

## Audit Committee – 24 November 2023

<b>Title of paper:</b>	Finance Improvement Plan Update	
<b>Corporate Director(s) / Director(s):</b>	Ross Brown – Corporate Director of Finance and Resources (S151 Officer)  Shabana Kausar - Director of Finance and Deputy S151 Officer	<b>Wards affected:</b> All
<b>Author:</b>	Toyin Bamidele (Finance Improvement Programme Lead)	
<b>Other Colleagues who have provided input:</b>	Glenn Hammons (Technical Finance Team Leader)	
<b>Does this report contain any information that is exempt from publication?</b>		
<b>Recommendation(s):</b>		
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 September 2023.
- 1.2 The report incorporates an extract of activities undertaken to the end of September 2023 and planned activities to the end of December 2023.
- 1.3 This report also provides an update to the committee on the progress of the control’s remediation project.

### 2. Background

- 2.1 The Finance Improvement Plan (FIP) was set up to deliver a comprehensive and coordinated improvement of the Council’s financial management arrangements. The Original Financial Improvement Plan (FIP) was presented to the Improvement Assurance Board (IAB) in January 2023. The FIP is being delivered by Service managers and the Finance team in collaboration via several actions and action leads to help safeguard progress on implementation and ensure accountabilities.
- 2.2 The FIP is being delivered through the following agreed eight 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).

2.3 As previously reported, the actions within the FIP were 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.

2.4 This dynamic and comprehensive financial improvement plan continues to reflect actions to address emerging risks and issues identified. New actions identified outside of those reported in September (i.e. establishment control, spending controls and financial control assessment review and controls remediation) include clearly defined framework for governance and internal control.

### **3. Finance Improvement Plan (FIP) Update – Plan and Delivery**

3.1 The FIP continues to deliver comprehensive and coordinated improvement of the Council's financial management arrangements within the agreed eight themes, taking advantage of available opportunities to implement improvements where possible and planning future improvements for implementation at the earliest opportunity, subject to available resources and system functionality and development constraints.

3.2 A strong project approach has been taken to address the urgent need to rebuild financial resilience across the Council and this approach has resulted in the delivery of a number of substantial achievements in building a financial discipline that is fit for purpose and addresses the financial challenges faced by the Council.

3.3 There is a recognition among senior leadership that good financial management is a pre-requisite of any successful organisation therefore, the improvements within the FIP are being tackled comprehensively and in a co-ordinated way with the main focus on ensuring absolute organisational confidence in the Council's financial management.

3.4 As illustrated in figure 1 below, of the 232 clearly defined financial improvement actions identified as at the end of October 2023, 33% are completed, 37% in progress, 23% are not started yet due to dependencies on other actions which are currently in progress, 5% are now reclassified as business as usual (BAU) activities and the remaining 2% are on hold due to dependences on other activities and actions. Overall good progress is being maintained on the FIP, especially when recognising the capacity issues within the team. Figure 2 provides a progress update against the agreed eight themes.

