



DRAFT
FINANCE SERVICE PLAN
2011 - 2014

Version 0.1 – Shared Services Joint Committee – 7 March 2011

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Version Control

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.

Some services are excluded due to their having been included in other shared service work streams.

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

Changes to Scope Since the Start of Shared Services

During 2010/11, there have been changes to the responsibilities of Finance. Functions have been (or will be) transferred from Human Resources, Revenues and Benefits and ICT or other support services. Organisation charts and job descriptions remain unaltered. This need to be addressed for affected functions and posts. A number of these tasks require substantial staffing input and have an impact on service delivery. The tasks transferred to or backstopped by Finance are –

- Administration of car loans and car leases
- Liaison with Serco (Hertfordshire County Council) on employee superannuation
- Checking Employee Benefits for HMRC (P11D)
- Reconciling Housing Benefit payments account
- Assistance in various Revenues and Benefits Reconciliations
- Income reconciliations
- Assistance with Procurement
- Collection Fund
- Accounts Payable BACs transmission
- Commercial Rent Accounting (Watford)
- Commercial Service Charges (Watford)
- Transparency Reporting

No functions have been transferred from Finance to other shared services or clients of either council but the following functions have been terminated.

- Summary Financial Statements and Annual Reporting
- Annual Efficiency statements and returns

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 £	2010/11 £	2011/12 £
Original Budget (Shared Services Joint Committee Sep '09)	1,727,777	1,711,354	1,754,965
Outturn	1,697,872		
Latest Budget		1,628,982	1,624,839
Additional Savings (vs Business Case)	29,905	82,372	130,146

The recent *Cost Reduction* exercise requires further savings in 2012/13.

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 (2011)
- 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 agreed more than two years ago now require review and consultation with service users and this will be undertaken during 2011/12.

<p>Resilience</p>	<p>Staff rotation at Finance Manager and Senior Accountant level will continue and it is planned to make some changes when the accounts have been 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>The Finance organisation has been structured with generic job descriptions and staff will work across the various finance work streams. 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>Improved Services</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>

1.3**Contribution to the Councils' Strategic Objectives****Three Rivers District Council**

Customer Service.

- Develop, publish and monitor service standards for all services,
- Respond to complaints by learning and improving our services,
- Improve customer satisfaction,
- Regularly involve and consult with the local community on key issues,
- Meet statutory equality targets and standards,
- Ensure our services provide value for money,
- Align budgets to priorities,
- Manage and reduce risk,
- Ensure internal processes produce timely outputs,
- Ensure internal processes produce accurate outputs,
- Continue to improve the Council's performance,
- Ensure employees are properly trained, developed and motivated,
- Ensure Members are properly trained and developed,
- Engage with community groups to deliver effective partnership working.

Watford Borough Council

Improve the health of the town and enhance its heritage

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

We will support/enable the Council and its services to meet these objectives.

1.4

The Future of the Service

In 2011/12, detailed planning is required 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.

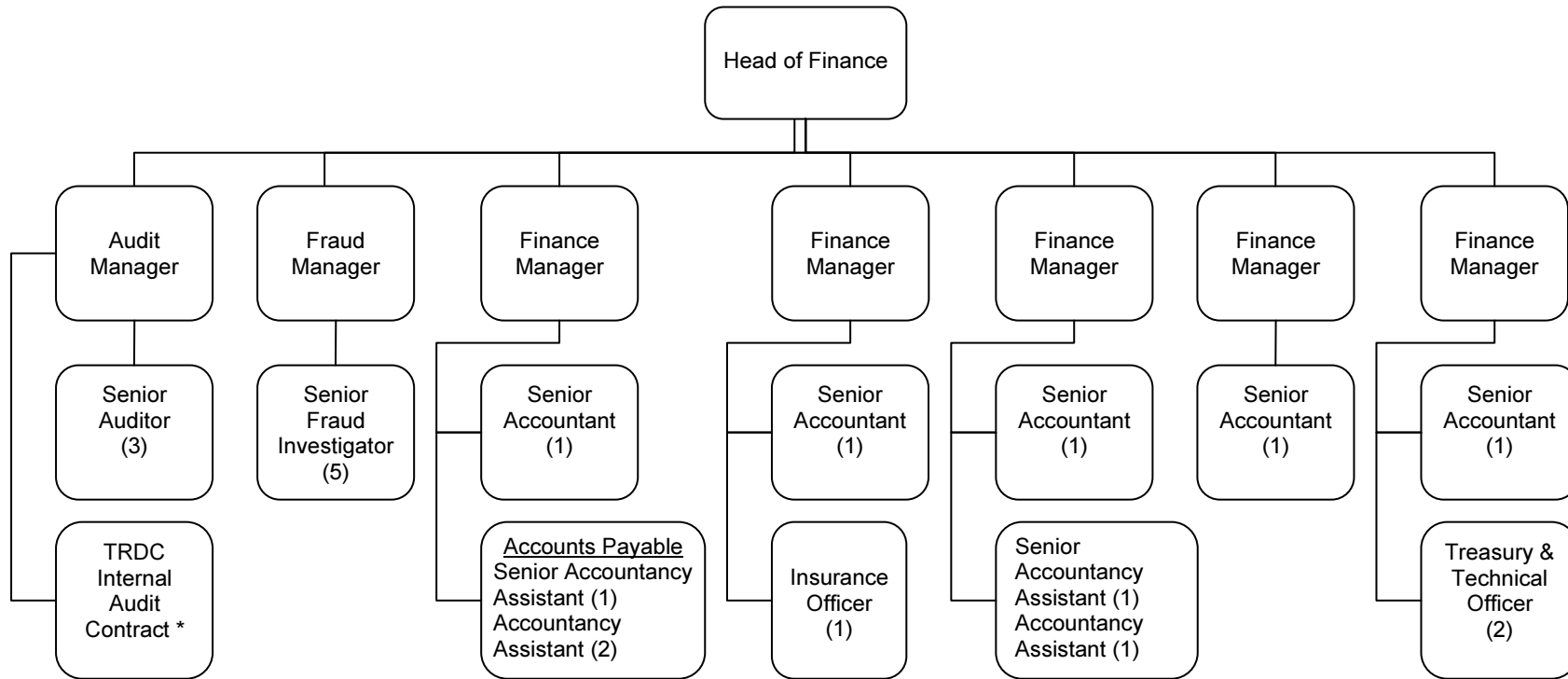
Significant changes are the move to International Financial Reporting Standards (IFRS) and changes in governance with the Treasury taking responsibility for accounting standards (from the Accounting Standards Board). There continue to be changes to accounting and reporting with revised Codes of Practice and significant additional requirements. The Best Value Accounting Code and alignment with SORP is expected. CIPFA and the Audit Commission are currently consulting on financial reporting and significant changes are anticipated.

