systems to meet user needs
<ul style="list-style-type: none"> • Multiple dashboards developed for Procurement, Accounts Receivables, Budget Manager (Rebuilt Data Model), Spending Control, Outturn Review, Journal Dashboards for 2022/23 & 2023/24 - new analytics will be included to monitor how many Journals are processed within £20k and £250k. • Spending Control and Outturn review dashboards rolled out. • A new Payroll Dashboard is in the process of being developed 	Establish a unified Financial Systems Reporting Strategy and toolkit based on Microsoft Power BI that looks to provide: an insightful, intuitive and intelligent approach to data analysis; "one version of the truth"; capability to meet the multi-dimensional financial and management information needs of different stakeholders; and a proactive, agile and responsive resource to design and meet changing reporting needs.

FIP Theme 5 - Embedding Professional Accounting Practice	
Actions Taken	Impact on Control Environment
Roll out of the Grants Register format produced by PwC and pre-populated by the Technical Finance Team. Grant Register moved to business as usual.	To support a clean audit opinion

Appendix 1a - Activities Completed since last report to end of August 2023

FIP Theme 7 – Enhancing Financial Strategies	
Actions Taken	Impact on Control Environment
MTFP reconciled to the transformation savings monitoring report, savings tracker and original business case's to baseline the savings	Align the MTFP with the work being carried out by the Transformation Office in establishing a monthly Implementation Review meeting to bring together performance on all council change activity.
Reviewed the assumptions within the original Business cases and current status of projects to assess savings targets and confirm alignment to MTFP.	Align the MTFP with the work being carried out by the Transformation Office in establishing a monthly Implementation Review meeting to bring together performance on all council change activity.
Carried out an early development and refresh of the approach to setting the 2024/25 Budget and rolling forward the Council's MTFP. Established and communicated the new approach to managing the budget and MTFP process	A robust and timely approach to managing finances and understanding the prospects for long term financial sustainability
Reviewed reserves to identify level and planned use of reserves. Introduction of a bi-annual review of reserves.	Outcome of bi-annual reserves reviews are reported to leadership team who are able to make informed decisions on use of reserves.

Appendix 1b - Activities Completed to end of June 2023

FIP Theme 1: Strengthening Financial Leadership	
Actions Taken to end of June 2023	Impact on Control Environment
A new 'draft' MTFP revised framework and refreshed financial planning assumptions is formulated for initial discussions with key stakeholders including CLT prior to its finalisation and agreement with Leadership in July. Will take cognisance of key emerging messages arising from the ongoing transformation programme and 5 priority BV Reviews	Early indication of financial resilience and interventions required to ensure a balanced budget is delivered. Early opportunity to align resources to priorities and policy development and bring forward early choices for savings
Revised financial reporting cycle agreed with CLT. Period 2 draft monitoring and forecasting report circulated to CLT for discussion prior to its finalisation and agreement with the Leadership in July	Early intervention and prevention to identify the scale of the in-year financial challenge aligned to early adoption of phased spending control measures
Establishment controls – commission with PWC agreed. 12 week project plan led by HR/Finance Directors. Additional project resource secured from the Change Academy. Weekly stand up meetings to maintain pace over the course of the project.	One version of the truth – 4 data sets to transition to the HCM Fusion module facilitating greater insight to decision making. Enhanced internal control over payroll submissions and control account balances
Spending controls 2023/24– Processes for implementing pay and non-pay measures agreed with CLT. For non-pay Director Workbooks provided for completion and BI Dashboard built to aid monitoring	Identify one-off savings for supporting the Council's financial resilience. Leadership oversight of impact and outcomes achieved by the controls through monthly reporting
Proof of concept BI Dashboards now built with appropriate data security controls. Plan being developed to roll out dashboards to finance teams and Directors over the next period.	Accessible self-serve financial information to facilitate better resource management and engagement across the council
Completion of bespoke 10 week training programme for finance leads on Power BI dashboard development. Built in data security aligned to information governance policy	Dashboards will significantly enhance management insight to identify emerging financial risks/issues and or control and compliance and process issues to be addressed
Fit for the Future – Fusion Financials implementation review identified significant system reconfiguration required to enhance on system working and compliance. Ongoing work completed includes redesigning the use made of the fusion Projects and OTL Modules for managing Projects (Capital), review of PBCS Module started. FFTF LCC refund of £2m paid.	Enabler to better improve system configuration, controls and functionality enhancing use, compliance and insight through enhanced reporting eg Power BI .

