



**DRAFT**  
**FINANCE SERVICE PLAN**  
**2012 - 2015**

Version 0.2 – Shared Services Joint Committee – 21 November 2011

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## SECTION 1: KEY PURPOSE OF THE SERVICE

### 1.1 Scope of the Service

The overall objective is to provide high quality, efficient, robust and resilient services for audit, finance and fraud to the chief financial officers (s151 officers), members, budget holders, the public and employees of the two councils.

The services include the range of activities required to meet the s151 officers' responsibilities for a local authority. It consists of most of the services associated with the running of the finances of a local authority, including those aimed at servicing the corporate entity as well as those aimed at serving individual budget holders and service managers. Finance will be located in Rickmansworth although Internal Audit and Fraud will also have bases in both town halls to ensure their effectiveness and to achieve efficiencies.

The functions are grouped into 4 main areas:

#### Accountancy

- Budget setting and reporting
- Month end and annual closing of ledgers
- Reconciliations of financial management and subsidiary source systems
- Budget monitoring reports
- Draft annual budgets
- Service planning including service level changes, revenue growth & savings and capital investment
- Forecasting (in conjunction with budget holders)
- Preparation and publication of Financial Statements
- Whole of Government Accounts
- Preparation and completion of Government Returns for capital and revenue budgets, outturn and monitoring
- External audit liaison
- Provision of financial advice to budget holders and Members
- Financial policies and procedures
- Bank reconciliations
- Value Added Tax
- Review of the Financial Management System
- Treasury Management Policies & Investment Strategy
- Payroll Accounting including statutory deductions

#### Financial services

- Accounts payable
- Insurances and risk advice
- Investments

#### Internal Audit

- Risk based system audits
- Contract and IT audits
- Value for Money
- Advice
- Provision of assurance for effectiveness of controls and probity

#### Anti Fraud

- Benefit Fraud
- Corporate Fraud
- Anti-Fraud and Corruption Strategies

The Joint Committee Agreement specifies the following functions for Finance

- Making payments on behalf of the Councils;
- Maintaining the accounts of the Councils;
- Maintaining the system of purchase orders;
- The provision of an internal audit service
- Managing the operation of the Councils' insurances;
- Issuing guidance and providing advice to members and officers of the Councils on the financial procedure rules of the Councils;
- Providing training to officers working on financial matters;
- Monitoring the Councils' prudent financial management and compliance with approved accounting practices and reporting to members on these matters;
- Preparation of the Councils' annual statement of accounts;
- Maintenance of the Councils record of assets;
- Monitoring the financial administration of external partnerships and other organisations in which the Councils are involved;
- Undertaking Housing Benefit and Council Tax Benefit fraud investigations and prosecutions;
- Virement within Joint Committee Budgets

The Audit, Fraud and Accountancy services operate within a number of statutory provisions including secondary legislation and statutory codes of practice. These are outlined below:

## Accountancy and Audit

- Local Government Act 1972 – arrangements for the proper administration of financial affairs
- Local Government Act 1988 – reports in the public interest
- Local Government Act 2000 – full Council on the recommendation of the Executive to set approve a budget. Scrutiny of the financial processes.
- Local Government Act 2003 – medium term financial planning, budgeting and prudent balances, Prudential Code for borrowing arrangements, opinion on robustness of budgets and adequacy of reserves, budget monitoring throughout the year with Member involvement.
- CIPFA Code of Practice for Internal Audit
- Accounts and Audit Regulations 2003 (as amended) – financial statements, publishing, internal audit
- Statutory Codes for financial accounting and best value accounting

## Fraud

- Police and Criminal Evidence Act 1984
- Human Rights Act 1998
- Data Protection Act 1998
- Regulation of Investigatory Powers Act 2000
- Proceeds of Crime Act 2002
- Fraud Act 2006

## 1.2 Contribution to Shared Services Objectives

### Savings

For Finance Shared Services, savings on implementation were achieved and reported to the Joint Committee for Shared Services.

Since Implementation further saving over the Business Case have been achieved as follows –

	2009/10 £(000)	2010/11 £(000)	2011/12 £(000)
Original Budget (Shared Services Joint Committee Sep '09)	1,728	1,711	1,755
Outturn	1,698	1,611	
Latest Budget			1,544
<b>Additional Savings (vs Business Case)</b>	<b>30</b>	<b>100</b>	<b>211</b>

The 2010/11 *Cost Reduction* exercise requires further savings in 2012/13 (see section 2.5).

The 2012/13 budget has been set at £1,534,552. This provides an additional annual saving of £270,000 over the Business Case. To achieve these savings there will be a series of measures taken during 2011/12 that may involve reductions in staffing.

Efficiency and cash saving may arise from joint procurement of financial services, for example -

- Treasury management advice (current)
- Banking services (2013)
- A new delivery model for Internal Audit
- Shared management arrangements for Benefit Fraud
- Shared Accountancy services or shared systems

Service Level Agreements have been reviewed during 2011 including consultation with service users.