With Whole of Government Accounts in place earlier financial statements may be required.

SECTION 2: INPUTS

2.1 People

Organisation Chart



FINANCE SHARED SERVICES ESTABLISHMENT	Grade	No.	FTEs	Currently Vacant
Job Title				
Audit Manager	10	1	1	0
Senior Auditor	8	3	3	0
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	0
Senior Accountancy Assistant	6	1	1	0
Accountancy Assistant	5	4	4	0
Treasury And Technical Officer	6	2	2	0

INDICATIVE REDUCTIONS TO BE AGREED AUTUMN 2011 (wef 2012/13)	Grade		FTEs	Expected Vacant
Job Title				
Audit Manager	10		0.5	0
Fraud Manager	10		0.5	0
Finance Manager	10		1	0.5
Senior Accountant	8		1	1
Accountancy Assistant	5		1	0

2.2 Workforce Planning			
Workload – Trends & Changes	Staffing Implications – Impact on Service & Individuals	Options & Preferred Solutions	Outcome – Financial Implications, Resilience Implications & Implications for Improving the Service
Age Profile	The majority of both key and senior positions are occupied by long-serving and highly experienced professionals eligible to retire in the medium term.	Senior staff must be retained to ensure achievement of business objectives. Loss of several key staff may necessitate an overall FTE increase	Incentives available to retain key staff are unlikely. See Succession Planning
Market Pay	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 nd percentile for non-shared service organisations	Review of basis and methodology for application of market factors within a shared service environment.	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. This will require market rates for remuneration together with a premium. Market factors (reviewed annually) have been applied to Senior Auditors and Finance Managers.
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.

2.3 Partnerships & Contracts	
Partner / Partnership	Expected Outcomes
Deloitte Touché	TRDC contract expired March 2010. DT was used to provide additional audit days to meet the Plan for 2010/11 but there will be a significant reduction for this support from 2011/12.
LA VAT	Currently use LAVAT for provision of specialist VAT advice.
Treasury Advisers – Butlers/Sector	WBC currently uses Sector for Treasury Management Advice to 31/08/11. TRDC use Sector (was Butlers at the outset) with a contract to 01/11/2011.
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

29 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 Computer Software (COA eFinancials)

Aptos (archive facilities)

Radius PowerSolve (archive facilities)

On-Line Banking & Treasury Management

Microsoft Office Applications

Financial Management System (new)

Fraud Module (within Benefits system)

2.5 Current Budgets

Code	Operating Costs	2010/11 Original £	2010/11 Revised £	2011/12 Original £	2012/13 Forecast £	2013/14 Forecast £
	Expenditure					
	Employees	1,420,550	1,431,052	1,452,959	1,362,672	1,431,433
	Transport	23,170	23,230	22,730	22,730	22,730
	Supplies & Services	174,700	174,700	149,150	149,150	143,190
	Contracted & Agency Services	40,000	0	0	0	0
	Income	0	0	0	0	0
	Sub-Total	1,685,420	1,628,982	1,624,839	1,534,552	1,597,353
	Recharge to Councils					
	Three Rivers District Council	663,368	651,593	649,936	613,821	638,941
	Watford Borough Council	995,052	977,389	974,903	920,731	958,412
	Sub-Total	1,658,420	1,628,982	1,624,839	1,534,552	1,597,353
	Total	0	0	0	0	0

2.6		Revenue Growth, Service Reductions and Cashable Efficiency Gains			
		Description	2011/12 £	2012/13 £	2013/14 £
1	Potential Growth				
	Total		0	0	0
2	Service Reductions				
	Nil		0	0	0
	Total		0	0	0
3	Cashable Efficiency Gains				
	Nil		0	0	0
	Total		0	0	0

2.7		Capital Investment		
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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, creditors 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

Service provided	Inform	Consult	Engage
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

