JOINT INDEPENDENT AUDIT COMMITTEE
18 October 2016

SUBJECT	**FINANCE REVIEW**
REPORT BY	**CHIEF FINANCE OFFICER (CFO) & ACTING FORCE CHIEF FINANCE OFFICER (FCFO)**
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SUMMARY AND PURPOSE OF REPORT To provide the Committee with an update on the actions arising from the Finance Review.	
RECOMMENDATION	***That the Committee notes the report***

A. SUPPORTING INFORMATION

1. Introduction

1.1 A self-assessment review of the finance function within the force, facilitated by the CIPFA Financial Management tool, was undertaken during the latter part of 2015. The resulting report, produced in January 2016, identified a series of issues to be addressed. This report provides an update on progress since January 2016.

2.0 Progress

2.1 Given the annual cycle of key finance deliverables, the main focus during the first 6 months of 2016 was on developing the processes underpinning the production of the financial statements. This resulted in the financial statements being produced 2 months ahead of the statutory deadline with a significant improvement in the quality of working papers; this was acknowledged by our external auditors.

2.2 The team is now turning its focus to improving the annual budgeting round to ensure proper engagement of stakeholders throughout the organisation. An update on all of the actions emanating from the review is attached at Appendix A.

B. FINANCIAL CONSIDERATIONS

There are no direct financial implications arising from this report.

C. LEGAL AND HUMAN RIGHTS CONSIDERATIONS

As statutory Chief Financial Officers, the Chief Finance Officer and Force Chief Finance Officer have a duty to ensure the proper administration of the financial affairs of the PCC and the Chief Constable respectively.

D. PERSONNEL, EQUAL OPPORTUNITIES AND DIVERSITY ISSUES (including any impact or issues relating to Children and Young People.)

The action plan envisages work to define competencies and training requirements.

E. REVIEW ARRANGEMENTS

The Committee will receive regular progress reports on the delivery of the action plan.

F. RISK MANAGEMENT

Management of risk is a key consideration in designing a fit for purpose finance function.

G. PUBLIC ACCESS TO INFORMATION

Information in this report along with any supporting material is subject to the Freedom of Information Act 2000 and other legislation.

Actions from CIPFA review

Theme: Accountability		Theme Strategic Sponsor: ACO Resources		
Ref	**Action Required**	**Outcome**	**Action Owner**	**Progress**
A1	Clarification of responsibilities and allocation of roles. Job description / Role description review to include financial competencies.	Ensure that competencies are recorded for all relevant roles, and that these are managed as part of the PDR process.	Head of HR	New PDR process under development based upon national guidance from the College of Policing
A2	Development of the Finance Intranet presence with a dedicated area for budget managers providing key resources	Easier access for budget holders to resources, greater awareness of policies and procedures, including budget manager guidance	Head of Finance	Policies & Procedures and Procure to Pay process guidance now added to the intranet. Budget guidance to be developed as part of this year's budget round.
A3	Budget holder and budget manager to receive input on the scheme of delegation	Increase budget holder awareness of scheme of delegation.	Commercial Accountant	NCALT training package developed and undertaken by key individuals. Discussion with budget holders to be undertaken as part of this year's budget round.
A4	Develop links between budget holders and those setting the budgets	Increase feeling of involvement and accountability for budget holders	DCFO	This year's budget round to be conducted collaboratively with budget holders.
A5	Conduct training needs analysis for budget holders.	Identify training gaps for budget holders, produce training plan to ensure all individuals are suitably skilled	Head of HR	Plans to be developed,
A6	Marketing of risk management processes and the assurance matrix across the organisation	Embeds the document within working practice across the organisation.	Risk Manager	Risk appetite workshop 21st September facilitated by Lincolnshire County Council. Risk training undertaken by department SPOCs and project managers. Risk identification exercise on the Risk Management Board. Revised Risk Management Strategy produced. Intranet Front Page News on risk management.

