

Grant Thornton action Plan to address controls over the preparation of the budget .

No.	Recommendation	Officer Responsible & Target Date	Deliverables	Mitigating action/Update
1	When the draft budget and MTFS are being prepared, the opening budget baseline should be reconciled to the prior year's approved budget and any variances should be fully reconciled (e.g. to in year virements).	Complete		Agreed. 21/22 Budget as set out in the Council Report (Feb 20) is now reconciled to Agresso budget to ensure both the detailed budget and Budget movements are clearly actioned. Any movements to budget lines in 2021/22 will be reported in monthly finance reports in a virements schedule
2	The current year proposed budget, and future projections in the MTFS, should be subject to analytical review at directorate and cost centre level, to ensure that all movements away from the baseline opening budget reconcile to known adjustments (e.g. savings and pressures).	Complete		Agreed. Budgets as set out in Council Papers are now reconciled to the Agresso budget to ensure both the detailed budget and adjustments (including pressures and savings) are correct
3	Segregation of duties should be re-established between the calculation of all key budget items (such as business rates) with review and approval undertaken by the Chief Finance Officer.	Complete		Agreed. The re-establishment of this segregation was undertaken as part of setting the 21/22 Budget with the secondment of a SCC Officer (Business Partner – Corporate) leading the budget process and the review of all assumptions was undertaken by the CFO.
4	The Council should ensure that the finance team includes sufficient skills and capacity to undertake key calculations, including	Phase 2 - 30/04/22 Mark Hak-Sanders	Building skills and capacity	All Finance business rules are being reviewed and will form part of the Partnership agreement

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	<p>calculation of business rates, to enable the Chief Finance Officer to function effectively in a review and approval role.</p>		<p>Agreement of roles and responsibilities in the new Finance model</p> <p>Business rules update as part of the partnership agreement</p>	<p>to be included in ways of working in the team in the future.</p> <p>The Finance team is agreed and the team being put in place, using newly agreed training programme and skills gap analysis, which form part of the recruitment process.</p>
5	<p>The Council should undertake a skills and training needs assessment of the finance team and provide targeted investment in staff development where it will have most impact. The Council should also consider whether skills gaps are best addressed through targeted recruitment.</p>	<p>Phase 2 – 30/04/22</p> <p>Cath Edwards / Rona Leitch</p>	<p>Skills assessment model</p> <p>Skills gap analysis</p> <p>Learning & development</p>	<p>This process has been completed, one member of TDC's finance team has been displaced. Recruitment underway to build the new Finance model</p>

THE BUDGET MONITORING PROCESS

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6	<p>We recommend that the monthly budget monitoring information provided to budget holders is improved to incorporate greater focus on comparison to the prior year budget and the expected profile of the budget throughout the year, with greater focus on documenting and challenging the basis by which budget outturn has been forecast.</p>	<p>Phase 2: 30/04/22 Verity Royle and Rona Leitch.</p>	<p>Clear roles and responsibilities Clear budget model Build confidence in new budget model Continuous improvement in place Best practice model</p>	<p>The Budget model is being defined using a 'best practice model' whilst ensuring clearly defined cost centres, with accountability and ownership in place.</p> <p>Working with budget holders for S&R during the last month, budget holders are becoming clear with their budget position.</p> <p>Looking at the data more regularly.</p>
7	<p>Within the monitoring information, the inclusion of budget lines that have zero budget in the current year but did have budget in the prior year should be considered as a failsafe measure. This could provide a useful reference point to monitor the impact budget changes may be having on current year variances. (Note that this could have highlighted the removal of one half of the £920,500 pensions costs, enabling it to be questioned early in 2020/21).</p>	<p>31 March 2022 Verity Royle and Rona Leitch</p>	<p>Verification of budget Best practice model</p>	<p>The correct starting point for monitoring during 2022/23 will be the balanced Revenue Budget 2022/23 to be approved by Full Council in February 2022.</p> <p>The finance team is working with service managers to rethink monthly reporting. The format and contents of monitoring reports will be sharpened up, key risks and variances will be included and this improvement will be dovetailed with the TFT.</p> <p>Verification of budget underway, including a line by line review – long term this function will be owned by the relevant budget managers providing surety of the budget position.</p>