Figure 1 - FIP Actions Progress Update @ Sept 2023

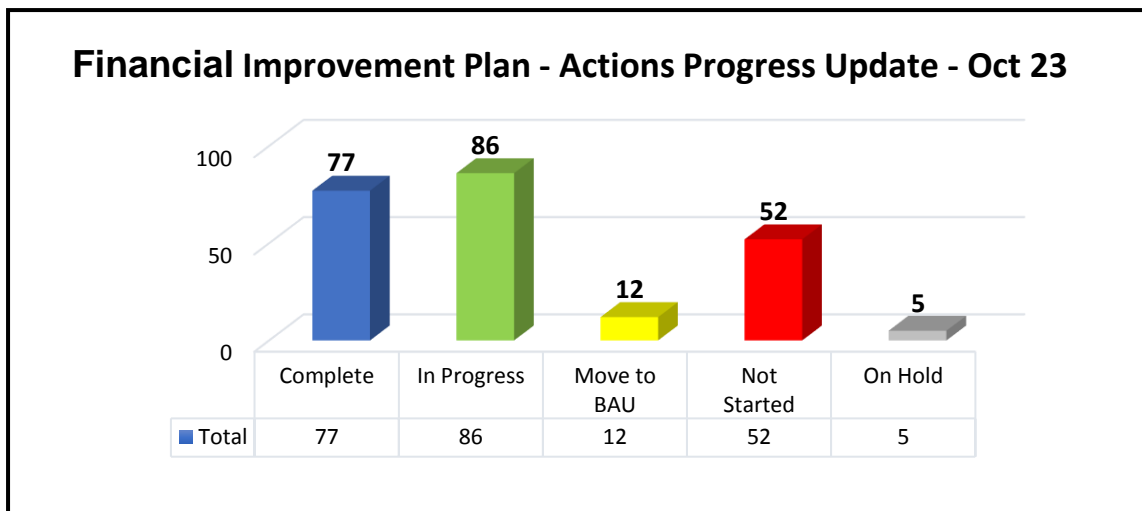
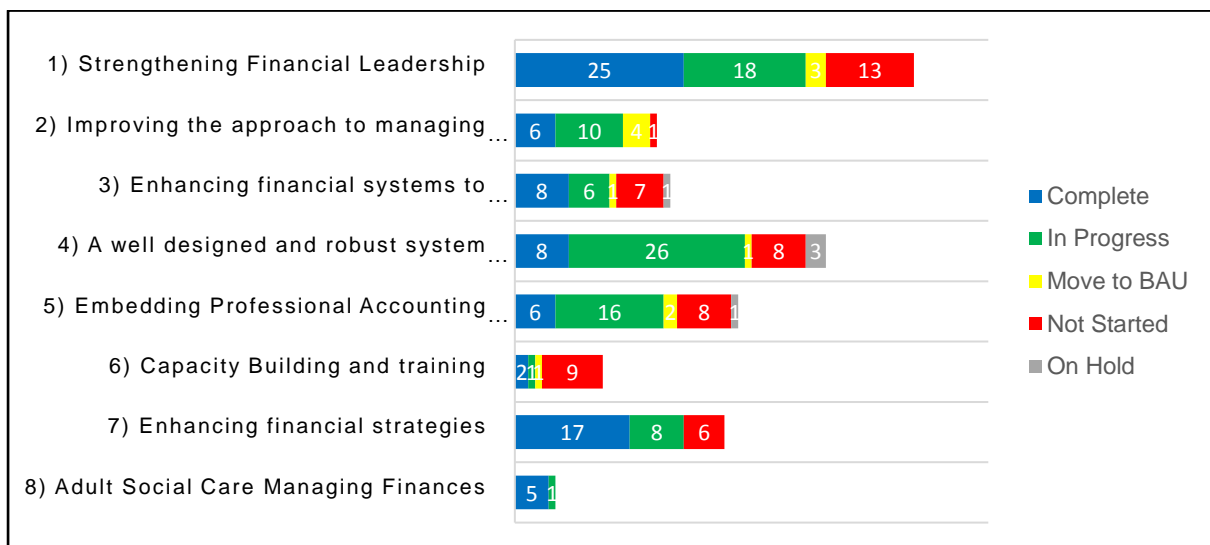


Figure 2 - Progress Update per Improvement Theme



3.5 The action in progress within the Adult Social Care (ASC) Managing Finances theme, is the development of a detailed action plan that identifies the key process/control improvements included within the Adults Improvement Plan (AIP). The AIP is delivering data and system improvements to aid financial management and clarify roles and responsibilities regarding system ownership and controls. The AIP will be reporting to an internal project oversight board to provide progress update. With the finance team reporting on actions that impact the FIP.

3.6 The finance team are working with the Adult Social Care department to develop and design a detailed improvement plan. Once the ASC improvement plan has been agreed and approved, actions within the improvement plan would be incorporated into the FIP for better transparency and accountability.

- 3.7 Appendix 1 provides an outline of the specific improvements delivered across the eight improvement themes since the last Committee in August to the end of September, whilst Appendix 2 provides key planned activities to be undertaken over the next three months to the end of December 2023.
- 3.8 Progress made since the last update in September include the following activities and required substantial capacity and effort across the Finance team and Service departments.
- 3.9 The finance improvement plan continues to be ongoing, and progress made since the last update in September include the following activities.
- Finalising the statutory accounts for 2019/20 – 2021/22 (Paragraph 3.12).
  - Financial accountabilities' framework (Paragraph 3.13).
  - Establishment Control (Paragraph 3.14)
- 3.10 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.
- 3.11 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. However, in the last month, there has been several successful temporary recruitments which are expected to strengthen the delivery of the improvement plan as well as business as usual activities. The available resources alongside the target operating model for the Finance team is being reviewed continuously to ensure the relevant capacity and capabilities required for delivering great financial management is in place.
- 3.12 **Finalising the statutory accounts for 2019/20 – 2022/23**
- 3.12.1 The Council currently has four sets of accounts that should have already been published with audit opinions however, as previously reported, to the Committee in September, the Council experienced delays with the audit of its 2019/20 accounts due to issues with property valuations for specialist assets and with subsidiary company figures required for group accounts.
- 3.12.2 Details of the accounts progress are set out in a separate report which is being presented to Audit Committee at the same meeting.
- 3.12.3 Since the last report to Audit Committee in September the Council has received additional audit queries on the 2019/20 draft accounts which it has responded to and provided an updated draft 2019/20 Statement of Accounts on 8 November reflecting all known agreed changes, since the last draft provided on 5 July 2023. However, these still need to be considered by Grant Thornton's internal review and assurance processes before an audit

opinion can be provided. There is a risk further queries maybe raised during the review and assurance process.