Service provided	Measure	Collection method	Timescale for consultation - start date and regularity	Baseline result	Target
Internal Audit	Satisfaction with service provided	Contractor-led satisfaction survey (rolling questionnaire) Internal audit/inspection	Administered after each audit		
	Quality of service				
Anti-fraud and corruption	Satisfaction	Service provision questionnaire	Annual – Aug 2007		
	Quality of service	Internal audit/inspection			
Creditors payment	Satisfaction with service	Questionnaire planned			
	Quality of service	Internal audit/inspection			
Treasury	Satisfaction with service	Questionnaire planned			
	Quality of service	Internal audit/inspection			
Insurances	Satisfaction	Survey of internal and external customers Financial Management Model – collecting comments from users	One-off survey 2006/7	CIPFA collate results and produce compliance scores on aspects of service standards	
	Quality of service	Internal audit/inspection			
Accountancy	Satisfaction with service	Benchmarking across other authorities/organisations			
	Quality of service	Internal audit/inspection			

V Learning from customer consultation

Question	Answer
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

Shared Service	Finance
Service Name	Budget Setting Service Planning and Forecasting
Description	Forward looking delivery of Council plans in line with budgetary availability of finances. Financial statements that reflect the ability to deliver together with ongoing forecasting of future requirements (capital and revenue)
Service Reference	FN01
Service Owner	Head Of Service

Inputs/Outputs

Inputs	<p>MTFP- Interest, Inflation Assumption, Capital, Reserves/Balances, Fees & Charges.</p> <p>Customer Service Plans</p> <p>Establishment Lists/Organisation Chart</p> <p>Payroll Output</p> <p>Recharge information for Support services</p> <p>Capital charges</p> <p>AMP (Asset Management Plan)</p> <p>Capital strategy</p> <p>Growth and/or Savings</p> <p>Grant settlement.</p>
Input Quality Measures	<p>Timetable for budget setting</p> <p>Timely / Accurate / Reliable input.</p> <p>Star chamber- Member approval</p> <p>Member approved Service Plans</p> <p>Budget Panel/Budget Monitoring</p>
Customer Responsibility	<p>Ownership of Budget</p> <p>To ensure members agree Service Plans</p> <p>S151 officer to produce the MTFP</p> <p>To keep to agreed timetable</p> <p>Availability of key staff</p> <p>To know their service area & how they meet corporate objectives and their own service goals</p> <p>Understanding of their customer base requirements</p>

Processes	<p>For Revenue and Capital</p> <p>Cost up the individual Service Plans</p> <p>Establish base budget for future year(s)</p> <p>Calculate internal recharges/capital charges</p> <p><u>Produce reports to enable members to –</u></p> <p>Agree Unavoidable growth/savings</p> <p>Agree fees & charges</p> <p>Agree the Budget & set the Council Tax</p> <p>Communication of timetable, deadlines and user requirements</p>
Outputs	<p>Capital Programme</p> <p>Budget Report</p> <p>MTFP</p> <p>Online Budget / Book</p>
Output Responsibility	Head of Finance

Supporting Data

Timescales	<p>In line with the agreed Timetables for</p> <p>Draft Service Plan/ budgets and</p> <p>Final Service Plan/Budget setting</p>
Outcomes	<p>Set the Council Tax</p> <p>Affordable Service Plans are set</p>
Inter- dependencies	<p>Service Plans</p> <p>Government policy</p> <p>External Advisors</p>
Quality	<p>Within 3% of Original Budget</p> <p>Annual Efficiency Savings Achieved</p> <p>Produced on time, accurately and reliably</p>
Performance Indicator	<p>User Satisfaction – with the budget process</p> <p>Timetable targets met</p>
Volumes	1,000 individual budget categories

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

Inputs/Outputs

Inputs	<p>Chart of Accounts amendments Coding control amendments (Objective / Subjective / Links) <u>Feeder systems :</u> Debtors Payments Housing Benefit Council Tax and Business Rates Payroll Cash / Bank Rents Journals Period posting controls <u>Purchase Order Commitments, including :</u> Goods received notes Clearance of old items</p>
Input Quality Measures	Completed task list that balances in accordance with the budget monitoring timetable
Customer Responsibility	Service feeder area's Bank Housing Trust
Processes	Communication to users across the organisation of key activities and deadlines Loading Reconciliation Virement Period end closure New period opening

	Year end control when required
Outputs	Reconciliations : Ledger balance Bank and Cash Payroll Tax, NI, VAT, CIT Feeder systems Investments Personal accounts Holding accounts FN03 Monthly Budget Monitoring Reports
Output Responsibility	Head of Finance in conjunction with S151

Supporting Data

Timescales	In accordance with the Budget monitor timetable
Outcomes	Accurate, Timely and Reliable accounts Timetable satisfied All reconciliations balanced External / Internal Audit requirements met
Inter- dependencies	Budget monitoring timetable Service feeder area's Bank Housing Trust
Quality	Timetable satisfied All reconciliations balanced External / Internal Audit requirements met
Volumes	2 sets of complete data each accounting period

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

Inputs/Outputs

Inputs	FN02 Month end account closure & processing Discussions with budget holders and Review Key budget risks Budgets & Virements & Supplementary adjustments for both Revenue and Capital Capital , Revenue and Balances Invoice payment information
Input Quality Measures	Accurate, timely and reliable. Agreed with key identified officers
Customer Responsibility	Take ownership of costs/commitments i.e. Accountability Provide returns, on latest budget, on time Provide comment on actual versus budget Supply information for virements All relevant information has been disseminated
Processes	Spreadsheet information out to Budget Holders Feedback Review with Budget Holders Budget report to Excel Virement Load onto FMS
Outputs	Finance digest Budget Monitoring Report Updated on-line Budget
Output Responsibility	Head of Finance