Appendix 1b - Activities Completed to end of June 2023

FIP Theme 2 - Improving the approach to managing and governing the capital programme	
Actions Taken to end of June 2023	Impact on Control Environment
Capital programme – Project managers reviewed budgets, profiling and forecasting for each scheme prior to reporting in period 2. This has identified the need to bring into the programme, £78m of energy hub grants that the Government Department is now allowing authorities to carry over into 2023/24.	Development of forecast accuracy and profiling across all years. Review and alignment of programme to match funding available
Completion of an initial 'Straw – man' review of the Transformational programme and its financing.	Assurance of spend classification management and financial reporting between revenue and capital
Fusion Projects and OTL Module – review of system capability and consultation with end users completed. NCC future business design document shared with Mastek (the Managed Service Provider) to cost the change requests.	Enhance, regularise and standardise use of system-based processes for capital projects including capital recharges of staff time and other overheads
Base Budget Assumptions supporting the capital programme / assets in use or under construction have been reviewed aligned to the MTFP refresh and Period 2 reporting.	Verifying prudence of underlying financial assumptions supporting capital schemes
New reporting template for 2023/24 developed for roll out with Period 2 reporting into the RECS DMT (pilot approach).	Greater management oversight of capital schemes at DMTs
Review of capital recharges concluded and reported into the Director of Finance as part of the wider recharges and cost reallocation project.	Assurance on spend classification for management and financial reporting

FIP Theme 3 - Enhancing financial systems to meet user needs	
Actions Taken to end of June 2023	Impact on Control Environment
Review of Fusion configuration of the PBCS Module for revenue and capital planning and forecasting is underway. Insight gained from LCC / best practice, and alignment to both the Projects/OTL Module review outcomes and the Establishment Control work so as to facilitate payroll data workflow	Utilisation of system rather than excel based systems and spend linked to project milestones

Appendix 1b - Activities Completed to end of June 2023

FIP Theme 4 - A well designed and robust system of internal financial control	
Actions Taken	Impact on Control Environment
Review of all NCC / EMSS control account and Bank reconciliations completed – adoption of standardised templates and process to demonstrate separation of duties, audit trail and proactive action to clear unreconciled items	Improved working papers and management oversight of reconciliations
EMSS payroll control account review complete - legacy creditor (net) balance issues to be cleared to enable formal monthly reconciliations to be prepared / reviewed to the satisfaction of the Director of Finance	Balance sheet reconciliations on a regular basis across all areas
Payroll costing – finance are undertaking significant payroll correction journal activities throughout the year that is impacting on resource availability and forecasting accuracy. A root-cause review is underway involving Finance, HR and EMSS	Improve 'first-time' data accuracy, reduce demand-failure, and minimise the risk of salary overpayments
Establishment controls – 12 week project plan designed and agreed and PWC support commissioned to build on their pilot work in RECS Directorate	One version of the establishment/payroll truth to enhance forecasting, reduce demand failure (see above) and mitigate the risk of salary overpayments happening

FIP Theme 5 - Embedding Professional Accounting Practice	
Actions Taken to end of June 2023	Impact on Control Environment
Draft register in place subject to final touch-point QA checks to be completed early July.	Key deliverable identified with the EY report in progress although full process map to be developed and full reconciliation to the ledger and collation of grant conditions
Recharges – capital recharges review completed and reported to the DoF. Main project ongoing expected completion end of July	Audit assurance standards improved Greater visibility of recharges vs cost reallocations, with 2023/24 recharges paused until revised policy approved
Journals – revised Journal authorisation workflow process in place and working, additional system-based controls in testing and due for implementation within a couple of weeks. Journal BI dashboard developed to provide insight into activity at each authorisation level.	Audit assurance standards improved. Management controls enhanced

Appendix 1b - Activities Completed to end of June 2023

FIP Theme 6 - Capacity Building and training	
Actions Taken to end of June 2023	Impact on Control Environment
Interim resources secured to cover vacancies and staff 'churn' and create capacity to deliver FIP and manage backlog of accounts closure in responding to the IAB instruction	Increased financial skills and capacity to oversee BAU activity, deliver the FIP activities and address the statutory accounts backlog
PwC commissioned to deliver in conjunction with HR/Finance the establishment control pilot and rollout across the council	One Version of the Truth for HR standing and payroll data enabling more accurate and complete financial data for monitoring / forecasting
EY – management override of controls remediation review commissioned	Increased understanding and assessment of the financial systems control environment, processes and actions to remediate any weaknesses

FIP Theme 7 – Enhancing Financial Strategies	
Actions Taken to end of June 2023	Impact on Control Environment
Transformation Strawman argument put forward to the CDF&R , Director of Transformation and DoF for consideration and agreement by CLT	Enhanced financial insight, awareness, understanding of governance and risks facing the transformation programme aligned to the MTFP refresh
Formulation of revised MTFP framework and provision of Period 2 monitoring drafted and discussed with CLT prior to finalisation and agreement with Leadership in July.	Early indication of financial resilience and interventions required to ensure a balanced budget is delivered. Opportunity to align resources to priorities and policy development
Spending control measures agreed by CLT and how measures are to be implemented, managed, and reported. For non-pay spend, Director Workbooks and user guidance provided and completed ready for review by CLT in early July. BI Spending Control dashboard built to provide granular insight into spending activities and patterns.	Leadership oversight of impact and outcomes achieved by the controls. Monthly reporting.

