JOINT INDEPENDENT AUDIT COMMITTEE
5 APRIL 2017

SUBJECT	**FINANCE REVIEW**
REPORT BY	**CHIEF FINANCE OFFICER (CFO) & 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 Following the CIPFA Review of the Finance function in October 2016, an action plan was developed to address the key issues identified. The action plan identified six key themes and a number of actions under each theme. However, due to changes in staffing and capacity issues, implementation of some parts of the plan was deferred pending review.

1.2 As part of the induction process, the new Force CFO met with the G4S Service Delivery Director and Head of Finance and the CPT Manager to discuss the process and outcomes and the resulting action plan, as originally formulated. A key issue emerging is that of project resourcing. The action plan, encompassing 6 key themes and addressing issues across the whole organisation, does require a significant resource requirement in the form of a dedicated project manager. One of the reasons for the slow progress to date was the project manager leaving. This will need to be addressed as soon as possible to relaunch the project.

1.3 The action plan and progress to date have also been reviewed jointly by the Force CFO and the G4S Head of Finance, to consider whether any changes have emerged since the plan was originally formulated.

1.4 In addition, a set of aims and objectives have been drafted for consultation, in order to define how an effective finance function should operate and what key objectives should be delivered. This is attached at Appendix A. Once finalised and agreed, these will form the basis for detailed quality standard and performance indicators to be developed between G4S and the Commercial Partnership Team (CPT).

2.0 CIPFA Review: Themes and Action Plan

2.1 An update is provided below for each theme and the further actions required. The Action Plan with RAG status as at December 2016 is attached at Appendix B.

2.2

- **Accountability**
  The risk management action has been completed. Some progress has been made in respect of the Finance Intranet area and budget holders input to budget setting. The actions in respect of role responsibilities and training needs are still outstanding and will be addressed by the Force CFO and ACO Resources.

- **Planning & Budgeting**
  The Force CFO and Head of Finance have met to agree principles for a revised budget setting process to increase budget holder engagement. Draft plan to be prepared, agreed with Finance and the draft process and timescales to be agreed with Chief Officers and the PCC CFO.

- **In year management**
  Systems improvements are key to providing better quality reports to budget holders, enabling better forecasting. See below. Force CFO and G4S Head of Finance met to consider the management accounting processes in place to better support budget holders. The G4S Head of Finance is currently reviewing the skills and structure of the team to consider how to best meet the needs of budget holders.

- **Year end**
  The actions have been completed and the outcomes reflected in the 2016/17 closedown planning and timetable. Review of working papers prior to audit to be included within the closedown timetable.

- **Systems**
  New payroll system under evaluation for implementation in 2017.
  The Chart of Accounts has been revised to generate monthly reporting directly from the ledger system, reducing the risk of errors due to manual adjustments.
  t-Police reporting – a proposal is being developed by G4S, following a site visit to the Multi-Force Shared Service at Cheshire Police, which utilises the Oracle programming tool, Apex, to build reporting applications.
  P2P process implemented and development of purchasing management information in progress.

- **Whole Finance Development**
  Revised timescales to be agreed with G4S and the Commercial Partnership Team to develop appropriate quality standards and performance indicators.

3.0 Next Steps

3.1 As can be seen from the above, there are a number of discussions currently in progress. The outcomes of these will be used to update the action plan and detailed timescales to be agreed between the Force /G4S/ PCC.

3.2 The next steps, with target dates are as follows:

- Project manager assigned and briefed by 30 April 2017
- Revised Action Plan produced and agreed by 31 May 2017
- Implementation commencing June 2017

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.