

TRAFFORD COUNCIL

Report to: Accounts and Audit Committee
Date: 25 September 2014
Report for: Information
Report of: Director of Finance

Report Title

Budget Monitoring Investigation – Action Plan

Summary

At its previous meeting on 6 August 2014, the Accounts and Audit Committee received a report setting out findings from the investigation relating to the Council's budget monitoring arrangements. The report set out the findings, conclusions and recommendations from the review.

In response to the recommendations made in the report, together with additional measures requested by Members, an Action Plan has been agreed to address specific issues raised.

For each recommendation, details are shown of the action planned, officer responsibility and associated timescales.

Monitoring of progress against this Plan will take place to ensure agreed actions are implemented and details of progress will be reported to future Committee meetings.

Recommendation

The Committee is asked to review the Action Plan and note that updates on progress against the Plan will be reported at future meetings as appropriate.

Contact person for access to background papers and further information:

Name: Ian Duncan, Director of Finance
Extension: 4238

Background Papers: None

Budget Monitoring Action Plan

RECOMMENDATION	ACTION PLANNED	RESPONSIBILITY	TIMESCALE
<p>The responsibility, accountability and control in respect of care budgets must be clearly identified as a matter of urgency and agreed with the Chief Executive, Corporate Director CFW and Director of Finance.</p>	<ul style="list-style-type: none"> • Budget managers to be realigned and documented through Business Delivery • A Finance Business Delivery Sub Group to be established to hold budget holders accountable • Monthly reporting will be presented to new Business Delivery Finance Sub Group, allowing time for comments and escalation of areas of concern to be evaluated and analyse • Above to be confirmed with Chief Executive, Corporate Director and Director of Finance 	<p>Mark Astbury/ Linda Harper/Diane Eaton</p> <p>Diane Eaton/Linda Harper</p> <p>Mark Astbury</p> <p>Diane Eaton / Linda Harper</p>	<p>Completed August 14</p> <p>Completed August 14</p> <p>To Commence Sept 14</p> <p>To be finalised Sept 14</p>

<p>The terms of reference / roles of groups and teams in CFW Adults (including Business Delivery Group and SLT) must be formally documented in terms of their respective roles in relation to managing and controlling budgets. This should include their purpose/role, who attends from both service and finance teams and the requirements of the groups/teams in terms of the content and frequency of financial information to be reviewed. There must be complete clarity and transparency in relation to who has prime responsibility for monitoring, managing financial control and providing assurance to the Corporate Director and Director of Finance.</p>	<p>Terms of reference for Business Delivery Groups across children's and adults to be aligned with SLT expectations.</p> <ul style="list-style-type: none"> • Business delivery Finance Sub Group established • Budget holders realigned • Monthly reporting process agreed with timetable of one to ones for all budget holders with finance leads prior to completion of budget report <p>All to be reviewed by Director of Finance and Audit & Assurance Manager</p>	<p>Deborah Brownlee</p> <p>Diane Eaton/ Linda Harper</p> <p>Mark Astbury</p> <p>Ian Duncan / Mark Foster</p>	<p>Completed August 14</p> <p>Completed August 14</p> <p>Completed August 14</p> <p>September 14</p>
<p>The disconnect in the monitoring of the Learning Disability recovery plan has contributed significantly to the overall position. The impact of the arrangements in place should be considered in the further investigation.</p>	<ul style="list-style-type: none"> • Investigation Terms of Reference established to include the Learning Disability Recovery Plan • New Learning Disability Sub Group to be established 	<p>Joanne Hyde /Deborah Brownlee</p> <p>Linda Harper /Diane Eaton</p>	<p>Completed</p> <p>Completed August 14</p>

	<ul style="list-style-type: none"> • Spreadsheet tracking all savings at case level to be established 	Mark Asbury /Gemma O'Connell	Complete and on-going
<p>Budget monitoring and reporting processes must be changed as a minimum to include the following improvements:</p> <ul style="list-style-type: none"> • SLT in CFW must be provided with a summary of the exact budget information reviewed by the Business Delivery Groups each month and the main assumptions used to forecast the year end position; • The monthly financial monitoring information produced by Finance must be distributed to relevant budget holders prior to Business Delivery Group meetings. When this is not possible it should be available for further review / action following the meeting; • The Business Delivery Group must ensure adequate time is provided for the monthly budget review and the minutes of this meeting must clearly set out the key points 	<ul style="list-style-type: none"> • The full budget monitoring report to be presented to Business Delivery Group including line by line accounts. Summary of findings to be presented to SLT with an audit trail to public budget monitoring report • Timetable of reporting established • Budget holder one to ones established and timetabled for Sept budget report cycle • Set agendas to be agreed • Escalation process will flow 	<p>Mark Astbury/Diane Eaton/Linda Harper</p> <p>Joyer Gibson</p> <p>Linda Harper/Diane Eaton</p> <p>Mark Astbury/Diane Eaton/Linda Harper</p>	<p>First report to be present Sept 14</p> <p>Complete</p> <p>Complete and on going</p> <p>Established and on-going</p>