Supporting Data

Timescales	Monthly
Outcomes	The enabling of timely accurate and reliable budget monitoring
Inter- dependencies	ICT – system functionality Heads of Services S151 Member decision updates CMB decision updates Legislative changes Debt collection rates Spreadsheet with 3 yrs budget information
Quality	External and/or Internal Audit Review End of Year Member review Star chamber review
Volumes	1,000 individual budget categories

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

Inputs/Outputs

Inputs	<ul style="list-style-type: none"> Accrual Information from departments Stock information / petty cash balances Cash balances Month end inputs/reconciliations etc Statutory guidance –SORP, IFRS, ISA 260 Timetable Calculating recharges – internal and external Capital charges FRS 17 Asset Valuations Audit checklist
Input Quality Measures	Accurate, reliable, timely information
Customer Responsibility	<ul style="list-style-type: none"> SI51 Statutory responsibility for Statement Of Accounts Provide info on their services accurately, reliably and in timely fashion. Take ownership i.e. Accountability Provide returns Provide comment on actual versus budget Supply information for virements All relevant information has been disseminated Provide audit checklist
Processes	<ul style="list-style-type: none"> Written guidance for Cost Centre Managers (CCM's) Offer training for CCMs Meet auditors – setting rules Advertise public inspection date Prepare dated timetable Closedown accounts

	Produce working papers Draft account to audit committee Obtain governance statement Produce accounts Manage the audit Sign accounts Adopt accounts through audit committee Advertise closure Print, publish, website Produce summary accounts for public.
Outputs	Draft accounts Signed accounts Governance statement Closed accounts on system Reports to audit committee
Output Responsibility	S 151 in conjunction with Head of Finance

Supporting Data:

Timescales	Annual by 30 th June Signed off by Audit 30 th September Public inspection September
Outcomes	A statement of Accounts adopted and complete with Audit comment.
Inter- dependencies	S 151 – Governance statement SORP changes IFRS Members External / Internal Audit CIPFA BIS – system functionality
Quality	No significant or material errors Use of Resources score Meet timetable targets
Volumes	Two sets of accounts Two digests

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

Inputs/Outputs

Inputs	Schedule of returns Forms issued Return documentation and guidance
Input Quality Measures	Accurate, timely and reliable Audited data
Customer Responsibility	Accessibility Statistical information
Processes	Schedule of requirements/responsibilities communicated Data and statistical compilation Authorisation Retention copy
Outputs	Returned on time, complete and authorised
Output Responsibility	Head of Finance

Supporting Data

Timescales	Timetable of annual, quarterly and monthly events
Outcomes	All returns completed as required, including : Revenue Outturn Revenue Actual Pooling Corporate Performance Review Capital Outturn Capital Payments Return

	<p>Annual Efficiency Statement Quarterly Borrowing return VAT , TAX , NI, CIT, Superannuation Deferred Facilities Grant Housing Subsidy Homelessness “Son of” “Housing Investment Programme” Specific Grant returns – individually set requirements County Digest Freedom of Information Act Ratepayers leaflet Whole Government Accounts</p>
Inter- dependencies	<p>Final Accounts Budgets Monthly / Quarterly Actual reports Budget / Service Managers Central Government HMRC Pension Administrators – County Council DWP Members Pressure Groups External Audit S151</p>
Quality	<p>No financial penalties No Auditor qualifications</p>
Volumes	<p>200 returns per annum</p>

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

Inputs/Outputs

Inputs	<ul style="list-style-type: none"> Changes to Government Grants Other Councils Taxpayers Tenants Members Managers Treasury – Prudential Indicators Legislative changes Accounting policy – IFRS,SORP,BVACOP Insurance Risk Budget Management Financial regulation
Input Quality Measures	<ul style="list-style-type: none"> External Audit Hindsight and experience
Customer Responsibility	<ul style="list-style-type: none"> Information is accurate, timely and reliable Requests are clear and timeline indicated
Processes	<ul style="list-style-type: none"> Experience Analysis Modelling Legislative interpretation Policy costing Comparison, Challenge, Consult - Best Value/Value For Money Options Appraisal
Outputs	<ul style="list-style-type: none"> Technical advice to customers Recommendations to change policy where appropriate Recommendations for procedural change when necessary Options Appraised and communicated

Output Responsibility	Head of Finance
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Supporting Data

Timescales	Adhoc by request
Outcomes	Satisfied Customers
Inter- dependencies	Advisors Customers Budget Managers Members Other Councils Central Government CIPFA External / Internal Audit Central Government Professional bodies Financial regulations Legislation Media Head of Shared Services
Quality	Enabling Customers to make informed decisions
Volumes	150 cost centre managers and members

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

Inputs/Outputs

Inputs	<p>Insurance Policies with excesses</p> <p>Incident details form</p> <p>Processing Insurance claims</p> <p>Correspondence from claimants and insurance company</p> <p>Photos of incident site – Where Possible</p> <p>Site inspection records</p> <p>Info from officers on insurable risks, update on building values, vehicle purchases etc</p> <p>Info on incidents that could give rise to claim</p> <p>Risk Management and policy cover statements</p>
Input Quality Measures	<p>Accurate description of insurance claim, who, what when, where</p> <p>Photographs of site</p> <p>Inspection records</p>
Customer Responsibility	<p>Front end/internal staff e.g.; depot to complete the incident claim form</p> <p>External claimants to write in with claim details</p> <p>To provide information on insurable risks</p>
Processes	<p>Receive incident report form, claim form, or letter from third party</p> <p>Despatch correspondence to insurance company</p> <p>Correspond with insurance company and claimant or internal staff</p> <p>Insurance company to settle claim and make payment where appropriate</p> <p>Negotiation of 5 year contracts</p> <p>Management of value for money via risk profiles and contract management</p> <p>Renewal of insurance policies annually</p>
Outputs	<p>Claim form for insurance company</p> <p>Correspondence re claim</p> <p>Sound advice provided to customers</p>
Output Responsibility	Insurance officer