<p><b>Resilience</b></p>	<p>Staff rotation at Finance Manager and Senior Accountant level continues and changes were effected after the accounts were closed in June 2011. This practice mitigates the effects of lean staffing and provides flexibility for wider team working and provides cover during times of absence.</p> <p>During the remainder of 2011/12 a review is being conducted to improve resilience between the remaining accountancy staff. The Finance organisation has been structured with generic job descriptions and staff will work across the various finance work streams. Reductions to staff will necessitate a detailed review of both the establishment, job content, work mix and responsibilities</p> <p>In specialist skill areas shadowing will occur to widen and strengthen the knowledge base.</p> <p>Internal Audit and Fraud teams have been designed with the emphasis on resilience and operate with a flat structure (two tiers).</p>
<p><b>Improved Services</b></p>	<p>All Finance processes continue to be scrutinised to align where possible together, taking account of both councils requirements.</p> <p>The Shared Service will continue membership of appropriate Benchmarking Clubs and seek other measures providing comparative information and statistics.</p>

<b>1.3 Contribution to the Councils' Strategic Objectives</b>	
<b>Three Rivers District Council</b>	
Safer Communities	We will support/enable the Council and its services to meet these objectives
Sustainable Communities	
Towards Excellence	
<b>Watford Borough Council</b>	
Improve the health of the town and enhance its heritage	We will support/enable the Council and its services to meet these objectives
Enhance the town's 'clean & green' environment	
Enhance the town's sustainability	
Enhance the town's economic prosperity and potential	
Supporting individuals and the community	
Securing and efficient, effective, value for money council	
Influence and partnership delivery	



## 1.4

### The Future of the Service

Currently, detailed planning is underway to achieve savings balanced with workloads and service level agreements.

Every effort will be made to secure greater efficiencies with smarter working and empowering clients with knowledge and skills to increase financial abilities. Success levels will have dependencies on the partnerships with both councils and the agreement of common procedures for example, accounting policies, financial procedures, risk management framework, budgeting and financial planning arrangements, reporting formats and the expected financial competencies of managers and budget holders.

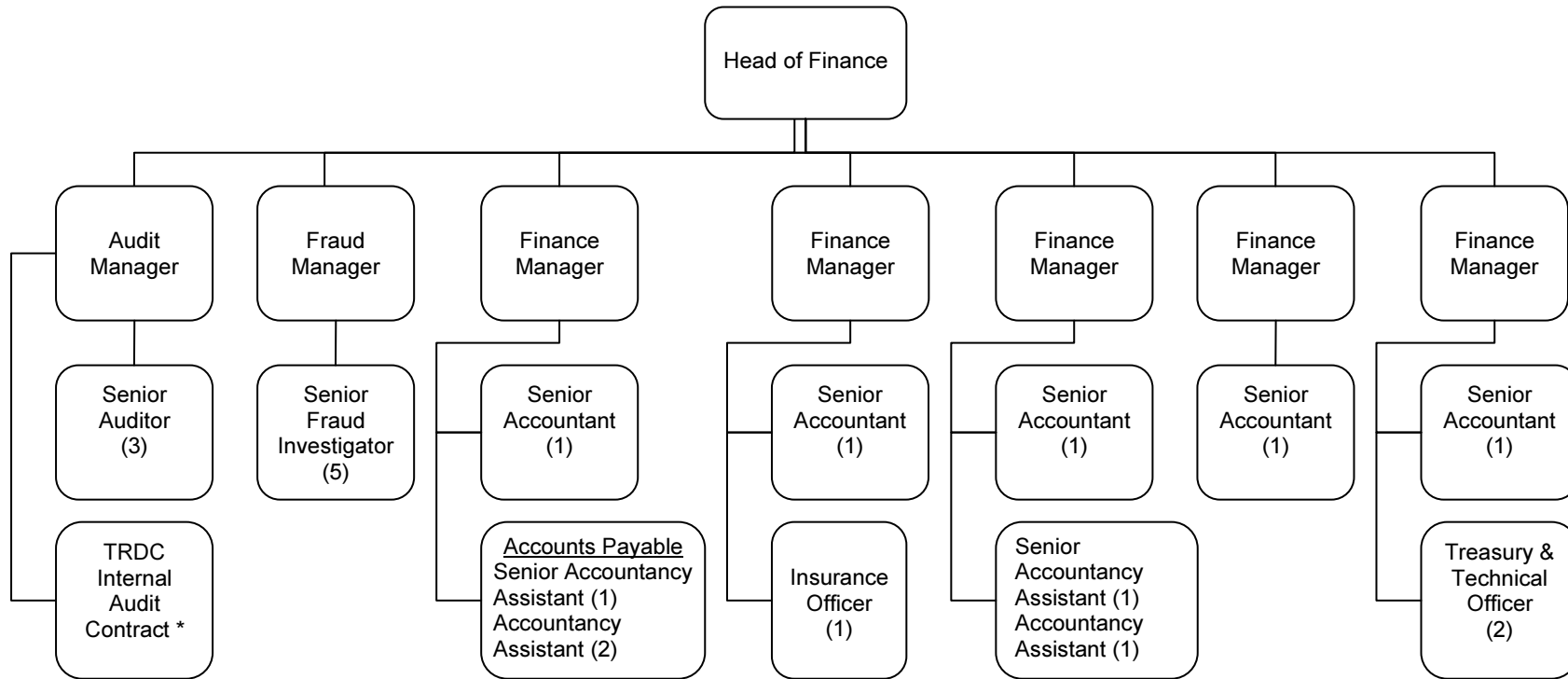
2011 was a significant period for the accountancy function which saw the first full year of joint working with only established staff, the first year-end closing on a new FMS and the implementation of IFRS. This combination was challenging and proved a test of resources, resilience and management. Expectedly, it was not a smooth process at key times but eventual outcomes were successful.