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STRENGTHENING CORPORATE BUDGET RESPONSIBILITY

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8	The list of cost centres should be reviewed to ensure that each one is assigned a responsible budget holder and Finance Manager, and that these responsibilities are fully communicated and understood by the named individuals. This can be augmented by asking budget holders to sign a written declaration that they have agreed and accept responsibility for their assigned cost centres.	Phase 1 / 2 Mark Hak-Sanders	Phase 1 - Budget holders position on M6 Phase 2 Budget Accountability Statements – distribution and content Roles and responsibilities documentation and training	Cost centre accountability is being built into the Finance model, looking for Budget positions at M6 from the appropriate budget managers in Phase 1. Clear roles and responsibilities training will be undertaken during phase 2
9	The Council should make sure that the ownership of and responsibility for budgets, is fully enshrined in the Council's Constitution and Scheme of Delegation, so that individuals can clearly and directly be held accountable for budget management.	Phase 1 Cath Edwards	Review and confirm formal financial regulations Scheme of delegation Roles and responsibilities Updated business rules – Phase 2	Ongoing review of financial regulations and the approach to be taken to get the most success from the regulations and partnership agreement

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	To support this, the Council should consider the establishment of a separate Scheme of Financial Delegation that sets out the respective financial responsibilities of roles and grades in detail.		Training for budget holders	
10	All budget holders and supporting finance business partners should review all the list of cost centres they are responsible for and ensure that the purpose and relevance of these is fully understood. Council policy should make clear that the onus is on the individual to make sure they have the level of understanding required.	Phase 1 Rona Leitch and Verity Royle	Cost centre mapping and proposed new cost centre structure Training for budget holders	Reviewing the cost centre structure and ownership and looking at options how best to implement accountability and best working practice
11	There are a number of ways that adjustments to the draft budget could have been subject to tighter financial control, where segregation of duties is difficult to maintain (for example, in regard to corporate items adjusted only at year end). We recommend, the implementation of a schedule of adjustments that requires the dual signature of both Chief Finance Officer and Deputy Chief Finance	Phase 2 Verity Royle	Clear roles and responsibilities Embed structure in the Finance team Scheme of delegation	Looking at embedding new behaviour in the Scheme of delegation. Building a model of how we would like to work in the future whilst taking a pragmatic approach to finalising the budget.

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	Officer to confirm that all adjustments have been reviewed independently of the author.			
12	The Council should review its chart of accounts to make sure it properly reflects current operations and desired approach to financial control. In particular, we recommend that the list of cost centres is reviewed and unused or unnecessary cost centres are removed or rationalised as part of the 2022/23 budget setting process.	Phase 2 Verity Royle/Laura Rowley	Review chart of accounts	This will be carried out as part of Phase 2
13	We recommend that within the next two years, the Council undertakes a targeted zero-based budgeting exercise to fully refresh the budget and its cost centres, to ensure they align to current needs and services, and to strengthen the ownership and responsibility among budget holders and responsible management accountants. This should initially focus on Strategy and Resources and Corporate budgets.	To be implemented in phases. Ricky Fuller	Out of scope of this current TFT programme	Agreed. This will be a useful exercise to understand the true cost of services and is a substantial piece of work most effectively delivered in stages. For 22/23 the TFT will focus on having a tighter grip on financial controls, reporting, roles/ responsibilities/ accountabilities, improved end-to-end processes (including automation where possible), capacity and capability. A zero-based budgeting exercise can be undertaken in key areas as part of the 23/24 budget setting process. In the meantime, a line-by-line review has been undertaken for all pay related cost centres for S&R and a full review of all 21/22

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				budgets will be undertaken for M6 reporting. This will form the basis for the roll-over of budgets for 22/23.

DEVELOPING A STONG FINANCIAL CULTURE

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14	The Council should consider how it can strengthen the Council's financial culture, building characteristics such as professional scepticism, self-review and empowerment to challenge management, starting with the finance team.	Phase 1 Mark Hak-Sanders	New Target operating model – 1 st Jan 2022 Embed accountability and ownership in Finance team	Agreed. This culture change will take some time but will be embodied as part of the Joint Working Agreement with the County and new TOM, ensuring that professional scepticism and curiosity and self-review, proactivity and peer challenge are encouraged and embraced. The TFT contains an Organisational Development workstream to build stronger financial management and accountability both within and outside of Finance.
15	The Council should review and update its Financial Regulations, with particular focus on embedding the control improvements recommended	Phase 2 Mark Hak-Sanders/Janyce	Embed control improvements Review current regulations and procedures Deliver training in new processes	Training plan is being created, for the Executive team and all budget holders.

	<p>in this report . This should be supplemented by detailed documented financial procedures where appropriate.</p>	<p>Danielczyk/Cath Edwards/Rona Leitch</p>	<p>Review and update policy documents</p>	<p>This will be complete by end of March 2022 for monitoring against the 2022/23 budget</p> <p>Review of all financial procedures and published in one location. This will be aligned to the Regulations and be completed after the Regulations have been approved</p>
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The actions identified above which form part of the TFT will be monitored through the TFT Programme governance to ensure delivery.