Supporting Data

Timescales	Acknowledge claims or correspondence within 10 working days of receipt Update insurance policies for new insured risks as they occur To review all insurable risks annually Renegotiate annual renewal with insurance company
Outcomes	Claim dealt with in an efficient manner Claim successfully defended Adequate insurance for insurable risks
Inter- dependencies	Insurance company Claimant Loss adjuster External solicitors All internal staff for information on claims
Quality	Efficiency of claims handling Reduced premiums resulting from reduced successful claims
Volumes	140 claims per annum

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

Inputs/Outputs

Inputs	Cash flow spreadsheet Bank Statements Credit ratings from Treasury Advisors Backward looking investment statements Forward looking strategy paper.
Input Quality Measures	Accurate, timely No adverse ratings on counterparties
Customer Responsibility	Agree Treasury Management Strategy each year
Processes	Obtain cash forecast for next 1 – 3years Short term cash forecasting Call back any maturities Deposit and Investment via eligible parties Process payment on on-line banking system
Outputs	Bank reconciliation Investment register CIPFA Returns Secure investment returns in line with local and government regulations/policies Un-presented cheque listing
Output Responsibility	Head of Finance/ Treasury and Technical Accountant

Supporting Data

Timescales	Treasury Management daily Bank reconciliation monthly within 10 working days of month end Interest and principal balanced back to ledgers within 10 working days of month end
Outcomes	Security first then Interest maximised Balanced bank reconciliation to ledgers

Inter- dependencies	Treasury Management policy Prudential Indicators Electronic banking statements ICT Approved Treasury Management Strategy
Quality	Investment income- budget versus actual Timely reconciliation Complimentary audit reports , internal and external
Volumes	£100million investments between two councils 200 investments per annum

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

Inputs/Outputs

Inputs	<p>Authorised Purchase Orders Goods Receipts New Supplier Forms Amendments to Supplier master data Supplier Invoices/Pro-forma's/ Statements New User request form (instigate training and access)</p>
Input Quality Measures	<p>Correct and complete supplier details Invoices quoting purchase order numbers CIS requirements complete VAT liability correctly coded Authorised request for training</p>
Customer Responsibility	<p>Creation of PO's and Goods receipt as required in a timely manner Block/unblock payment request Passing of all relevant documentation e.g.; invoices to finance Correct ledger coding Requesting credit notes for faulty goods/ under delivery from suppliers. Ensuring dept had enough trained users in place to deliver service</p>
Processes	<p>Matching Payment Approval BACS/CHQ payment runs Issue of Remittance Advice Supplier master data maintenance Supplier liaison and management Reconciliation and management of P Cards Statement Reconciliations Scanning and Storage of invoices to meet legal requirements CIS/VAT reconciliations and management Training manual Control</p>

	End user training (1-1 and group)
Outputs	Supplier Payments Sundry payments/refunds Remittance Advice CIS Tax Returns VAT Reconciliation statements Customer Liaison for invoice matching, authorisation and advice Competent user with knowledge of how to follow correct procedures
Output Responsibility	Accounts Payable Supervisor

Supporting Data

Timescales	Various Payment Runs per week as required - Includes 2 Housing Benefit payment runs (TRDC)
Outcomes	Suppliers Paid to terms Customer Corporate Goals supported by delivering quality payment service Compliance with collection and payment of tax (VAT & CIS)
Inter- dependencies	Taxation Treasury ICT Systems All other Council Departments
Quality	Payment to terms, (BVPI8) Reduced supplier contact due to no late payments
Volumes	2,000 payments per week (excluding 3Rivers Housing Benefit) 10-20 new suppliers per week Training requests 12-14 per annum

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

Inputs/Outputs

Inputs	<p>Suggestions for items to be included in the annual audit plan</p> <p>Legislation/Regulations/Council decisions.</p> <p>External bodies' e.g. external auditor.</p> <p>Approve audit strategy and annual audit plan.</p> <p>Approve IA Terms of Reference.</p> <p>Approve requests for specific pieces of work from individual Services.</p> <p>Corporate Centre to act as arbiter in case of disagreement between IA and individual Heads of Services.</p>
Input Quality Measures	Annual Audit plan agreed to timescales
Customer Responsibility	<p>Input to the annual audit plan.</p> <p>Maintain adequate risk management arrangements.</p> <p>Agreeing draft report and action plan</p> <p>Respond to audit reports and implementation of findings</p>
Processes	<p>Provide an independent Internal Audit service in accordance with its approved Terms of Reference and audit plan. The service to consist of:</p> <p>Risk based systems audits</p> <p>Contract audit</p> <p>IT audit</p> <p>Value for Money work</p> <p>Fraud work</p> <p>Advice</p> <p>Liaison with external auditors.</p>
Outputs	<p>Audit process outputs</p> <p>Issue of an Audit Brief. Test evidence. Draft report, Final report. Follow up of implementation.</p> <p>Committee reports.</p> <p>Advice.</p>