Appendix 1b - Activities Completed to end of June 2023

FIP Theme 8 - Adult Social Care Managing Finances	
Actions Taken to end of June 2023	Impact on Control Environment
Finalisation of the Budget Review (at individual code level) for 22/23 and 23/24 complete.	Improved budget holder accountability, budgets are now up to date with all high level rebase adjustments removed.
Oracle coding structure and hierarchy revised and updated budgets approved and in place at P3	Supports improved budget holder accountability, more accurate in year forecasting and development of medium term forecasts linking budget, activity and cost data.
Monitoring process updated to replace single line forecasting with detailed forecasts at code level.	Improved accountability and system reporting with removal of “off ledger” spreadsheet workarounds to support one version of the truth within Oracle.
4 year reconciliation of care systems (ContrOCC) to Oracle completed (care commitments vs actual values paid). Approach agreed with Grant Thornton and prior year accrual adjustments being made.	Provides clarity re prior year accruals brought forward and a robust basis for monthly reconciliation of care system commitments to ledger.
Initial Oversight Board Meeting agreed series of workshops to be held to map current data and process issues linked to ContrOCC and interfaces with Oracle and provide key actions to be progressed. First workshop held with Finance and further service workshops.	Oversight Board will drive the production of an appropriately resourced and jointly managed action plan to deliver data and system improvements and clarify future roles and responsibilities with regard to systems ownership and controls.

Appendix 2 - FIP Activities to end of October 2023

FM Code Ref	FM Code: Assessment Questions	Action - UID	Characteristics & Measures of Success	Action	Start Date	Expected completion date	Current Status
A1	Does the authority have a clear and consistent understanding of what value for money means to it and to its leadership team?	A1.2	Accountability Agreement is in place clearly articulating management expectations of good financial management	Draft Accountability Agreements for Corporate Directors	Apr-23	Oct-23	In Progress
		A1.3	Accountability Agreement is in place clearly articulating management expectations of good financial management	Issue Accountability Agreement to Corporate Directors	May-23	Oct-23	Not Started
		A1.8	Financial implications for decisions support effective decision making across leadership and members having regard for value and money and understanding the impact of decisions. In turn this allows for effective scrutiny.	Timetable issued to ensure that relevant officers provide implications on reports timely and within deadlines	Jun-23	Oct-23	Not Started
A2	Does the authority have suitable mechanisms in place to promote value for money at a corporate level and at the level of individual services?	A2.11	The authority has in place effective contract management arrangements in place that are proportional to the value and significance of the contract	Conduct monthly reviews to ensure continuous improvement / Value for Money, taking corrective action as necessary to drive improvement	Apr-23	Ongoing	In Progress
A3	Is the authority able to demonstrate the action that it has taken to promote value for money and what it has achieved	A3.2	The authority undertakes a programme of best value reviews designed to assess the extent to which its principle services are operating effectively and making recommendations for improvement	SFBPs to attend relevant BV Squads on a weekly basis	Apr-23	Oct-23	In Progress
B4	Is the finance team suitably resourced and fit for purpose?	B4.10	The finance TOM has been implemented and demonstrates an effective and efficient finance function in its core service delivery and supporting delivery of the authority's service and corporate plan	Fill vacancies and stabilise the service, whilst implementing Finance TOM	Ongoing	Ongoing - BAU	In Progress
C2	Does the authority have in place a clear framework for	C2.4	Improved accuracy of the establishment with minimal variances between HR/Payroll and Finance supporting	Carryout a full review of the current establishment to identify	May-23	Oct-23	In Progress