- 3.12.4 The volume of additional audit queries, clarification questions and the resulting changes to the 2019/20 draft accounts have been greater than anticipated and also had a direct impact on the progress of producing draft Statement of Accounts for 2021/22 and 2022/23.
- 3.12.5 It is currently anticipated the revised date for these actions will be 30 November 2023. However, these are dependent upon no additional queries being raised by Grant Thornton during their internal review and assurance process, and Grant Thornton being in a position to bring their Audit Findings Report to Audit Committee.
- 3.12.6 The Finance team have been making progress on the 2021/22 and 2022/23 Accounts focussing their time ensuring the opening/closing balances are correctly transferred between 2020/21 and 2021/22 when the new financial system was implemented and cleansing the data to ensure transactions, such as recharges, are correctly recorded.
- 3.12.7 The table below provides a summary overview of both the expected position to end of November 2023 and current position at the 8 November 2023 in resolving audit queries with regards to accounting years 2019/20 to 2022/23.

Table 1 - Statutory Accounts progress

Financial Year	Audit Queries	Progress as at 8 November 2023	Expected Progress to end of November 2023
2019/20	All requests received to early November have been responded to by the Council.  Revised draft accounts submitted to Grant Thornton on 8 November 2023 incorporating all identified changes at that time.	100%	100%
2020/21	Audit not yet commenced.  Revised draft accounts in production. Expected to be completed by late November.	95%	100%
2021/22	Audit not yet commenced.  Draft accounts for publication were expected to be ready by 30 September 2023 but are now anticipated to be ready in early January.	35%	50%
2022/23	Audit not yet commenced.  Draft accounts are expected to be ready by mid-February 2024.	20%	25%

### 3.13 **Financial Accountabilities' Framework (FAF)**

3.13.1 Following the production of a comprehensive Council wide Financial Accountabilities Framework which provides a guide to the key roles and responsibilities that support excellent financial management at Nottingham City Council (NCC). Consultation with senior leadership and the Human resources department has begun to ensure the framework is adequately entrenched to help officers in understanding their roles and how they support others.

3.13.2 To ensure improved organisational skills in financial management and improved compliance with financial processes and regulations are streamlined and made easier to use, the RACI methodology has been adopted.

3.13.3 A communications and engagement strategy to underpin the launch and successfully embedding of the Accountabilities Framework across the Organisation is being produced. The strategy will include:

- Onboarding - Liaison with all relevant Stakeholders.
- Induction Booklets updated to reflect FAF.
- Mandatory Training, Ongoing Development and Support for Officers.
- All relevant Policies updated to incorporate the FAF.
- Individual Performance Review Process (IPR) and Behaviours – Performance management to ensure that the FAF is aligned to the behavioural expectations.

### 3.14 **Establishment Control**

3.14.1 The Establishment Control work commissioned to PWC is progressing as expected and covers three key phases:

- Reconciliation of different data sources to get to a single version of the truth around the Council's establishment
- Set out clear processes for Budget Holders that will assist them to make changes to their establishments in the future
- Development of dashboard that helps to maintain establishment control moving forward.

3.14.2 An establishment process managers guide which provides an overview of the steps required when making a change which impacts establishment has been produced. The guide details the key steps needed to undertake a change; Links to HR / Finance contacts, forms and guidance and estimated timelines for each stage of the process, to support planning for change.

3.14.3 To the middle of November, the Finance and Human Resources teams will continue to align the available data to the records including any potential impact on the budget and clear processes and governance will be produced

to support budget managers and maintain a single version of the truth around the Council's establishment.

## **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 has been working with the Corporate Director of Finance and Resources and in consultation with CLT to continuously review progress against the agreed budget strategy and MTFP assumptions.

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 agreed timetable, the second quarterly forecasting report has been published and will be presented to the Executive Board in November 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 3.14)
- Financial controls remediation (see section 5)
- 2023/24 Period 6 financial monitoring in accordance with the management timetable (as reported to Executive Board in November 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.

### **4.3 Medium Term Financial Plan**

4.3.1 The Council's 2024/25 medium-term financial plan (MTFP) is now underway with several key dates by which specific stages of the budget process must be completed.

4.3.2 Detailed processes and timetable have been put in place to provide leadership with assurance that appropriate consultation and engagement will

be carried out as part of the 2024/25 budget setting process and the outcome reported appropriately prior to Council approval of the budget.

- 4.3.3 In consultation with CLT leads, finance are undertaking detailed review of the underlying MTFP budget assumptions as part of the 2024/25 MTFP and budget update.

#### 4.4 **Financial Position**

- 4.4.1 As seen across many other local authorities, the Council is also experiencing significant pressures relating to increase in demand and complexity of need and costs of social care, SEND transport and temporary accommodation. At the end of Quarter 2 (Period 6), the Council is forecasting a net pressure of c£23m. Over 80% of the forecasted net pressure at the end of Quarter 2 is across People's service.

- 4.4.2 Since July 2023, the Council has implemented a Financial Intervention Strategy which encompassed a range of measures intended to mitigate the Council's in-year pressure. The strategy encompassed a range of measures such as vacancy management, directorate led targeted non-essential spend control including agency and interim spend and technical reviews alongside department led management action plans reflecting other actions being undertaken. Despite the extensive efforts of the Council between July to manage its position, the operating environment and wider economic context continues to be volatile with small changes in cost and demand disproportionately materialising in large financial pressures, especially in children's social care. To date, no additional support to meet these pressures is being made available from government for the current financial year.