An overall aim is for continuous improvement with more efficiencies, a reduced cost base and acceptable levels of risk to both councils and the Shared Services Joint Committee.

## SECTION 2: INPUTS

### 2.1 People

#### Organisation Chart



<b>FINANCE SHARED SERVICES ESTABLISHMENT</b>	<b>Grade</b>	<b>No.</b>	<b>FTEs</b>	<b>Currently Vacant</b>
<b>Job Title</b>				
Audit Manager	10	1	1	0
Senior Auditor	8	3	3	1
Fraud Manager	10	1	1	0
Senior Fraud Investigator	7	5	5	0
Head of Finance	MG4	1	1	0
Insurance Officer	6	2	1	0
Finance Manager	10	5	5	0
Senior Accountant	8	5	5	1
Senior Accountancy Assistant	6	1	1	0
Accountancy Assistant	5	4	4	0
Treasury And Technical Officer	6	2	2	0

<b>INDICATIVE REDUCTIONS TO BE AGREED AUTUMN 2011 (wef 2012/13)</b>	<b>Grade</b>		<b>FTEs</b>	<b>Expected Vacant</b>
<b>Job Title</b>				
Senior Auditor	8		1	1
Senior Accountant	8		1	1
To be determined			2	0

<b>2.2 Workforce Planning</b>			
<b>Workload – Trends &amp; Changes</b>	<b>Staffing Implications – Impact on Service &amp; Individuals</b>	<b>Options &amp; Preferred Solutions</b>	<b>Outcome – Financial Implications, Resilience Implications &amp; Implications for Improving the Service</b>
Age Profile	<p>The majority of both key and senior accountancy positions are occupied by long-serving and highly experienced professionals eligible to retire in the medium term.</p> <p>Age profiles in Internal Audit and Benefit Fraud do not pose difficulties in this service plan.</p>	Senior staff must be retained to ensure achievement of business objectives. Loss of several key staff may necessitate an overall FTE increase. Incentives to retain key staff should be implemented.	<p>The risk of senior staff leaving in the same timeframe increases each year when there have been no resignations.</p> <p>Key staff retiring may have a substantial impact on viability and service delivery requiring both an increase in organisation size and cost.</p>
Market Pay	<p>Market rates of pay will need to be regularly reviewed. The economic climate is not expected to impact on the jobs market in the first year of this Service Plan. Achievement of Best in Class required investment in the best systems, procedures and staff. Procurement rules have bias to lowest system and implementation costs. Not possible to agree fundamental harmonisation requirements. Market pay is based on 62<sup>nd</sup> percentile for non-shared service organisations</p>	Review of basis and methodology for application of market factors within a shared service environment. Evidence shows that qualified accountants in our shared services are not remunerated to the levels comparable in nearby London Boroughs and similar sized authorities.	<p>For the lean structure (and getting leaner whilst taking on additional functions) it is essential that finance shared services staff are well above average for knowledge, skills, commitment and engagement.</p> <p>This will require competitive market rates for remuneration together with a premium. Market factors (reviewed annually) have been applied to Senior Auditors and Finance Managers.</p>
Succession Planning	The significant recruitment to vacant posts (completed June 2010) has been successful in engaging younger officers with good potential.	Continued recognition of skills and age balance (within equalities requirements) for future recruitments.	Action taken has supported a sustainable workforce.

<b>2.3 Partnerships &amp; Contracts</b>	
<b>Partner / Partnership</b>	<b>Expected Outcomes</b>
Deloitte Touché	TRDC contract expired March 2010. DT now used to provide additional audit days to meet the Plan following significant reductions in days purchased.
LA VAT	Currently use LAVAT for provision of specialist VAT advice.
Treasury Advisers –Sector	Both councils use the services of Sector – quotations for treasury advisers currently being evaluated.
Insurances	Currently use Zurich for all insurance. New contracts required from April 2013.
Banking Services	Banking contracts were agreed for both councils in 2010. New contracts required from April 2013

## 2.4 Assets & Technology

### Equipment

30 workstations each with Personal Computer. 3 desktop HP printers and access to all central printers. Two of these workstations connected to specialist laser cheque printer.

Scanning and document management facilities.

One workstation with BACS security transmission facilities.

Remote access to network.