	Provision of a formal annual opinion re the effectiveness of the authority's control environment. Update reports to S 151 Officer.
Output Responsibility	Audit Manager

Supporting Data

Timescales	Annual, in accordance with the annual plan, with quarterly progress reports to Audit Committee and monthly reports to S 151 Officer. More frequent reporting if necessary.
Outcomes	Council receives assurance, or otherwise, of the effectiveness of its system of internal control. Its response to IA work should lead to the strengthening of the control environment and, therefore, contribute to the achievement of its objectives by the proper, efficient, effective and economic use of resources. Council complies with Accounts and Audit Regulations 2003 (as amended 2006).
Inter- dependencies	IA should have unrestricted access to Council records, assets, premises and staff and the authority to obtain such information and explanations as necessary to fulfil its responsibilities. Ability to carry out audits without affecting the delivery of the customers end service A positive response to IA recommendations. Training - continuing staff development. Independence from non-audit duties. Auditors to use due professional care. Provision of sufficient resources to enable the service to be effective.
Quality	IA complies with the Chartered Institute of Finance's Code of Practice for Internal Audit and its work can be relied upon by the external auditor.
Volumes	In accordance with the approved annual plan.

Shared Service	Finance
Service Name	Benefit Fraud
Description	Review and investigation of all identified issues in relation to benefit fraud leading to recovery
Service Reference	FN11
Service Owner	Head of Service

Inputs/Outputs

Inputs	<p>Referrals</p> <p>Housing Benefit Matching Service (HBMS)</p> <p>National Fraud Initiative (NFI)</p> <p>Performance Standards</p> <p>Other joint working partners including Police, Department for works and Pensions (DWP).</p>
Input Quality Measures	<p>Access to above systems</p> <p>Claims for benefit processed with no errors</p> <p>Policies and procedures up to date</p>
Customer Responsibility	<p>Revenue and Benefits staff to action the outcome of the investigation by Fraud with 7 days.</p> <p>External organisations provide intelligence requested within timescales agreed.</p>
Processes	<p>Receive referral and risk assess</p> <p>Identify appropriate lines of enquiry</p> <p>Identify potential sources of information and witnesses</p> <p>Consider other agencies and liaise with accordingly.</p> <p>Apply appropriate investigative techniques to secure evidence (for example surveillance)</p> <p>Interview witnesses and customer</p> <p>Obtain necessary evidence to allow benefit to be re-determined</p> <p>Review facts and consider a sanction</p> <p>Maintain accurate records</p>
Outputs	<p>Correct amount of benefit paid</p> <p>Any overpayment of benefit identified</p> <p>Sanction issued and or case closed</p> <p>Levels of Fraud reduced.</p>
Output Responsibility	Fraud Manager

Supporting Data

Timescales	N/A
Outcomes	Performance standards met and KLOE's
Inter- dependencies	National Anti Fraud Network (Nafn) Intelligence organisation Court Witnesses and 3 rd party information suppliers Access to IT systems
Quality	Local PI's Sanctions achieved
Volumes	Approximately 250 cases per year investigated

Shared Service	Finance
Service Name	Corporate Anti Fraud
Description	Review and investigation of issues in relation to the control and risks in relation to the councils assets and governance
Service Reference	FN12
Service Owner	Head of Service

Inputs/Outputs

Inputs	Referrals for investigation Other joint working partners including Police, Department for works and Pensions (DWP). Access to fraud module for corporate fraud cases
Input Quality Measures	Access to above systems Policies and procedures up to date
Customer Responsibility	Accurate records and procedures
Processes	Receive referral and risk assess Identify appropriate lines of enquiry Delivery of investigation to include (external partners, internal resource, surveillance, interviews) Review facts and report outcomes Consider legal and or disciplinary action Maintain accurate records
Outputs	Report of Recommended actions relevant to case Adherence to Anti Fraud and Corruption Policy Confidence in policies and procedures
Output Responsibility	Fraud Manager

Supporting Data

Timescales	Dependant on issue
Outcomes	Council assets are protected
Inter- dependencies	Other agencies Council departments Employment tribunals Disciplinary hearings Court Access to IT systems
Quality	Losses are limited and procedures in place to prevent/stop fraudulent activities
Volumes	Not known
Review Date	Initial 6 month review then annually.

Summary Policies Utilised across the Services

Appendix B

Policy	Service ref	Service Name	Common	WBC	TRDC
Council Constitution – Finance Procedure Rules Contract Regulations		All	✓		
Financial management – monitoring etc?					
Money Laundering		All	✓		
Capital Strategy	FN08	Treasury, Investments and banking services	✓		
Whistle blowing		All	✓		
Corporate Anti-Fraud and Corruption Strategy	FN10 FN11 FN12	Internal Audit Benefit Fraud Corporate Fraud	✓		
Treasury Management	FN08	Treasury, Investments and banking services	✓		
Investment Strategy	FN08	Treasury, Investments and banking services		✓	✓
Value Added Tax	FN05 FN09	Return's VAT, TAX Govt, AES Accounts Payable	✓		
CIS	FN05 FN09	Return's VAT, TAX Govt, AES Accounts Payable	✓		

3.3 Performance Indicators

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 th . The statements will be presented with no material errors and published with an unqualified audit opinion by 30 th 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