- 4.4.3 Councils are required to deliver a balanced budget each year ensuring that the projected expenditure and commitments can be matched by the available resources in year. As set out above the Council continues to face significant budget pressures and uncertainty, including increased demand for services, alongside the current backdrop of slow growing economy, continued high inflation and the precedent number of Councils who are declaring in-year financial crisis leading Council S151 Officers continuously assessing ability of their respective Councils in setting a balanced budget.

- 4.4.4 The current projected overspend requires the Section 151 Officer to make a formal assessment of Councils ability to deliver a balance budget in year as required under part 8 of the Local Government Act 1988.

### 5. **Financial Controls Remediation Project**

#### 5.1 **Background**

- 5.1.1 As previously reported to the Audit Committee, EY (Ernst & Young) commenced a 12-week focused controls remediation project in July 2023



seeking to ensure the Council establishes financial grip by designing, enhancing and implementing a number of controls.

5.1.2 The control remediation project was focused on three matters:

- The establishment of interim controls to establish grip in relation to identified control weaknesses
- A Council wide review to determine the prevalence of identified issues across the Council and the group structure; and,
- Alignment of control remediation activities into the Finance Improvement Plan (FIP) and ensuring transition of ownership and knowledge to officers.

5.1.3 To do this, the control weaknesses identified were grouped into ten process areas across three key themes and a four-step approach (Table 2) was developed to remediate the control weaknesses identified.

Table 2 - EY's Remediation Control project four step approach

Step 1	Step 2	Step 3	Step 4
Undertake a rapid intervention and implement controls within the 10 process areas	Carry out a Council wide controls health check to determine the prevalence of issues	Implement newly scoped controls and introduce training programme	Bring together the interventions

5.1.4 EY's four-step approach was underlined by the following key principles:

Table 3 - Principles Underlining EY's four step approach

Principle 1	Principle 2	Principle 3	Principle 4	Principle 5
Rapid assessment and urgent intervention for control weaknesses to resolve the numerous issues from the first phase	Recognition this is the start of a longer-term journey to improve financial resilience	Engagement and ownership from all stakeholders of the Council, including Finance and non-Finance Officers	Alignment of remediation measures to the Finance Improvement Plan	A cultural reset, recognising the importance of compliance and the value of a robust control environment

5.1.5 To align with existing Council processes, the control weaknesses identified by EY were categorised into 10 process areas across 3 themes as set out in the table 4 below.

5.1.6 Throughout the 12-week period EY worked collaboratively with officers to investigate each control weakness across the process areas and to develop remediation procedures. These measures are being implemented as

controls and worked into internal policy to improve the robustness of the Council's control environment.

## 5.2 Project Update

5.2.1 The Controls Remediation project was completed by EY in September 2023. All 38 remediation activities identified have agreed controls in place. 68% have been fully implemented (38% as reported in August 2023) with 32% with implementation in progress. Table 5 below provides a summary of the progress against each control theme

Table 4 - Remediation Controls Progress

Remediation Control Themes and specific areas		Controls Agreed and Implemented	Remediations designed, implementation in progress	Total
Core Financial Process	1. Grant Receive to Record	4	0	4
	2. Purchase to Pay	1	3	4
	3. Record to Report	3	3	6
	4. Goods Receipting	4	0	4
Organisation Wide Process	5. Procurement Process	4	0	4
	6. Service Recharges	6	0	6
	7. HR and Expenses Process	-	1	1
Financial Systems	8. System Reporting	2	0	2
	9. Segregation of Certain Financial Activities	1	4	5
	10. Systems Access	1	1	2
<b>Total</b>	<b>No</b>	<b>26</b>	<b>12</b>	<b>38</b>
	<b>%</b>	<b>68%</b>	<b>32%</b>	<b>100%</b>

\* The overall number of actions slightly changed and moved between different controls through merging of various actions.

5.2.2 As previously reported, some of the remediation actions have a longer lead in time for implementation which has been agreed with EY. Summarised below are the 12 remediation actions that are in progress:

- 1) Purchase to Pay – 3 actions linked to enforcing the 'No PO No Pay' policy compliance with a view to completing the necessary actions by the end of this financial year to embed the policy from 1 April 2024.
- 2) Record to Report – 3 actions in relation to Oracle Fusion System improvements with regards to the Capital Module currently expected to be completed in December 2023. The activities include system changes, updating processes and general communications which will enhance current process.

- 3) HR and Expenses Process - training for budget managers to be rolled by end of the financial year.
- 4) Segregation of Certain Financial Activities – 4 actions on coding structure improvement for ring-fenced account, associated monitoring process, training and communication to be completed by end of the financial year all of which are an improvement to the current process.
- 5) System Access – the action outstanding is dependent on EMSS creating a job on Oracle Fusion which will allow the Finance team to run and review temporary approval delegations on a regular basis. This is currently expected to be fully completed in December.