Theme: Planning and Budgeting		**Theme Strategic Sponsor: Head of Strategic Development**		
Ref	**Action Required**	**Outcome**	**Action Owner**	
PB1	Development of links between all Finance stakeholders – budget holders, management accountants, commercial partnership team, chief officer group.	Ensures advice is sought at the initial stages of planning, and the financial considerations are included in planning.	Reporting Manager	This year's budget round to be conducted collaboratively with budget holders.
PB2	Development of benefits tracking within projects, Project reviews to include benefits tracking and results to be reported to PEEL board.	Increases the tracking of benefits from projects, so that lessons can be learned and that benefits are seen through to fruition.	Head of Strategic Development	Draft benefits strategy in production,
PB3	Improvements to the business case process, that ensures more input from finance at early stages.	Removes incorrect financial assumptions from project planning.	Head of Strategic Development	Project Managers have met with finance to discuss earlier input from finance. Business Case process is being reviewed, with a handbook in production.
Theme: In year management		**Theme Strategic Sponsor: FCFO**		
Ref	**Action Required**	**Outcome**	**Action Owner**	
I1	Ensure that forecast spend is accurately reflected, challenge where underspend is known but not reflected.	Reduction in underspends, more accurate forecasting.	Reporting Manager	Review of 2015/16 outturn against forecast undertaken. Key risk areas identified to inform discussions with budget holders.
I2	Cultural work with budget managers re: underspend and forecasting, and development of 'carry forward' policy.	Managers will not forsake VFM to spend money due to not wanting their budgets to be reduced.	DCFO	To be addressed as part of this year's budget round
I3	Engage with budget holders to establish training requirements and information provided.	Enhanced service to budget holders, less resource requirement to organise data resulting in more time for value adding activity.	Reporting Manager	To be addressed as part of this year's budget round

		Standardised service		
Theme: Year End		**Theme Strategic Sponsor: Head of Finance**		
Ref	**Action Required**	**Outcome**	**Action Owner**	
Y1	Yearend processes to be completed faster, timeline to be created and agreed prior to yearend.	Finance staff more opportunity to focus on 'in year' budget management and other value added activity	Reporting Manager / DCFO	Year end process completed in accordance with timetable, 2 months in advance of statutory deadline.
Y2	Implement post-audit final accounts review	Identify improvements for the following year.	Reporting Manager / DCFO	Review to be undertaken during October 2016.
Y3	Better planning and accountability of year end working papers all working papers reviewed prior to audit	Creation of clear and accurate working papers to reduce audit time.	Head of Finance	Quality of working papers improved significantly during year end process for 2015/16. Further improvements to be introduced for 2016/17.
Theme: Systems		**Theme Strategic Sponsor: DCFO**		
Ref	**Action Required**	**Outcome**	**Action Owner**	
S1	Review opportunities to update to the new payroll system.	Increased automation.	Head of Finance	Discussions with payroll provider ongoing.
S2	Undertake review of current tPolice performance and include 'clause 10 review' results.	Establish if the perception of a lack of transformation is correct, develop an improvement plan or communications plan as required.	t-Police Project Manager	To be undertaken now new Project manager in post.
S3	Development of t-Police reporting	Enhanced service to budget holders, less resource requirement to organise data resulting in more time for value adding activity.	Reporting Manager	Discussion paper produced to be discussed at a workshop during October 2016 and way forward identified.
S4	Development of purchasing management information, and development of savings targets	Greater in year management	Head of Procurement	Following the implementation of the new P2P process, development of purchasing management information to be addressed.
Theme: Whole Finance Development		**Theme Strategic Sponsor: CFO**		
Ref	**Action Required**	**Outcome**	**Action Owner**	
O1	Session to discuss responsibilities and	Agreed responsibilities and requirements, improved satisfaction	Commercial Partnership	Workshop with team leaders held during September 2016 and senior team during October 2016. Action plan

	requirements between Force, G4S and OPCC finance.	and greater clarification of aims and objectives.	Manager	being produced.
O2	Training needs analysis for finance team / CPD	Ensures all individuals are suitably qualified and identifies any gaps to be addressed.	Head of Finance / DCFO	To be conducted as part of the action plan referred to above.
O4	Definition of Quality Standards through review of contract.	Agreement and clarification of outputs.	Commercial Partnership Manager / Head of Finance	To be conducted as part of the action plan referred to above.
O5	Review performance indicators with consideration to requirements from the Force/PCC to enable performance.	Creation of an equitable service with clearer lines of accountability.	Commercial Partnership Manager / Head of Finance	To be conducted as part of the action plan referred to above.