Measure: Cost					
Benchmark Description	Comparator Group	Result	Rank within group (x out of y)	Date Valid	Comments
Cost Measures (56 measures)	Shire Districts	Three Rivers – of the 56 cost comparators, 41 were better than average and 15 were lower. Watford – will use this benchmarking group in 2009	See Result	02/10/2008	CIPFA-IPF Accountancy Benchmarking Club
Staffing Measures (21 measures)	Shire Districts	Three Rivers – of the 21 staff comparators, 11 were better than average and 10 were lower. Watford – will use this benchmarking group in 2009	See Result	02/10/2008	CIPFA-IPF Accountancy Benchmarking Club
Measure: Quality					
Benchmark Description	Comparator Group	Result	Rank within group (x out of y)	Date Valid	Comments
Quality Measures (24 measures)	Shire Districts	Three Rivers – of the 24 quality comparators, 13 were better than average and 11 were lower. Watford – will use	See Result	22/10/2009	CIPFA-IPF Accountancy Benchmarking Club

		this benchmarking group in 2010.			
Internal Audit will meet CIPFA's Code of Practice criteria		Compliant		June 2008	Self-assessment but IA also subject to annual review by external auditor(s).
Measure: Other					
Benchmark Description	Comparator Group	Result	Rank within group (x out of y)	Date Valid	Comments
Time series Analysis (8 measures)	Shire Districts	Three Rivers – of the 8 comparators, 7 were better than average and 1 was lower. Watford – will use this benchmarking group in 2010.	See Result	22/10/2009	CIPFA-IPF Accountancy Benchmarking Club

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>
Enter here the recommended action of the inspectorate	High Medium Or Low	Enter here who is responsible for the action	Enter here what action has been taken	✓ or ×	Enter history of Implementation

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

3.6 Projects

Project	Apr 2009	May 2009	Jun 2009	Jul 2009	Aug 2009	Sep 2009	Oct 2009	Nov 2009	Dec 2009	Jan 2010	Feb 2010	Mar 2010	2010- 2011	2011- 2012	Progress / Comments
None															

3.7 Equalities

Work will be undertaken by both council's equality officers to produce a common equalities reporting template for all services in line with the new national equalities framework. This element of the service plan will be reported to members for approval on 11th January 2010".

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	14/05/10
		Reputation	IV			Next Milestone Date	01/12/10
		Legal Implications	I			Next Review Date	01/12/10
		People	I			Date Closed	dd/mm/yy
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	14/05/10
		Reputation	IV			Next Milestone Date	01/12/10
		Legal Implications	I			Next Review Date	01/12/10
		People	I			Date Closed	dd/mm/yy
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	14/05/10
		Reputation	IV			Next Milestone Date	01/12/10
		Legal Implications	I			Next Review Date	01/12/10
		People	I			Date Closed	dd/mm/yy

Finance Service Operational Risks

Risk	Risk	Impact	Impact Classification	Likelihood Classification	Reason for Assessment		
4	Mortgagors default	Service Disruption	I	F	Loss of capital receipt and need to invoke legal procedures for restoration	Requires Treatment	No
		Financial Loss	I			Last Review Date	14/05/10
		Reputation	I			Next Milestone Date	01/12/10
		Legal Implications	I			Next Review Date	01/12/10
		People	I			Date Closed	dd/mm/yy
5	Progress against audit recommendations is not monitored, they are not implemented and internal controls are therefore weakened	Service Disruption	I	F	If internal audit recommendations are not implemented essential controls will be inadequate and the Council's governance arrangements will be weakened.	Requires Treatment	No
		Financial Loss	I			Last Review Date	14/05/10
		Reputation	I			Next Milestone Date	01/12/10
		Legal Implications	I			Next Review Date	01/12/10
		People	I			Date Closed	dd/mm/yy
6	Failure to renew banking services contract. [Banking Contract successfully renewed in 2010]	Service Disruption			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	No
		Financial Loss				Last Review Date	14/05/10
		Reputation				Next Milestone Date	
		Legal Implications				Next Review Date	
		People				Date Closed	
7	Fail to close Accounts on time	Service Disruption			2009/10 Accounts for Watford, Three Rivers and Shared Services closed and reported on time..	Requires Treatment	No
		Financial Loss				Last Review Date	01/02/11
		Reputation				Next Milestone Date	
		Legal Implications				Next Review Date	
		People				Date Closed	

Likelihood ↑	A						Impact	Likelihood	
	B						V = Catastrophic	A = ≥98%	
	C						IV = Critical	B = 75% - 97%	
	D						III = Significant	C = 50% - 74%	
	E						II = Marginal	D = 25% - 49%	
	F						I = Negligible	E = 3% - 24%	
			I	II	III	IV	V		F = ≤2%
		Impact →							