5.2.3 The Finance team have worked collaboratively with EY to map the identified remediation control project actions to the Council's Financial Improvement plan to ensure improved control and accountability. Officers and EY are currently in discussion to finalise the next steps in Council's improvement journey.

## **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.

### **10.2 Published documents referred to in compiling this report**

- Audit Committee 24 November 2023 - Statement of Accounts Progress Update

## Appendix 1 - Activities Completed since last report to end of October 2023

<b>FIP Theme 1 - Strengthening Financial Leadership</b>	
<b>Actions Taken</b>	<b>Impact on control environment</b>
<p>Finance effectively supported the completion of the five prioritised Best Value Reviews by providing timely insight, financial data analysis and challenge.</p> <p>The Strategic Finance Business Partners attended relevant Best Value Squads on a weekly basis</p>	<p>Improved understanding of the Best Value principle and how it should be adopted effectively within the organisation.</p>
<p>Consolidated log of all internal audit recommendations created and is being reviewed monthly to ensure traction and ownership by officers to implement Internal audit recommendations. Exception reporting escalated to Director of Finance</p>	<p>Establish a framework and process for timely response, action to respond to and compliance with audit recommendations and oversight of compliance via CLT.</p> <p>This will assist with the development of a mature relationship with both Internal Audit and External Audit and the rest of NCC.</p>
<p>Drafted an Accountability Agreements Framework for Corporate Directors to ensure delivery of service plans within approved budget and establishment.</p> <p>Guidance on Financial roles and responsibilities drafted and awaiting consultation.</p>	<p>A clearly articulated Accountability Agreement is in place to embed management expectations of good financial management.</p>

**Appendix 1 - Activities Completed since last report to end of October 2023**

<b>FIP Theme 3 - Enhancing financial systems to meet user needs</b>	
<b>Actions Taken</b>	<b>Impact on control environment</b>
New sets of prototype finance dashboards for Journal Management developed. The Journal Approval process gone live in September 2023 and the corresponding new reports were deployed into Production in October to check for un-approved journals and monitor approval trends	Accurate, timely and accessible financial dashboards that meet business need of all stakeholders
Stakeholders, discuss and agree the content of the 2023/24 Audit plan Leadership team consulted and provided with the opportunity to input into the Audit Plan that went to Audit Committee in Sept 2023	The leadership and stakeholders are satisfied with the timeliness and accuracy of financial information provided.

## Appendix 1 - Activities Completed since last report to end of October 2023

FIP Theme 4 - A well designed and robust system of internal financial control	
Actions Taken	Impact on control environment
<p>Reconciliation of the Council's establishment data sources carried out.</p> <p>Two workshops and 63 meetings held with budget holders to address budget holders' establishments within the General Fund. Funding types and vacancies identified.</p>	<p>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</p> <p>A single version of the truth around the Council's establishment.</p>
<p>Carried out an evaluation of the robustness of the internal controls within Oracle Fusion</p>	<p>A clear framework for governance and internal control for processes within the finance system and that these are adhered to fully.</p> <p>Internal and External Audit identify no significant weaknesses</p>
<p>The current process for Works Perks carried out to ensure there is a Robust process in place to recover overpayments.</p>	<p>A Robust internal control and processes</p>
<p>Carried out an evaluation of the robustness of the internal controls within Oracle Fusion.</p> <p>Standardised template and process with suitable supporting documentation for completing and approving reconciliations for feeder systems, bank and other control accounts, holding accounts and error suspense accounts implemented.</p>	<p>Clear framework for governance and internal control for processes within the finance system and that these are adhered to fully.</p> <p>Internal and External Audit identify no significant weaknesses</p>
<p>Review of control accounts, holding accounts, suspense account, and bank reconciliations including the development of a standardised approach carried out.</p>	<p>Robust internal control framework</p>

## Appendix 1 - Activities Completed since last report to end of October 2023

FIP Theme 4 - A well designed and robust system of internal financial control	
Actions Taken	Impact on control environment
Identified and documented the internal control procedures within Oracle Fusion maps	Clear framework for governance and internal control for processes within the finance system and that these are adhered to fully. Monthly system control reconciliations are complete and approved. Internal and External Audit identify no significant weaknesses
Implemented a standardised template and process with suitable supporting documentation for completing and approving reconciliations for feeder systems, bank and other control accounts, holding accounts and error suspense accounts	Clear framework for governance and internal control for processes within the finance system and that these are adhered to fully. Monthly system control reconciliations are complete and approved. Internal and External Audit identify no significant weaknesses



## Appendix 1 - Activities Completed since last report to end of October 2023

<b>FIP Theme 5 - Embedding Professional Accounting Practice</b>	
<b>Actions Taken</b>	<b>Impact on Control Environment</b>
A new, holistic control framework for managing, accounting for and reporting recharges and reallocation developed to ensure and embed better understanding and across the Council.	A clean audit opinion Clear understanding of recharges, allocation and apportionment across the council. Improved organisational skills in financial management
A comprehensive recharge framework document containing guidance on definition of a recharge, reallocation and apportionment produced to support officers.	Audit assurance standards improved Clear understanding of recharges, allocation and apportionment across the council. Improved organisational skills in financial management
An integrated journal register, a chronological Process Map and a recharges and reallocation master document produced.	A clean audit opinion Clear rationale for each recharge or reallocation, appropriate approval and correct coding.

