

| | Issue to address | Agreed corporate response | Responsible officer(s) | Agreed date | Progress |
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| 1. | Regular review on the progress implementing this corporate response. | CMB to monitor on a monthly basis and report to Cabinet. Report to each Audit & Corporate Governance Committee meeting. | CMB DoR | Ongoing. | The Audit & Corporate Governance Committee has received a monthly update. This plan to be integrated with that in response to the Crookall report for future monitoring/reporting via the IPR. |
| 2. | Ensure the corporate response to the travel and expenses audit review is implemented effectively and to timescale. | CMB to consolidate the corporate responses to the travel and subsistence review and the corporate response to this report into one action plan. | DoR MO | See Appendix 2b. | See Appendix 2b. |
| 3. | Establish the cost of existing ICT and Customer Services operations and future investment needs to be urgently concluded to inform the Performance Improvement Cycle. | Director of C&CS to lead with support from Financial Services. | DC&CS HoFS | 30.09.07 | <ul style="list-style-type: none"> • Zero base budgeting exercise undertaken and budgets aligned with service streams. • ICT budget for 08/09 to be largely derived from annual Service Level Agreements with directorates in compliance with corporate partnership agreement pilot. • Corporate ICT Strategy identifies 10 critical projects, some are already funded, others are being considered as future capital proposals • Customer Services budgeting exercise undertaken in order to balance the 2007/08 budget |
| 4. | Establish permanent managerial arrangements for ICT and Customer Services. | CMB to discuss and agree proposals from DC&CS. | DC&CS CMB | October 2007 | Interim managerial arrangements have been in place since April 2007. Permanent managerial arrangements are being established as part of the revised senior management structure. |

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| 5. | Review approach to and arrangements for the delivery of project management services. All post implementation reviews must include a technical and financial appraisal. | CMB to discuss and agree proposals from DC&CS. | DC&CS CMB | October 2007 | Permanent managerial arrangements are being established as part of the revised senior management structure. |
| 6. | Review of the financial and legal elements of the Council's constitution to ensure clarity and consistency. | Working group to carry out a review and make recommendations in the first instance to CMB. Need to report to Audit and Corporate Governance Committee and other appropriate decision-making and scrutiny functions prior to being agreed at Council. | DoR HoLDS HoFS CIA HoBES HoHT | Council in November 2007 | Revised elements approved by Council on 7 th March 2008. |
| 7. | Council's Constitution and Financial Regulations to be reviewed to ensure the requirement to secure financial and legal advice on all formal reports is explicit. | CMB to insist on the highest standard in all aspects of report writing, including financial and legal implications. CMB to ensure there are no exceptions to the policy of all formal reports being cleared by the Head of Paid Services, the Monitoring Officer and the Section 151 Officer. | All report authors | Council in November 2007 | Revised elements approved by Council on 7 th March 2008. Revised report template drafted and user guide being developed prior to implementation in April. |

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| 8. | Audit Services and the Monitoring Officer need to be granted access to staff, records and feeder systems if required to fulfil their statutory obligations. | Incorporate into the review of the Constitution. Re-affirm current provision in the Council's Constitution on audit access. | DoR HoLDS HoFS CIA HoBES HoHT | Council in November 2007 | The revised elements of the Constitution presented to Council make officers' responsibilities for granting access to external and internal audit explicit. |
| 9. | Improve the quality of working papers/files recording business activity. | Guidance on the standards of record keeping needs to be devised. | Information Manager CIA | December 2007 | Head of Financial Services in discussion with the Audit Commission about 'excellent' final accounts working papers as part of the Use of Resources improvements. |
| 10 | Improve standards of internal control for fundamental systems. | Minimum acceptable standard is satisfactory – this is a non-negotiable. | CMB HoHR CIA | Allow 3 months' notice | Effective date is 1 st January 2008. All members of CMB know the required standard for fundamental systems. |
| 11 | Improving financial governance in ICT and Customer Services. | DC&CS to implement agreed action plans for the FMS system in ICT, travel and expenses and use of contractors audit reviews. | DC&CS DoR | January 2008 | Actions have been completed to time. Internal Audit will be completing an 'Audit of Audits' during the first quarter of 2008/09. |
| 12 | Complete work in progress on internal recharging mechanisms to the agreed timetable. | Actions identified and agreed in a report to CMB on 16th August from the SMT SLA working group. | Anne Heath, Chair of SMT SLA Working Group, reporting to CMB. | March 2008 | Partnership Agreement piloted in Environment directorate. To be rolled out across the council for 2008/09 |
| 13 | All financial administration and financial management resources transfer to the Resources Directorate as soon as practical. | Identification and planning for transfer of resources to be considered by the ISS Board with exceptions reported to the Herefordshire Connects Programme Board for decision. | HoFS HoBES | March 2008 | Financial administration and financial management support has now been transferred to the Resources Directorate. The Audit & Corporate Governance Committee has asked to be kept informed of any transfers of financial administration or financial management resources within the Council. |