Appendix 2 - FIP Activities to end of October 2023

FM Code Ref	FM Code: Assessment Questions	Action - UID	Characteristics & Measures of Success	Action	Start Date	Expected completion date	Current Status
	governance and internal control?		improved financial forecasting and budget setting	one version of the truth in HCM Fusion			
		C2.5	Improve robustness of the internal financial control framework	Implement and make the necessary establishment changes identified from the review	Apr-23	Oct-23	In Progress
		C2.6	Improve robustness of the internal financial control framework	Establish a formal set of procedures and processes for HR to maintain data integrity including periodic establishment reconciliation checks	Apr-23	Oct-23	In Progress
C3	Has the leadership put in place effective arrangements for assurance, internal audit and internal accountability?	C3.1	The leadership team has effective arrangements for assurance, internal audit and internal accountability in place measured through effective management of implementing agreed audit recommendations	Internal Audit programme of works 2023/24 + two year rolling programme prepared and approved by Audit Committee. (Audit recommendations already included in FIP 1.9)	Apr-23	Ongoing - BAU	In Progress
E1	Does the authority have in place an effective framework of financial accountability?	E1.2	The authority has in place an effective framework of financial accountability evidenced by an understanding of roles and responsibilities for partnerships / contractual arrangements	Review and establish a relevant charging framework and associated methodology for specific services such as the HRA	Apr-23	Oct-23	In Progress
		E1.7	The authority operates financial information systems that enable the consistent production of comprehensive, accrual-based and up to date data that fully meets the users' needs	Review of Establishment Control arrangements to reconcile staff numbers and funding sources to Fusion - HCM and establish an effective arrangement for managing this going forward.	Apr-23	Oct-23	In Progress
E2	Is the authority committed to continuous improvement in terms of the economy, efficiency, effectiveness and equity of its services?	E2.17	Oversight Board will drive the production of an appropriately resources and jointly managed action plan to deliver data and system improvements and clarify future	Development of a detailed Action Plan that identifies the key process / control improvements to be progressed.	Jan-23	Sep-23	In Progress

Appendix 2 - FIP Activities to end of October 2023

FM Code Ref	FM Code: Assessment Questions	Action - UID	Characteristics & Measures of Success	Action	Start Date	Expected completion date	Current Status
			roles and responsibilities with regard to systems ownership and controls.				
F1	Has the authority undertaken a financial resilience assessment?	F1.3	To put in place the foundations for a financial resilience assessment	Provide budget holders with regular reports on their performance against their budget allocations, identify any significant variations from the agreed budget, and take prompt action to address them. Link to new monitoring timetable	May-23	Sep-23	In Progress
H1	Has the authority prepared a suitable capital strategy?	H1.2	The authority has a capital strategy approved by Council that is underpinned by sound assumptions, policy and guidance	Carry out a review of Fusion Projects Module Set Up / Configuration to identify the functionality and set up gaps that are preventing PMs using it to manage the financials for each project	Apr-23	Oct-23	In Progress
		H1.3	The authority has a capital strategy approved by Council that is underpinned by sound assumptions, policy and guidance	Consider, with relevant stakeholders, the cost-benefits of using Projects Module to manage Project financials and determine a standardised way forward	Jun-23	Oct-23	In Progress
N5	Is the leadership team happy with the reports that it receives and with its ability to use these reports to take appropriate action?	N5.1	The leadership and stakeholders (users) are satisfied with the timeliness and accuracy of financial information provided	As a stakeholder, discuss and agree the content of the audit plan 2023/24	Apr-23	Sep-23	In Progress
O1	Has the authority identified the elements of its balance sheet	O1.1	Robust internal control framework for managing the payroll system	Payroll Control workstream - Implement and embed control account reconciliations	Apr-23	Oct-23	In Progress

Appendix 2 - FIP Activities to end of October 2023

FM Code Ref	FM Code: Assessment Questions	Action - UID	Characteristics & Measures of Success	Action	Start Date	Expected completion date	Current Status
	that are most critical to its financial sustainability?	O1.4	Robust internal control	Payroll Control workstream - Review and implement payroll submission controls	Apr-23	Oct-23	In Progress
		O1.5	Robust internal control	Payroll Control workstream - Audit brief	May	Oct-23	In Progress
		O1.6	Robust internal control	Payroll Control workstream	May-23	Oct-23	In Progress
P3	Have the authority's financial statements hitherto been prepared on time and in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom	P3.1	A clean audit opinion	Journal Control improvements	Apr-23	Sep-23	In Progress
		P3.2	A clean audit opinion	Control of recharging processes improvement	Apr-23	Oct-23	In Progress
		P3.3	A clean audit opinion	Journal Control improvements	May-23	Sep-23	In Progress
		P3.4	A clean audit opinion	Journal Control improvements	May-23	Sep-23	In Progress
		P3.5	A clean audit opinion	Completing the outstanding accounts for 2019/20	Apr-23	Sep-23	In Progress
		P3.6	A clean audit opinion	Completing the outstanding accounts for 2019/20 to 2021/22 To be updated to show split action	Apr-23	Sep-23	In Progress
Q1	Is the authority's leadership team provided with a suitable suite of reports on the authority's financial outturn and on significant variations from budget?	Q1.1	Accurate, timely and accessible financial dashboards that meet business need of all stakeholders	Develop an initial suite of prototype finance dashboards for demonstration these being: AR, Revenue Budget, AP, Journal management, others TBD once resource training complete) .	Apr-23	Sep-23	In Progress
Q1		Q1.2	There is a demonstratable robust internal financial control framework that meets CFO and audit expectations	Develop an initial suite of prototype finance dashboards for demonstration these being: AR, Revenue Budget, AP, Journal management, others TBD once resource training complete) .	Apr-23	Sep-23	In Progress