<b>FIP Theme 7 - Enhancing financial strategies</b>	
<b>Actions Taken</b>	<b>Impact on Control Environment</b>
Reviewed the current budget consultation and engagement plan to learn lessons and ensure all relevant stakeholders engaged for the 2024/25 budget process and MTFP refresh. The proposed budget consultation plan and timeline went to CLT 5th September. Team briefing document produced and communicated for the consultation process and detailed timeline produced and ready for cascade in October.	To provide leadership with assurance that appropriate consultation and engagement will and are being carried out as part of the 2024/25 budget

**Appendix 2 - FIP Activities to end of December 2023**

<b>FM Code Ref</b>	<b>FM Code: Assessment Questions</b>	<b>Action - UID</b>	<b>Characteristics &amp; Measures of Success</b>	<b>Action</b>	<b>Start Date</b>	<b>Expected Completion date</b>	<b>Current Status</b>
A1	Does the authority have a clear and consistent understanding of what value for money means to it and to its leadership team?	<b>A1.3</b>	Accountability Agreement is in place clearly articulating management expectations of good financial management	Issue Accountability Agreement to Corporate Directors	May-23	Nov-23	<b>In Progress</b>
A1	Does the authority have a clear and consistent understanding of what value for money means to it and to its leadership team?	<b>A1.11</b>	The finance team will operate a standard set of processes which will be owned centrally as a basic service to all budget holders and senior stakeholders.	Guidance developed and issued on standard required by Finance Business Partners when preparing variance analysis, constructive challenge and advice to budget holders	May-23	Dec-23	<b>In Progress</b>
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?	<b>A2.6a</b>		Establish a Framework and Process for timely response to external audit recommendations for 2019/20 audit	Apr-23	Dec-23	<b>In Progress</b>
A2	Does the authority have suitable mechanisms in place to promote value for money at a corporate level and at	<b>A2.6b</b>	Audit recommendations are actively managed and implemented by lead officer	Respond to all External Audit / EY recommendations for the 2019/20 audit	Apr-23	Dec-23	<b>In Progress</b>

**Appendix 2 - FIP Activities to end of December 2023**

<b>FM Code Ref</b>	<b>FM Code: Assessment Questions</b>	<b>Action - UID</b>	<b>Characteristics &amp; Measures of Success</b>	<b>Action</b>	<b>Start Date</b>	<b>Expected Completion date</b>	<b>Current Status</b>
	the level of individual services?						
B4	Is the finance team suitably resourced and fit for purpose?	<b>B4.1</b>	Training programme is rolled out and attendance is high. Attendees have developed increased knowledge and understanding of how to use corporate systems	Develop training programme across Oracle Fusion and other Finance reporting tools.	May-23	Dec-23	<b>In Progress</b>
C2	Does the authority have in place a clear framework for governance and internal control?	<b>C2.4</b>	Improved accuracy of the establishment with minimal variances between HR/Payroll and Finance supporting improved financial forecasting and budget setting	Carryout a full review of the current establishment to identify one version of the truth in HCM Fusion	May-23	Nov-23	<b>In Progress</b>
C2	Does the authority have in place a clear framework for governance and internal control?	<b>C2.6</b>	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	Dec-23	<b>In Progress</b>
C4		<b>C4.1b</b>		Review the current working arrangements between Members and Officers against best practice to identify opportunities to ensure good governance is in place	May-23	Dec-23	<b>In Progress</b>

**Appendix 2 - FIP Activities to end of December 2023**

<b>FM Code Ref</b>	<b>FM Code: Assessment Questions</b>	<b>Action - UID</b>	<b>Characteristics &amp; Measures of Success</b>	<b>Action</b>	<b>Start Date</b>	<b>Expected Completion date</b>	<b>Current Status</b>
C5	Does the leadership team nurture a culture of effective governance and robust internal control across the authority?	<b>C5.4</b>	Comprehensive training on developing skills and competencies in asset management, capital planning, project/risk and financial management is delivered, embedded in operational delivery going forward with an annual refresh programme	Develop a comprehensive training programme for developing skills and competencies in asset management, capital planning, project/risk and financial management	Jul-23	Nov-23	<b>In Progress</b>
C5	Does the leadership team nurture a culture of effective governance and robust internal control across the authority?	<b>C5.5</b>	Comprehensive training on developing skills and competencies in asset management, capital planning, project/risk and financial management is delivered, embedded in operational delivery going forward with an annual refresh programme	Rollout training programme for developing skills and competencies in asset management, capital planning, project/risk and financial management and embed in operational BAU going forward to ensure regular training is provided and annual refresh	Sep-23	Dec-23	<b>In Progress</b>
E1	Does the authority have in place an effective framework of financial accountability?	<b>E1.2</b>	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 methodology to services NCC, NCH (HRA and non HRA) Link to recharges review	Apr-23	Dec-23	<b>In Progress</b>
E1	Does the authority have in place an effective framework of financial accountability?	<b>E1.3</b>	The financial management style of the authority supports financial sustainability.	Report to CLT - Spending controls	Apr-23	Nov-23	<b>In Progress</b>