Cheque Printer

Phones, Fax, Copying, Scanning, Mobile Working, Home Working

### Land and Property

Suitable office environment for all sections

Hot desk facilities at Watford for Finance (this is expected to be delivered within a corporate solution)

Internal Audit – office accommodation/filing/IT facilities on both sites.

Fraud – office accommodation/filing/IT facilities on both sites

Accommodation at Watford and Three Rivers for external audit

### Vehicles

Vehicles required to attend meetings or off-site locations including outside normal hours and outside districts. Vehicles are also required by fraud for surveillance, house visits, statement taking, risk assessments and visiting external agencies.

### IT systems

Internal Audit – IDEA (data extraction/matching)

Advanced Business Solutions (COA e-Financials)

Aptos (archive facilities)

Radius PowerSolve (archive facilities)

On-Line Banking & Treasury Management

Microsoft Office Applications

Financial Management System (new)

Fraud Module (within Benefits system)

BACs

## 2.5 Revenue Budgets

	2010/11	2011/12	2011/12	2011/12	2011/12	2011/12	2012/13	2013/14	2014/15
<b>Operating Budget</b>	Actual	Original	Latest	Profile to	Spend to	Forecast	Forecast	Forecast	Forecast
			Approved	Period 7	to Date				
	£	£	£	£	£	£	£	£	£
Employees	1,423,131	1,452,959	1,452,959	847,559	768,727	1,369,320	1,357,250	1,409,800	1,468,710
Premises	0	0	0	0	0	0	0	0	0
Transport	18,494	22,730	22,730	13,259	8,721	17,630	17,630	17,630	17,630
Supplies and Services	175,927	149,150	149,150	87,004	83,414	156,800	156,800	150,500	150,500
Contracted and Agency Services	0	0	0	0	0	0	0	0	0
Recharges	0	0	0	0	0	0	0	0	0
Income	-6,900	0	0	0	0	0	0	0	0
Sub-Total	1,610,652	1,624,839	1,624,839	947,823	860,862	1,543,750	1,531,680	1,577,930	1,636,840
Recharges to Councils				0					
Three Rivers District Council	-644,261	-649,936	-649,936	-379,129	-344,345	-617,500	-612,672	-631,172	-654,736
Watford Borough Council	-966,391	-974,903	-974,903	-568,694	-516,517	-926,250	-919,008	-946,758	-982,104
Sub-Total	-1,610,652	-1,624,839	-1,624,839	-947,823	-860,862	-1,543,750	-1,531,680	-1,577,930	-1,636,840
Total	0	0	0	0	0	0	0	0	0

The Joint Committee recommend last year that the following cost reductions, being efficiency gains not affecting service levels, be accepted:-

Item	2011/12 £	2012/13 £	2013/14 £
Internal Audit	25,000	50,000	50,000
End Mortgage Administration Contract	0	0	6,000
<b>Total</b>	<b>25,000</b>	<b>50,000</b>	<b>56,000</b>

Members recognised that the service was still bedding in and recommended, therefore, that there be no staff reduction in 2011/12. Nevertheless, if the service was to achieve the saving of 10% being requested, it would need to reduce expenditure or increase income by £170k. The Committee recommended that any opportunities to expand the shared service, including sharing IT systems, be pursued. However

should this not result in the required savings, then, reluctantly, there would be little option but to reduce staffing levels and review the service provided. In these circumstances the councils' S151 officers' advice was accepted that the following cost reductions should be made commencing in 2012/13:-

Item	2011/12 £	2012/13 £	2013/14 £
Staff Rationalisation	0	128,580	128,580
<b>Total</b>	<b>0</b>	<b>128,580</b>	<b>128,580</b>

These reductions are included in the operating budget shown above and if confirmed by the Joint Committee will continue to be implemented.



2.6 Revenue Growth, Service Reductions and Cashable Efficiency Gains				
Description		2012/13 £	2013/14 £	2014/15 £
1	Potential Growth ABS e-financials upgrade to version 4.1 in December 2012 Redundancy Costs	33,000 30,000	0	0
	Total	63,000	0	0
2	Service Reductions Nil Total	0 0	0 0	0 0
3	Cashable Efficiency Gains Savings in accountancy structure (intended effect 1 April 2012) – <i>included in Forecasts in section 2.5 (above)</i> Total	0 0	0 0	0 0

## 2.7 Capital Investment

Scheme Name	New Scheme	Capital				Revenue Implications			
		2011/12 £	2012/13 £	2013/14 £	Future Years £	2011/12 £	2012/13 £	2013/14 £	Future Years £
Nil		0	0	0	0	0	0	0	0

## SECTION 3: OUTPUTS AND OUTCOMES

### 3.1 Customer insight and consultation

#### I Customer access channels

Service Area	Information Access	Service Access

#### II Customer identification and segmentation data

Service provided	Customer group	Segmentation data held
Internal Audit	Statutory function. External auditors Internal – Staff, occasionally public	Individuals at all levels – job title, name, department, email address etc. Mostly systems and procedures interrogation
Anti-fraud and corruption	Benefit fraud – tip-offs and information from public (via hotlines, letters) Systems information about individuals, e.g. MOSAIC information	Tip offs – mostly anonymous As below, NI numbers, bank account details, personnel records Details of partnership agencies, e.g. DWP
Creditors payment	External – suppliers of goods and services	Address, creditor's name, VAT number, Head office/business addresses. Income Tax status for some.
Treasury	Banks, building societies, investment advice agencies	Business addresses
Insurances	External Claimants – public, internal	Claim form details, name, DOB, claimant details, incident details
Accountancy	Service level service planning, budget monitoring, financial advice	Service heads/managers – name, department, position, email address

