

**PROGRESS REPORT NO.1 – DIRECTOR OF RESOURCES’
SPECIAL REPORT****Report By: Director of Resources****Wards Affected**

None.

Purpose

To provide the Audit & Corporate Governance Committee with an update on progress with implementing the action plan agreed by Cabinet in response to Director of Resources’ special report on financial governance issues in ICT & Customer Services.

Financial Implications

There are no financial implications arising as a direct result of this report. Enhancements to the corporate governance framework and greater compliance with it will ensure that the Council optimises its use of resources.

RECOMMENDATION

THAT the Audit & Corporate Governance Committee notes the progress made to date.

Reasons

To provide the Audit & Corporate Governance Committee with assurance that the action plan in response to the special report on financial governance issues in ICT & Customer Services.

Considerations

1. This is an initial update on progress given the short period between the Cabinet approving the action plan and agenda despatch for this meeting.

Travel & Subsistence Claims

2. The action plan agreed by Cabinet for improving the systems of internal control across the Council in respect of officer travel and subsistence claims is attached (Appendix 1) for ease of reference.
3. A review of the Employee Code of Conduct has not yet started. The Interim Head of HR took up appointment on 8th October, 2007. The Director of Resources will brief the Interim Head of HR as a matter of urgency the actions logged to her can be planned and carried out promptly.

Further information on the subject of this report is available from
Sonia Rees, Director of Resources on tel: (01432) 383519

4. The HR team has started a review of travel and subsistence policy and guidance to officers. The aim is to make the Council's policy very specific for avoidance of doubt in interpretation by claimants and authoring officers alike. The redrafted policy will need to be agreed by the Interim Head of HR.
5. The Payroll Manager has 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 Director.
6. 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 are deemed necessary.
7. 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 Corporate Management Board if officers fail to declare a return, even if it is a 'nil' one.
8. The Audit Services Manager has arranged for the biannual assurance statement confirmations currently sent to Corporate Management Board members and Heads of Service to be sent to all Key Managers. He will report to the Corporate Management Board if officers fail to make a return.
9. 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. The Payments Manager will arrange to notify officers with payment authorising responsibilities to ensure that invoices from consultants itemise expenses incurred and being charged.
11. The Audit Services team has begun the extended review on Key Managers' travel and subsistence claims. There is nothing to suggest based on the work carried out so far that the issues identified in the special audit investigation are replicated elsewhere.

Governance Framework

12. The action plan agreed by Cabinet in response to the Director of Resources' special report is attached for ease of reference (Appendix 2).
13. The Director of Resources' main focus of activity since Cabinet agreed the action plan has been reviewing the relevant sections of the Council's Constitution.
14. The Constitution Review Working Group has agreed that technical adjustments to the Constitution agreed by the Head of Paid Services, the Monitoring Officer and the Chief Finance Officer can be presented direct to Council for approval.

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15. The Director of Resources' management team plus Strategic Procurement & Efficiency Review Officer has met with the Head of Legal Services to identify the technical elements of the Council's Constitution that need review to fulfil the requirements of the action plan.
16. The following table identifies the technical elements of the Constitution that will be reviewed in response to the action plan and comments on how the review will be conducted:

Reference	Description	Method of Review
Part 5.8	Agendas and Reports for Committees	Head of Legal Services will need to redraft to reflect the new Scheme of Delegation that will cover officers' responsibilities for consulting the Statutory Officers amongst others on draft reports before they are sent to Democratic Services for despatch.
Part 11	Joint Arrangements	Redrafted for Council in January 2008. Needs updating to include the Local Area Agreement and the Use of Resources key lines of enquiry on partnership working.
Part 12	Officers' Responsibilities	Redrafted by the Director of Resources for presentation to Council on 2nd November. The replacement will be a Scheme of Delegation. This element of the Constitution will see major change.
Part 13.6	Decision Making by Officers	Consider for deletion as will be covered by the new Scheme of Delegation.
Appendix 3	Policy Framework and budget Rules	Redrafted by the Director of Resources for presentation to Council on 2nd November. This element of the Constitution will see some change.
Appendix 4	Financial Procedure Rules	Redrafted by the Resources Directorate Management Team and Strategic Procurement & Efficiency Review Officer for presentation to Council on 2nd November.
Appendix 5	Contract Procedure Rules	Redrafted by the Strategic Procurement & Efficiency Review Officer for presentation to Council on 2nd November.
Guide	Members and Officers Handbook	Redrafted by the Head of Legal & Democratic Services by January 2008.

17. The Resources Directorate Management Team will arrange for extensive publicity on the new Scheme of Delegation, Contract Procedure Rules and Financial Procedure Rules. The new documents will be issued to all relevant staff once approved by Council with a requirement for those officers to sign to say they have received them. A

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series of 'road show' type activities is also being planned to include seminars for Members, presentations to Directorate and other team meetings and the Leadership Forum, and communication via the corporate News & Views team briefing system. The Council's financial policies and procedures – and the need to comply with them – will also be reinforced through the employee induction process and in-house financial training provision.

18. The Director of Resources and Director of Children & Young Peoples Services have agreed that the accountancy and payroll staff in the latter Directorate's finance team will transfer to Resources on 1st November, 2007. The Directors have written a joint letter to the staff affected by this change in line management arrangements. The Head of Financial Services and Head of Benefit & Exchequer Services are working with the staff concerned to effect a smooth transition.
19. The Director of Resources and Director of Environment have agreed the transfer of a now vacant accountancy post to the Financial Services team. This post will shortly be advertised.
20. The Audit Services Manager has commenced a restructuring exercise for his team that will result in an increase in the establishment. The Resources Directorate is funding this from efficiency gains elsewhere within the Directorate.
21. The Head of Financial Services is developing proposals for enhancing capacity for strategic procurement advice. It is envisaged that resources across the Council would be more effectively utilised under the professional guidance of the Strategic Procurement & Efficiency Review Manager.
22. The Audit Services team are currently investigating further issues connected with the financial governance concerns identified in ICT & Customer Services. Usual reporting protocols will be followed if there is anything to report.
23. The Director of Corporate & Customer Services is reviewing the financial position for ICT and Customer Services on a fortnightly basis. Work to ensure ICT and Customer Services' expenditure is in line with the budget for 2006/07 is well advanced. Work is continuing between the Acting Head of ICT & Customer Services and Head of Financial Services on future requirements for the base budget and investment (action number 3 in Appendix 2 refers).
24. The Director of Corporate & Customer Services confirms that the Acting Head of Service arrangements for ICT & Customer Services is in place until the end of February 2008. Work is progressing to benchmark and set out proposals in relation to future management through discussion with like authorities (action number 4 in Appendix 2 refers).
25. The Director of Corporate & Customer Services is working with the Corporate Programmes Manager to develop a principles paper on the approach to and arrangements for delivery of project management services (action number 5 in Appendix 2 refers).

Risk Management

The action plan is designed to enhance the Council's existing corporate governance framework in the light of the issues identified in the Director of Resources recent special report. The Corporate Management Board, Cabinet and Audit & Corporate Governance Committee are closely monitoring implementation of the action plan. Support from these bodies for the successful implementation of the action plan is essential if the Council is to demonstrate to the Audit Commission their commitment to resolving the serious issues that have been identified.

Background Papers

The Director of Resources' Special Report on the financial governance issues in ICT & Customer Services considered by Cabinet on 20th September 2007 and Audit & Corporate Governance Committee on 21st September 2007 refers.