<p>of the agenda item discussed, including assurances and key actions required as an outcome of that meeting;</p> <ul style="list-style-type: none"> The Business Delivery Group must also receive, review and agree information formally reported as part of the monthly revenue budget monitoring reports to ensure that there is an awareness of details reported and also to provide challenge to any assumptions being made in respect of financial forecasts. 	<p>into CFW SLT (to be tested in Sept)</p> <ul style="list-style-type: none"> Budget reporting process agreed Timetable to be tested in Sept All meetings are formally serviced and recorded 		<p>Sept 14</p>
<p>Budget holders within Adults must have adequate input into and ownership of budget planning processes, understand the compilation of the budget and have the opportunity to provide challenge in the budget setting process; this includes liaison with Finance to agree/understand the different elements of the budget e.g. changes made due to demographic factors, legislative changes and any other assumptions which are relied upon for budget forecasting.</p>	<ul style="list-style-type: none"> Training set up for budget holders Process for identifying and forecasting and allocation of assigned funds for Demographic Factors being reviewed currently Agreements made that all changes to budgets must be agreed through Business Delivery Group and SLT 	<p>Mark Astbury</p> <p>Darren Wagstaff, Diane Eaton, Mark Astbury</p> <p>Mark Astbury/Diane Eaton</p>	<p>Sept 14</p> <p>Sept 14</p> <p>Complete</p>

<p>Council's Whistleblowing Policy, to allow any finance related concerns to be raised at an early stage.</p>			
<p>Current budget monitoring and reporting arrangements must be strengthened as follows:</p> <ul style="list-style-type: none"> • For demand led budgets in particular, there must be a commentary on service activity which provides a link to financial performance; • Major assumptions used to forecast the financial position to the end of year must be included in all budget monitoring reports; • Monitoring must be against gross expenditure and gross income, i.e. there must be no 'netting off' when explaining main budget variations; • Senior managers and directors must be given the time and opportunity to comment on the content of the budget monitoring reports before publication; 	<p>Already actioned in part</p> <p>All budget holders and finance staff to be advised of revised standard of reporting.</p> <p>Existing timetable for production of monitoring reports to be reviewed and agreed by CMT</p>	<p>Ian Duncan / Ian Kershaw</p>	<p>October 2014</p>

<p>Assumptions underpinning budgets must be reviewed each year to ensure that up to date assumptions are included as part of budget setting and subject to monitoring through the year.</p>	<p>Assumptions will be stated in budget planning reports and monitored via monthly reports during the year</p>	<p>Ian Duncan / Ian Kershaw</p>	<p>September 2014</p>
<p>To ensure that budget holders are clear about their roles and responsibilities, the following actions must be taken:</p> <ul style="list-style-type: none"> • a basic checklist of budget holders' responsibilities must be documented and circulated across the Council as a reference point for all budget holders. This will ensure that relevant officers have the guidance needed, they are aware of their role and that of Finance Services within the budget monitoring process and there is adequate accountability. • as a minimum, for 'high risk' areas of the budget (to be determined by Corporate Directors and Director of Finance,) a training programme is developed and delivered as a priority. 	<p>CIPFA and external auditor to be consulted on best practice for roles and responsibilities and for training programmes</p>	<p>Ian Duncan / Ian Kershaw / Mark Foster</p>	<p>November 2014</p>
<p>Financial Management should research latest best practice on forecasting adult care demands at peer councils in considering arrangements going forward.</p>	<p>Metropolitan, Unitary and London authorities to be contacted via Society of Municipal Treasurers for examples of best practice</p>	<p>Ian Duncan</p>	<p>October 2014</p>

Financial Management should consider introducing new checks and balances to add to verifying the accuracy of budget monitoring, including all assumptions made.	Evaluation of options and benefits to be carried out	Ian Duncan / Ian Kershaw / Mark Foster	October 2014
The format of budget monitoring of CFW be changed to split it back into the three main components of Adults, Children and Public Health, with a brief overarching set of consolidated figures.	Actioned	Ian Duncan / Mark Astbury	August 2014