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E1	Does the authority have in place an effective framework of financial accountability?	<b>E1.6</b>	The authority's medium term financial planning process underpins fiscal discipline, is focused upon the achievement of strategic priorities and delivers a dynamic and effective business plan	Establish a comprehensive suite of financial information reports that helps leaders/managers in Finance manage compliance, control and process bottlenecks	Apr-23	Nov-23	<b>In Progress</b>
E1	Does the authority have in place an effective framework of financial accountability?	<b>E1.7</b>	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	Dec-23	<b>In Progress</b>
E2	Is the authority committed to continuous improvement in terms of the economy, efficiency, effectiveness and equity of its services?	<b>E2.9</b>	The authority's financial accounting and reporting are accrual based; comply with the Code of Practice on Local Authority Accounting in the United Kingdom, and meet the relevant professional and regulatory standards	Significant Accounting Review - District Heating	Apr-23	Dec-23	<b>In Progress</b>
E2	Is the authority committed to continuous improvement in terms of the economy, efficiency, effectiveness	<b>E2.10</b>	The authority's financial accounting and reporting are accrual based; comply with the Code of Practice on Local Authority Accounting in the United Kingdom, and meet the	Significant Accounting Review - MRP transformation savings	Apr-23	Dec-23	<b>In Progress</b>

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	and equity of its services?		relevant professional and regulatory standards				
E2	Is the authority committed to continuous improvement in terms of the economy, efficiency, effectiveness and equity of its services?	<b>E2.17</b>	Oversight Board will drive the production of an appropriately resources and jointly managed action plan to deliver data and system improvements and clarify future roles and responsibilities with regard to systems ownership and controls.	Development of a detailed Action Plan that identifies the key process / control improvements to be progressed.	Jan-23	Dec-23	<b>In Progress</b>
E5	Has the authority sought an external view on its financial style, for example through a process of peer review?	<b>E5.1</b>	The authority has sought an external view on its Management of Override controls as part of its FIP	EY to report on its review of Management of Override Controls to provide an independent review	Apr-23	Dec-23	<b>In Progress</b>
E6	Do individuals with governance and financial management responsibilities have suitable delegated powers and appropriate skills and training to fulfil these responsibilities?	<b>E6.9</b>	Improve the financial competencies of finance staff to support the wider authority in effective decision making within their delegated authorities	Implement Oracle Guided Learning into NCC Fusion Financials	Jun-23	Dec-23	<b>In Progress</b>

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F1	Has the authority undertaken a financial resilience assessment?	<b>F1.1</b>	To put in place the foundations for a financial resilience assessment	Review MTFP 2023/24 working papers approved at budget based on information known April 2023. (As part of MTFP 2024/25)	May-23	Nov-23	<b>In Progress</b>
F1	Has the authority undertaken a financial resilience assessment?	<b>F1.3</b>	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	Nov-23	<b>In Progress</b>
F1	Has the authority undertaken a financial resilience assessment?	<b>F1.4</b>	To put in place the foundations for a financial resilience assessment	Confirm that the authority has put in place robust arrangements for processing and recording income and expenditure in a timely manner	Apr-23	Dec-23	<b>In Progress</b>
F3	Has the authority taken appropriate action to address any risks identified as part of the assessment?	<b>F3.1</b>	Financial resilience statement - risk assessment	Post financial resilience statement, consider the risks and mitigating actions as required. Link into MTFP July Exec report	Jun-23	Dec-23	<b>In Progress</b>
G1	Does the authority have a sufficiently robust understanding of the risks to its financial sustainability?	<b>G1.1</b>	Develop FBP role skills and competencies towards that professionally expected	Define current role carried out by Corporate Finance.	Jul-23	Dec-23	<b>Not Started</b>

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G4	Has the authority reported effectively to the leadership team and to members its prospects for long-term financial sustainability, the associated risks and the impact of these for short and medium-term decision making?	<b>G4.2</b>	Corporate approach to setting the budget	2024/25 Budget and rolling forward its MTFP - Establish a formal timetable and framework for managing Growth / Savings with clear lines of accountability with DMTs and FBPs	May-23	Dec-23	<b>In Progress</b>
H1	Has the authority prepared a suitable capital strategy?	<b>H1.2</b>	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	Dec-23	<b>In Progress</b>
H1	Has the authority prepared a suitable capital strategy?	<b>H1.4b</b>	The authority has a capital strategy approved by Council that is underpinned by sound assumptions, policy and guidance	Review of underlying base budget assumptions that underpin the capital programme and related ongoing developments e.g. Broadmarsh deficit funding as part of the MTFP Refresh	May-23	Nov-23	<b>In Progress</b>