FINANCE RISK ASSESSMENT AND TREATMENT PLANS

Risk Ref:	1	Risk Title:	Insufficient Staff		
Responsibility		<i>Who is managing the risk?</i>	Head of Finance		
Consequence		<i>What can go wrong? How can it go wrong? Has it gone wrong before?</i>	A prolonged absence of staff could result in some services being reduced or suspended.		
Cause / Trigger		<i>What happens to bring the risk into being?</i>	Staff resignations, inability to recruit to vacancies, long term sickness, illness to significant number of staff in same incidence e.g. pandemic flu, strike action, severe weather.		
Existing Control		<i>What controls exist now to minimise the risk?</i>	<ul style="list-style-type: none"> • In the current economic climate pay and terms & conditions are adequate to attract and retain skills required. Market force payments are available. The organisational structure is new and not yet tested. The organisation has been supported for many years with bought in expertise and this support will end in July 2010. • The Finance SCP lists the priority services of the department. • Some staff work additional time at weekends and evenings to meet peak workloads and this has been managed by overtime or time in lieu. Budgets do now exist for overtime and costs have to be managed within existing resources. • Staff turnover is historically low. • Motivation and satisfaction levels captured during appraisals is high. 		
Adequacy of Control		<i>What evidence is there that the existing Controls are working?</i>	<ul style="list-style-type: none"> • At commencement of the shared service, accountancy service was 30% down on employees, internal audit and fraud teams were fully staffed. One recruitment drive proved sufficient to attract required staffing. • The corporate BCP and the SCPs are tested annually at a tabletop exercise. 	Impact	Likelihood
		<i>What would the Risk Rating be without the existing controls?</i>		V	D

Further Action / Controls Required	<p><i>What gaps have been identified?</i> <i>What can be done to reduce the likelihood of something going wrong and/or reduce the Impact if something does go wrong?</i></p>	<ul style="list-style-type: none"> • Market force payments need to be regularly reviewed and flexibility is necessary to set parameters within service along with the need to increase, reduce, withdraw and add. • Need additional budgets if vacancies or absences are long term – bought in expertise costs more than retained staff. • Monitor outcomes from appraisals and staff feedback in groups and individuals. • Continued cross-training of staff allows for more resilience 		
Cost / Resources	<p><i>Are there cost / resource implications in achieving the further action above?</i></p>	Yes – a bought in accountant costs £3k per week + expenses	£ variable	
Current Status	<p><i>What is the current position on introducing additional controls?</i></p> <p><i>What is the current Risk Rating</i></p>	<p>Budgets in shared services are cash limited and cannot be increased without consent of all partner councils. Ability to finance vacancies from existing budgets is extremely limited.</p> <p>Revised May 2010</p>	Impact	Likelihood
			IV	D
Critical Success Factor	<p><i>How will you know that the action taken has worked?</i></p> <p><i>What will be the Risk Rating outcome with the new controls?</i></p>	Reduced risk is possible if additional budget facility was always immediately available.	Impact	Likelihood
			II	F

Risk Ref:	2	Risk Title:	Total failure of ICT systems		
Responsibility	<i>Who is managing the risk?</i>		Head of ICT with Head of Finance		
Consequence	<i>What can go wrong? How can it go wrong? Has it gone wrong before?</i>		ICT system(s) fail and data and documentation required is not available electronically		
Cause / Trigger	<i>What happens to bring the risk into being?</i>		System(s) down, failure of software supplier		
Existing Control	<i>What controls exist now to minimise the risk?</i>		<ul style="list-style-type: none"> • Corporate Business Continuity Plan • Service Continuity Plan • Disaster Recovery contract 		
Adequacy of Control	<i>What evidence is there that the existing controls are working?</i>		<ul style="list-style-type: none"> • BCP, SCP and DR Plan are tested annually 	Impact	Likelihood
	<i>What would the Risk Rating be without the existing controls?</i>			V	D
Further Action / Controls Required	<i>What gaps have been identified? What can be done to reduce the likelihood of something going wrong and/or reduce the Impact if something does go wrong?</i>		Loss of ICT systems controlled by ICT service. Controls and actions incorporated in ICT Risk Register		
Cost / Resources	<i>Are there cost / resource implications in achieving the further action above?</i>		See ICT Risk Register	£	
Current Status	<i>What is the current position on introducing additional controls?</i>		N/A	Impact	Likelihood
	<i>What is the current Risk Rating</i>		Revised May 2010	IV	D
Critical Success Factor	<i>How will you know that the action taken has worked?</i>		System(s) will be restored within required timescales	Impact	Likelihood
	<i>What will be the Risk Rating outcome with the new controls?</i>		See ICT Risk Register		
Risk Ref:	3	Risk Title:	Loss of accommodation		

Responsibility	<i>Who is managing the risk?</i>	Emergency Planning and Risk Manager with Head of Finance		
Consequence	<i>What can go wrong? How can it go wrong? Has it gone wrong before?</i>	Office accommodation becomes unavailable and staff have nowhere to work. Records could be destroyed.		
Cause / Trigger	<i>What happens to bring the risk into being?</i>	Three Rivers House is not available due to fire, flood or other disaster		
Existing Control	<i>What controls exist now to minimise the risk?</i>	<ul style="list-style-type: none"> Corporate Business Continuity Plan and Service Continuity Plan 		
Adequacy of Control	<i>What evidence is there that the existing Controls are working? What would the Risk Rating be without the existing controls?</i>	<ul style="list-style-type: none"> BCP and SCP are tested annually Disaster Recovery contract includes alternative accommodation 	Impact	Likelihood
			III	D
Further Action / Controls Required	<i>What gaps have been identified? What can be done to reduce the likelihood of something going wrong and/or reduce the Impact if something does go wrong?</i>	None		
Cost / Resources	<i>Are there cost / resource implications in achieving the further action above?</i>	None	£	
Current Status	<i>What is the current position on introducing additional controls? What is the current Risk Rating</i>	N/A	Impact	Likelihood
			IV	F
Critical Success Factor	<i>How will you know that the action taken has worked? What will be the Risk Rating outcome with the new controls?</i>	Accommodation will be provided within required timescales	Impact	Likelihood
			III	D

Version Control