### III Communication and consultation methods

<b>Service provided</b>	<b>Inform</b>	<b>Consult</b>	<b>Engage</b>
Internal Audit	Audit plan – public document Reports – disseminated to Services	Timeframes for consultation implementation. Audit plan is assessed by Heads of Services and this is open to review	Committees, Audit, Resources Policy Panel
Anti-fraud and corruption	Tip-off publicity – website, advertisements on TV, radio etc. (National campaigns) National fraud hotline?	Respond to National initiatives – report on satisfaction	Successful prosecutions – National press. Also serves as a deterrent.
Creditors payment	Internal, demand-led service	Internal. This is the end of a process – CP authorise payments. Contact only foreseen if customers enter into complaints process in the case of late payment.	Shared Services Join Committee
Treasury	Contact with banks is through brokers. TRDC is the customer – no direct contact with banks/building societies	Market conditions	Executive Committee – Annual, and 6 monthly review-back looking report Risk management and overall strategy
Insurances	Insurance companies have involvement and conduct investigations etc. TRDC's remit is to check policies are OK.		No formal reporting strategy but linked to budget monitoring
Accountancy	Annual report, published on website, letters	Statutory obligation to consult with commercial representatives and internally-Heads of Services, Members, etc.	Annual report published internally and made available publically

**IV Customer satisfaction measures**

<b>Service provided</b>	<b>Measure</b>	<b>Collection method</b>	<b>Timescale for consultation - start date and regularity</b>	<b>Baseline result</b>	<b>Target</b>
Internal Audit	Satisfaction with service provided  Quality of service	Contractor-led satisfaction survey (rolling questionnaire)  Internal audit/inspection	Administered after each audit		
Anti-fraud and corruption	Satisfaction  Quality of service	Service provision questionnaire  Internal audit/inspection	Annual		
Creditors payment	Satisfaction with service  Quality of service	Questionnaire planned  Internal audit/inspection			
Treasury	Satisfaction with service  Quality of service	Questionnaire planned  Internal audit/inspection			
Insurances	Satisfaction  Quality of service	Survey of internal and external customers  Financial Management Model – collecting comments from users  Internal audit/inspection	One-off survey 2006/7	CIPFA collate results and produce compliance scores on aspects of service standards	
Accountancy	Satisfaction with service  Quality of service	Benchmarking across other authorities/organisations  Internal audit/inspection			

**V Learning from customer consultation**

<b>Question</b>	<b>Answer</b>
What key findings has customer consultation work identified in the last year for each service area? Have the needs of a specific customer group been identified?	Customer Insight and consultation new element in service plan
What has been done as a result of customer consultation?	Customer Insight and consultation new element in service plan
How have you feed back to customers that have been consulted?	Customer Insight and consultation new element in service plan
How effective were the consultation methods used? What changes are proposed?	Anti-fraud and corruption service provision questionnaire led to the creation of 12 SLAs

### 3.2 Service Level Agreements

Service Level Agreements are being updated to reflect additional functions since the start up of the Finance Shared Service. No services are to be deleted.

### 3.3 Performance Indicators

The Performance Improvement Officer has reviewed the relevance of these performance measures (not the targets) and commented on both their relevance and the role in securing meaningful and measurable improvements. This review focused on the critical elements of the service, the areas which cover statutory obligations, audit and key financial management. It was considered some of the PIs were collected did not provide useful performance information. Key performance indicators should drive service improvement. The currently agreed PIs are shown below with shading for those recommended for deletion.

For the performance indicators recommended to be retained, the targets have been reviewed and no changes are suggested.

Shared Service	Finance
Service Name	Budget setting Service Planning and Forecasting
Service Reference	FN01
Service Owner	Head Of Service

#### Service Level Performance Indicators

Measure 1			
Description	Budget monitoring and budget setting timetable agreed prior to commencement of the financial year		
Purpose	To measure compliance on reporting deadlines		
Go Live	Year 1	Year 2	Year 3 (end goal)
	100%	100%	100%
Review Date	Initial 6 month review then annually		

Shared Service	Finance
Service Name	Month end account closure & processing
Description	Period end closure ensuring financial statements reflect a full and true view of costs incurred and control processes including reconciliations are completed
Service Reference	FN02
Service Owner	Head Of Service

Service Level Performance Indicators (how will it be measured)