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H1	Has the authority prepared a suitable capital strategy?	<b>H1.5a</b>	The authority has a capital strategy approved by Council that is underpinned by sound assumptions, policy and guidance	Prepare a draft Capital Financial Management Handbook that provides Project Managers / FBPs with a clear understanding of their financial role and responsibilities in managing and reporting a capital project	May-23	Dec-23	<b>In Progress</b>
H1	Has the authority prepared a suitable capital strategy?	<b>H1.5b</b>	The authority has a capital strategy approved by Council that is underpinned by sound assumptions, policy and guidance	Final version of Capital Financial Management Handbook that provides Project Managers / FBPs with a clear understanding of their financial role and responsibilities in managing and reporting a capital project	Sep-23	Dec-23	<b>In Progress</b>
H1	Has the authority prepared a suitable capital strategy?	<b>H1.6</b>	The authority has a capital strategy approved by Council that is underpinned by sound assumptions, policy and guidance	Develop and roll out a mandatory capital training module for completion by all PMs / Project Support Officers and all Finance Officers	Jul-23	Oct-23	<b>In Progress</b>
I2	Is the medium-term financial plan consistent with and integrated into relevant service plans and its capital strategy?	<b>I2.3</b>		Complete a 6 monthly review of the use of capital receipts policy to ensure compliance and an assessment of deliverables	Sep-23	Nov-23	<b>In Progress</b>
L3	What action does the authority plan to take to improve its engagement with key stakeholders?	<b>L3.2</b>	To provide leadership with assurance that appropriate consultation and engagement will be carried out as part of the 24/25 budget	Draft new budget consultation and engagement plan for 24/25	Oct-23	Nov-23	<b>Not Started</b>

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N1	Does the authority provide the leadership team with an appropriate suite of reports that allow it to identify and to correct emerging risks to its budget strategy and financial sustainability?	<b>N1.1</b>	Compliance process in place for monthly financial monitoring to provide assurance as part of the suite of reports to leadership	Develop a compliance reporting framework for monthly reporting that provides assurance that the ledger /feeder systems are being managed in line with expected controls and highlights any emerging issues/risks/process bottlenecks to be addressed	Apr-23	Nov-23	<b>In Progress</b>
N1	Does the authority provide the leadership team with an appropriate suite of reports that allow it to identify and to correct emerging risks to its budget strategy and financial sustainability?	<b>N1.3</b>	To provide the leadership team and budget holders with an appropriate suite of reports to facilitate effective performance and decision making	Develop a suite of compliance reporting dashboards using Power BI that is accessible to CLT/DMTs for Accounts Receivable and P2P (AP) initially	Apr-23	Nov-23	<b>In Progress</b>
N2	Do the reports cover both forward and backward looking information in respect of financial and operational performance?	<b>N2.4</b>		Determine a proof of concept approach to determine the extent of the likelihood of duplicate payments for the FY 2022/23	Apr-23	Dec-23	<b>In Progress</b>

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N3	Are there mechanisms in place to report the performance of the authority's significant delivery partnerships such a contract monitoring data?	<b>N3.6</b>	Well managed VFM shared service	Review of Finance TOM	Apr-23	Dec-23	<b>In Progress</b>
O1	Has the authority identified the elements of its balance sheet that are most critical to its financial sustainability?	<b>O1.1</b>	Robust internal control framework for managing the payroll system	Payroll Control workstream - Implement and embed control account reconciliations	Apr-23	Nov-23	<b>In Progress</b>
O1	Has the authority identified the elements of its balance sheet that are most critical to its financial sustainability?	<b>O1.4</b>	Robust internal control	Payroll Control workstream - Review and implement payroll submission controls	Apr-23	Nov-23	<b>In Progress</b>
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	<b>P3.1</b>	A clean audit opinion	Journal Control improvements	Apr-23	Nov-23	<b>In Progress</b>

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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	<b>P3.3</b>	A clean audit opinion	Journal Control improvements	May-23	Nov-23	<b>In Progress</b>
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	<b>P3.5</b>	A clean audit opinion	Completing the outstanding accounts for 2019/20 to 2021/22 <b>This refers to 2019-20 audit queries only</b>	Apr-23	Dec-23	<b>In Progress</b>
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	<b>P3.6</b>	A clean audit opinion	Completing the outstanding accounts for 2019/20 to 2021/22 To be updated to show split action <b>This line refers to 2019-20 Statement Document only</b>	Apr-23	Dec-23	<b>In Progress</b>

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	Accounting in the United Kingdom						
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	<b>P3.8</b>	A clean audit opinion	Control of recharging processes improvement	Apr-23	Nov-23	<b>In Progress</b>
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	<b>P3.11</b>	A clean audit opinion	<b>Closedown Process improvements</b> To improve a range of processes to assist with accurate closedown of accounts building on training sessions run in March 2023. Evaluate the impact of training provided, plan and deliver further technical training as required.	Apr-23	Nov-23	<b>In Progress</b>

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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?	Q1.3	Routine compliance and adherence to policies, processes and procedures	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	Nov-23	In Progress