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| 14 | Ensuring members receive complete advice from the Monitoring Officer and S.151 Officer on the legal implications and financial implications of all policy proposals. | Liaison meetings with the Leader to include the Monitoring Officer and S.151 Officer to be diarised at no more than quarterly intervals. | Chief Executive DoR MO / HoLDS | Immediate effect | The revised elements of the Constitution presented to Council make officers' responsibilities for securing the advice of the three Statutory Officers explicit. The requirement for report authors to consult with the Statutory Officers in good time is being enforced with reports being delayed if appropriate. |
| 15 | Promote compliance with corporate financial governance arrangements by reviewing management practices and accountabilities. | Make compliance with corporate financial arrangements a non-negotiable. CMB to carry out immediate checks on contracting arrangements and authorised signatory lists. | CMB HoHR | Immediate effect | Members of the Corporate Management Board have been advised and reminded to review their arrangements to ensure compliance with agreed policies and procedures in advance of planned internal audit review, to be completed by end of September 08. |
| 16 | Enhance Key Manager's financial skills and knowledge of the Council's approved corporate governance framework, ensuring the message is constantly reinforced through effective training. | Make attendance on training courses a pre-requisite to getting a "licence to practise" as a manager. Attendance at refresher training courses will also be mandatory. | HoHR HoFS MO CIA | Immediate effect | Financial Services delivers a corporate training programme consisting of two courses. The first course held following the Director of Resources' special report took place on 30 th October 2007 and it covered the key concerns identified in that report. A three tier revised financial Management programme will begin in April following adoption of the revised elements of the constitution. ICT & Customer Services have requested a specially tailored training event. |

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| 17 | Ensure all capital and revenue budget proposals are identified through agreed service and financial planning processes. | Ensure in-year budget proposals are only brought forward in exceptional circumstances. | CMB | Immediate effect | <p>All revenue budget proposals for 2008/09 and beyond have been identified through the Performance Improvement Cycle.</p> <p>All capital budget proposals for 2008/09 and beyond are being identified through the agreed capital planning process.</p> <p>All revenue and capital proposals that arise outside these planning processes are to be prepared and agreed in line with the Council's financial procedures.</p> |
| 18 | Enhance Audit Services' capacity. | CMB to agree restructure proposals identified during the PIC process costing £45k. This can be met from the existing base budget for the Resources Directorate. | CMB DoR | Immediate effect | <p>Employees and employee representatives have been consulted on the restructuring proposals. No significant issues have been raised. Job Descriptions / Person Specifications are being redrafted with a view to completing the change management process and recruiting staff by April 2008. Interim staff arrangements have been put in place in the interim to increase capacity, with support from Audit colleagues in the PCT.</p> |
| 19 | Enhance strategic procurement capacity to ensure compliance with the Council's contracting policies and procedures. | CMB to agree additional resources to centralise monitoring of contract procedures within Resources. This can be met from the existing base budget for the Resources Directorate. | CMB DoR | Immediate effect | <p>Procurement posts across the authority have been identified with a view to bringing their line management arrangements within the remit of the Resources Directorate. Working with the West Midlands Centre of Excellence, proposals are being developed to make better use of existing resource and to increase contract procedure monitoring. This work will also seek to establish benefits to be gained from creating a unified council/PCT procurement function.</p> |

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| 20 | Check that issues highlighted in ICT and Customer Services are not repeated elsewhere. | CMB needs to be prepared to respond quickly to Audit Services. | CMB | Immediate effect | The audit plan for 2007/08 was revised to take account of unplanned time on ICT issues. Audit Services is continuing to check financial governance arrangements in other parts of the Council. The Audit Commissions Annual Audit & Inspection Letter identifies that ' <i>there is no evidence to suggest the abuse was more widespread and indeed our work and that of Internal Audit suggests it is not.</i> ' |
| 21 | Ensure budget is in place before committing expenditure. | CMB to reinforce the message that Key Managers need to work closely with Financial Services colleagues to ensure all appropriate permissions to spend are in place before letting a contract. | All | Immediate effect | There is some evidence that managers are more aware of the need to work closely with Financial Services before they enter into commitments. The revisions to the financial governance elements of the Council's Constitution will reinforce this message, as will the extended financial management training provision. |

| | Agreed action | Responsible officer(s) | Agreed target date | Progress |
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| 1 | Review the Code of Conduct for Employees to ensure the Council's expectations on the required standard of conduct on giving hospitality are clear. | Head of HR | Sept 2007 | Code of Conduct has been reviewed and revisions drafted. The revised Code will be presented to the Constitution Review Working Group prior to adoption by Council at its next scheduled ordinary meeting (25 th July 08). |
| 2 | Review the Code of Conduct for Employees to ensure the Council's expectations on the required standard of behaviour in relation to consumption of alcohol during office hours and whilst representing the Council after office hours is clear. | Head of HR | Sept 2007 | As above |
| 3 | Review the Code of Conduct for Employees to ensure the Council's expectations on the standard of behaviour regarding working under the influence of alcohol is clear. | Head of HR | Sept 2007 | As above |