Measure 1			
Description	Bank and system reconciliations		
Purpose	Monthly reconciliations are performed and signed off within 10 days of period end		
Go Live	Year 1	Year 2	Year 3 (end goal)
	100%	100%	100%
Measure 2			
Description	Approved changes to budgets		
Purpose	Budget changes are uploaded to the financial management system within 2 days of approval		
Go Live	Year 1	Year 2	Year 3 (end goal)
	100%	100%	100%
Measure 3			
Description	Third Party payments (e.g. payroll deductions)		
Purpose	Payments generated by Finance are made to statutory deadlines and for other parties, within 10 days of month end		
Go Live	Year 1	Year 2	Year 3 (end goal)
	100%	100%	100%
Review Date	Initial 6 month review then annually		

Shared Service	Finance
Service Name	Monthly Budget Monitoring Reports
Description	Review and reporting of actuals against plan with value add narrative where applicable
Service Reference	FN03
Service Owner	Head Of Service
Volumes	1,000 individual budget categories

Service Level Performance Indicators (how will it be measured)

Measure 1			
Description	Overall Revenue Budget Performance		
Purpose	To ensure Revenue budgets are not overspent, and that an under-spend is contained within 3% of original budget.		
Go Live	Year 1	Year 2	Year 3 (end goal)
	-3% to 0%	-3% to 0%	-3% to 0%
Measure 2			
Description	Overall Capital Budget Performance		
Purpose	To ensure Capital budgets are not overspent, and that an under-spend is contained within 3% of original budget, and that individual schemes are completed on time.		
Go Live	Year 1	Year 2	Year 3 (end goal)
	-3% to 0%	-3% to 0%	-3% to 0%
Measure 3			
Description	Agree budget monitoring and budget setting timetables are met.		
Purpose	Ensure robust control and good practice are in place		
Go Live	Year 1	Year 2	Year 3 (end goal)
	100%	100%	100%
Review Date	Initial 6 month review then annually		



Shared Service	Finance
Service Name	Closure of annual accounts & production of statements
Description	Year end closure of accounts together with all relevant and necessary financial statements and returns including sign off by committee
Service Reference	FN04
Service Owner	Head Of Service

Service Level Performance Indicators (how will it be measured)

Measure 1			
Description	Cumulative ongoing cashable efficiency gains NI179		
Purpose	To ensure the councils are achieving required targets.		
Go Live	Year 1	Year 2	Year 3 (end goal)
Watford	£1.688m	£2.573m	TBA
Three Rivers	£1.004m	£1.530M	TBA
Measure 2			
Description	Statement of accounts approval		
Purpose	Final Accounts – The statement of accounts will be produced and approved by a respective Audit committee by June 30 <sup>th</sup> . The statements will be presented with no material errors and published with an unqualified audit opinion by 30 <sup>th</sup> September		
Go Live	Year 1	Year 2	Year 3 (end goal)
Watford	Confirmed	Confirmed	Confirmed
Three Rivers	Confirmed	Confirmed	Confirmed
Measure 3			
Description	Use of Resources-level 3 for Managing Finances		
Purpose	To ensure quality of financial delivery is meeting expectations.		
Go Live	Year 1	Year 2	Year 3 (end goal)
Watford	3	3	3
Three Rivers	3	3	3
Review Date	Initial 6 month review then annually		

Shared Service	Finance
Service Name	Compilation of government returns
Description	All financial and non financial returns where financial input is required on behalf of the customers of the Shared Service
Service Reference	FN05
Service Owner	Head Of Service

Service Level Performance Indicators (how will it be measured)

Measure 1			
Description	Revenue Account (RA)		
Purpose	Completed form returned by government specified date		
Go Live	Year 1	Year 2	Year 3 (end goal)
	100%	100%	100%
Measure 2			
Description	Revenue Summary (RS)		
Purpose	Completed form returned by government specified date		
Go Live	Year 1	Year 2	Year 3 (end goal)
	100%	100%	100%
Measure 3			
Description	Capital Outturn (CO)		
Purpose	Completed form returned by government specified date		
Go Live	Year 1	Year 2	Year 3 (end goal)
	100%	100%	100%
Review Date	Initial 6 month review then annually		

Shared Service	Finance
Service Name	Provision of financial advice to budget holders and Members
Description	Adhoc and standard monthly reporting delivering a value add service to support decision making across the authorities
Service Reference	FN06
Service Owner	Head Of Service

Service Level Performance Indicators (how will it be measured)

Measure 1			
Description	Percentage user satisfaction with Financial services.		
Purpose	To achieve improvements in and measure outputs.		
Go Live	Year 1	Year 2	Year 3 (end goal)
	85%	90%	95%
Review Date	Initial 6 month review then annually		

Shared Service	Finance		
Service Name	Insurance		
Description	Ensuring the Authority has the relevant level of insurance cover and claims handling		
Service Reference	FN07		
Service Owner	Head Of Service		
Service Level Performance Indicators (how will it be measured)			
Measure 1			
Description	Customer satisfaction		
Purpose	To determine level of customer satisfaction with the service		
Go Live	Year 1	Year 2	Year 3 (end goal)
	80%	80%	85%
Measure 2			
Description	Successful defence of claims		
Purpose	To mitigate loss and reduce insurance premiums		
Go Live	Year 1	Year 2	Year 3 (end goal)
	80%	80%	80%
Measure 3			
Description	Ensure correspondence is answered within 10 working days of receipt		
Purpose	Supports Customer satisfaction with service		
Go Live	Year 1	Year 2	Year 3 (end goal)
	95%	95%	95%
Review Date	Initial 6 month review then annually		

Shared Service	Finance
Service Name	Treasury , Investments and Banking Services
Description	Management of short and long term cash flow and ensuring investments are made that maximise returns in line with a secure policy
Service Reference	FN08
Service Owner	Head Of Service

Service Level Performance Indicators (how will it be measured)

Measure 1			
Description	Average investment interest rate to be no less 0.12% different from average base rate		
Purpose	To make best use of the Authorities financial reserves using a secure and risk managed approach		
Go Live	Year 1	Year 2	Year 3 (end goal)
	0.12%	0.12%	0.12%
Review Date	Initial 6 month review then annually		

Shared Service	Finance
Service Name	Accounts Payable
Description	Purchase and payment of suppliers for goods and services received by the Councils in line with a controlled process
Service Reference	FN09
Service Owner	Head Of Service

Service Level Performance Indicators (how will it be measured)

Measure 1			
Description	Percentage of undisputed invoices paid within 30 days (formerly BV8)		
Purpose	Clarity of pre approved procurement using appropriate methods <i>{Note - during current economic climate, both councils are endeavouring to pay SMEs within 10 days}</i>		
Go Live	Year 1	Year 2	Year 3 (end goal)
	100%	100%	100%
Measure 2			
Description	Percentage of invoices paid by BACS (currently reported by Watford only)		
Purpose	Drive best practice in procurement and remove one off or off-piste purchasing		
Go Live	Year 1	Year 2	Year 3 (end goal)
	75%	90%	90%
Measure 3			
Description	Percentage of all purchasing conducted electronically measured by emailed orders		
Purpose	Drive best practice in procurement and reduction in transaction costs/effectiveness		
Go Live	Year 1	Year 2	Year 3 (end goal)
	40%	70%	100%
Review Date	Initial 6 month review then annually.		

Shared Service	Finance
Service Name	Internal Audit (IA)
Description	Planning and delivery of audit plan to include control and process improvement recommendations and chasing action plans to completion
Service Reference	FN10
Service Owner	Audit Manager

Service Level Performance Indicators (how will it be measured)

Measure 1			
Description	Achievement of annual plan, subject to approved alterations.		
Purpose	Ensures agreed plans are delivered in an effective manner. To enable provision of annual opinion of controls		
Go Live	Year 1	Year 2	Year 3 (end goal)
Combined	92%	92%	92%
Review Date	Initial 6 month review then annually.		

Shared Service	Finance
Service Name	Benefit Fraud
Description	Investigation of all benefit fraud cases including the issue of sanctions which include prosecution, financial penalties and official cautions
Service Reference	FN11
Service Owner	Head of Service
Volumes	Approximately 330 cases per year investigated

Service Level Performance Indicators (how will it be measured)

Measure 1			
Description	Anti Fraud – Number of Investigations		
Purpose	To record the number of fraud investigations		
Go Live	Year 1	Year 2	Year 3 (end goal)
	310	320	330
Measure 2			
Description	Anti Fraud - Number of Investigators		
Purpose	Number of fraud investigators		
Go Live	Year 1	Year 2	Year 3 (end goal)
	5	5	5
Measure 3			
Description	Anti Fraud - Number of Sanctions		
Purpose	Number of sanctions administered		
Go Live	Year 1	Year 2	Year 3 (end goal)
	58	60	62
Review Date	Initial 6 month review then annually.		



Shared Service	Finance		
Service Name	Corporate Anti Fraud		
Description	Investigation of allegations of corporate fraud		
Service Reference	FN12		
Service Owner	Head of Service		
Measure 1			
Description	All referrals for investigation will be commenced within 5 days of receipt		
Purpose			
Go Live	Year 1	Year 2	Year 3 (end goal)
	100%	100%	100%
Review Date	Initial 6 month review then annually.		

### **3.4 Benchmarking Information**

To be updated – see separate summary report from CIPFA

**3.5 Outstanding Recommendations of External Inspections**

Insert here the name of the Inspectorate – the title of their report from which the recommended action has come – and the date of the report

<i>Action</i>	<i>Priority</i>	<i>Responsibility</i>	<i>Action to Date</i>	<i>Resolved</i>	<i>(Original) Implementation Date</i>
Management should then implement a process to monitor any changes made to the critical financial data tables identified to ensure the changes have been appropriately authorised. The monitoring should be done by an appropriate independent individual, i.e. the individual should not have access to the data bases and should have adequate knowledge to perform an effective review	Medium	Finance Manager (AT)	The FMS system does log changes to the core system, for example changes to bank details. If log files were required for every transaction this would have a huge impact on performance. We would need to discuss with the software supplier (ABS) and perhaps Welldata (remote DBA service) as to how best to proceed with this. Still awaiting information from Welldata on how best to proceed with this.	x	December 2011
Interfaces Management should consider obtaining interface programs from the financial package provider to ensure that there is continuous support for the interfaces that are run regularly and to prevent over reliance on one individual in the organisation  A segregation should be established between the program maintenance team and the financial reporting team.	Medium	Head of Finance	Obtaining new interfaces to replace those written in-house will be costly, inefficient and impact on service delivery. It is accepted that there is less internal control and greater risk for business continuity when reliance is placed on one individual. The matter will be referred to the Shared Services Directors to find a satisfactory solution but recognising that we operate within small teams and financial constraints. The IT skills of the Finance Manager reside with an individual and are not part of the job specification.	x	December 2011