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| 4 | <p>Revise guidance on travelling claims to require separate confirmation by attaching a signed memorandum that the line manager certifies overnight stays within the Council's area.</p> <p>Payroll to reject all claims for overnight stays in the Council's areas that are not accompanied by separate written authorisation by Head of Service and Director.</p> | Head of HR | Sept 2007 | <p>The revised Travel and Subsistence Policy is near completion; in the meantime staff have been reminded of the requirements for travel and subsistence claims, and payments staff are rejecting any non-compliant claims</p> |
| 5 | <p>Payroll to reject all claims that do not have the correct supporting documentation.</p> | Payroll Manager | Immediate | <p>The Payroll Manager issued an e-mail to all staff as a reminder on the need to ensure all travel and subsistence claims are supported by VAT receipts, that they need to be submitted in a timely fashion and that exceptional items need to be approved by the Head of Service and the Director.</p> |
| 6 | <p>Revise guidance on travelling claims to require monthly submission of travel and expenses claims within a month of the period they relate to.</p> <p>Payroll to reject claims that are received after the deadline indicated in the Councils' Travel & Subsistence Policy.</p> | Head of HR | Sept 2007 | <p>The revised Travel and Subsistence Policy is near completion; in the meantime staff have been reminded of the requirements for travel and subsistence claims, and payments staff are rejecting any non-compliant claims</p> <p>All staff have been advised accordingly.</p> |

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| 7 | <p>Payroll to reject claims that are incomplete and in contravention of the Council's policies unless all exceptions are individually certified by the relevant Head of Service and Director in writing.</p> <p>Travel & Subsistence Claim Form to be reviewed to ensure the disclaimer the claimant and authorising officer make on signing the form is clear that failure to comply with the Council's policies on travel & subsistence could lead to disciplinary action.</p> | Head of HR Head of Benefit & Exchequer Services | Sept 2007 | <p>The revised Travel and Subsistence Policy is near completion; in the meantime staff have been reminded of the requirements for travel and subsistence claims, and payments staff are rejecting any non-compliant claims .</p> <p>The Head of Benefit& Exchequer Services has reviewed the declaration both claimant and authorising officer are required to make on the travel and subsistence claim form. No changes were deemed necessary.</p> |
| 8 | <p>Reminders from the Head of Legal & Democratic Services to all Key Managers to be issued biannually. Head of Legal & Democratic Services to confirm 100% return rate to include nil returns.</p> <p>Biannual assurance statements to be extended to all Key Managers and to include confirmation that systems are in place to promote compliance with the Council's policies on the declaration of gifts and hospitality offered whether accepted or not.</p> | Head of Legal & Democratic Services Audit Services Manager | Sept 2007 Sept 2007 | <p>The Head of Legal & Democratic Services has arranged to remind officers twice a year for the future on the need to comply with the Council's rules on declaring gifts and hospitality. He will report to Joint Management Team if officers fail to make a return.</p> <p>The Audit Services Manager has arranged for the assurance statements to be completed on a quarterly basis for the future, and for them to be completed by members of the Corporate Management Board, Heads of Service and all other Key Managers. The quarterly assurance statements for the period July 2007 – September 2007 were sent to all Key Managers and this will now happen as a matter of routine. The Audit Services Manager will report to the Joint Management Team if officers fail to make a return.</p> |

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| 9 | Audit Services Manager to ensure test checks are carried out as part of planned audit work on travel & subsistence. | Audit Services Manager | Sept 2007 | The Audit Services Manager has arranged for the travel and subsistence audit programme to include a crosscheck of claims paid to the register of gifts and hospitality. |
| 10 | Travel & Subsistence policy to be revised to so that all overseas trips are authorised at Director level. | Head of HR. | Sept 2007 | Council agreed on 2 nd November 2007 to adopt the Audit & Corporate Governance Committee's recommendation that 'all overseas trips be authorised in advance and are cash limited and that the appropriate Cabinet Member be informed'. The revised Travel and Subsistence Policy is near completion; in the meantime staff have been reminded of the requirements for travel and subsistence claims, and payments staff are rejecting any non-compliant claims |
| 11 | Contractors should support charges for travel and subsistence included in their invoices with a completed travel and subsistence claim form where the contract allows for reimbursement of costs as incurred. | Head of HR advice to Key Managers. | Sept 2007 | The revised Travel and Subsistence Policy is near completion; in the meantime staff have been reminded of the requirements for travel and subsistence claims, and payments staff are rejecting any non-compliant claims. Additional guidance in relation to contractors will be included. |

CIA = Chief Internal Auditor
 DoR = Director of Resources
 HoLDS = Head of Legal and Democratic Services
 HoHR = Head of Human Resources
 HoPS = Head of Paid Services
 MO = Monitoring Officer

DC&CS = Director of Corporate & Customer Services
 HoFS = Head of Financial Services
 HoBES = Head of Benefit and Exchequer Services
 HoHT = Head of Highways & Transportation