### **3.6 Projects**

None

### **3.7 Equalities**

The Equalities Act 2010 includes a new public sector equality duty (both a general duty and specific duties), replacing the separate duties relating to race, disability and gender equality. The duty came into force on 6 April 2011. The duty places a range of steps that are legally required by local authorities covering issues such as: assessing relevance, using and publishing equality information, engagement, equality analysis, equality objectives, commissioning and procurement and business planning and reporting.

ICT Shared Services will integrate the general equality duty into service planning and will ensure that Equality Impact Assessments are conducted wherever appropriate.

**3.8 Risk Management**

**FINANCE RISK REGISTER**

All Services Operational Risks							
Risk	Risk	Impact	Impact Classification	Likelihood Classification	Reason for Assessment		
1	Insufficient staff	Service Disruption	I	D	Upated from Risk Classification IIF following comments form Watford SHoF and adverse publicity. Staffing in AP now <i>critical</i> function. Need to ensure full establishment and recruitment actions maintain quality to deliver.	Requires Treatment	Yes
		Financial Loss	II			Last Review Date	31/10/11
		Reputation	IV			Next Milestone Date	31/03/12
		Legal Implications	I			Next Review Date	31/03/12
		People	I			Date Closed	
2	Failure of ICT Systems	Service Disruption	I	D	Upated from Risk Classification IIIF following comments form Watford SHoF and adverse publicity. IT for AP now <i>critical</i> function.	Requires Treatment	Yes
		Financial Loss	III			Last Review Date	31/10/11
		Reputation	IV			Next Milestone Date	31/03/12
		Legal Implications	I			Next Review Date	31/03/12
		People	I			Date Closed	
3	Loss of Accommodation	Service Disruption	II	F	Upated from Risk Classification IIE following comments form Watford SHoF and adverse publicity. AP now <i>critical</i> function.	Requires Treatment	Yes
		Financial Loss	I			Last Review Date	31/10/11
		Reputation	IV			Next Milestone Date	31/03/12
		Legal Implications	I			Next Review Date	31/03/12
		People	I			Date Closed	

Finance Service Operational Risks							
Risk	Risk	Impact	Impact Classification	Likelihood Classification	Reason for Assessment		
4	Fraudulent Activity	Service Disruption	III	D		Requires Treatment Last Review Date Next Milestone Date Next Review Date Date Closed	Yes
		Financial Loss	IV				31/10/11
		Reputation	IV				ongoing
		Legal Implications	II				31/1/12
		People	I				
5	Mortgagors default	Service Disruption	I	F	Loss of capital receipt and need to invoke legal procedures for restoration	Requires Treatment Last Review Date Next Milestone Date Next Review Date Date Closed	No
		Financial Loss	I				31/10/11
		Reputation	I				01/04/12
		Legal Implications	I				01/04/12
		People	I				
6	Progress against audit recommendations is not monitored, they are not implemented and internal controls are therefore weakened	Service Disruption	I	E	If internal audit recommendations are not implemented essential controls will be inadequate and the Council's governance arrangements will be weakened.	Requires Treatment Last Review Date Next Milestone Date Next Review Date Date Closed	Yes
		Financial Loss	IV				31/10/11
		Reputation	IV				31/12/11
		Legal Implications	II				31/12/11
		People	I				
7	Failure to renew banking services contract.  [Banking Contract successfully renewed in 2010]	Service Disruption	II	F	Failure to ensure banking arrangements in place will have serious impacts on council cash flows and inability to meet needs of customers and suppliers with major impact on the vulnerable.	Requires Treatment Last Review Date Next Milestone Date Next Review Date Date Closed	No
		Financial Loss	I				1/4/12
		Reputation	I				1/4/12
		Legal Implications	I				1/4/12
		People	I				
8	Fail to close Accounts on time	Service Disruption	IV	F	2009/10 Accounts for Watford, Three Rivers and Shared Services closed and reported on time..	Requires Treatment Last Review Date Next Milestone Date Next Review Date Date Closed	Yes
		Financial Loss	1				31/10/11
		Reputation	IV				31/12/11
		Legal Implications	I				31/12/11
		People	I				

### Version Control

Version No.	Date	Reason for Update / Significant Changes	Made By
0.1	11/11/03	Draft for discussion of contents by Shared Services Management Team	AP
0.2	11/11/10	Draft for discussion of contents by Shared Services Joint Committee	AP