

FINANCE and PROPERTY SERVICES DIVISION

SERVICE PLAN - ANNUAL REPORT 2005/06

1. SERVICE DESCRIPTION

- 1.1 The Division provides a range of financial functions, together with internal audit, asset and estate management.

2. THE YEAR IN CONTEXT

- 2.1 Following the senior management restructure during 2004/05, the Division was expanded for the start of 2005/06. The Internal Audit function and a new Property Services Unit joined the existing Finance Services Division.
- 2.2 In addition to existing challenges, the Division was also tasked with dealing with new issues, primarily external ones from the changing governance and audit framework. The continuing development of I.T. was also a key issue for the Division during the year.
- 2.3 The main performance indicators associated with the Division are attached in the usual template form in the Annex A to this report. These have been subject to quarterly monitoring reports during the year. The following sections provide a brief overview of the Division's work and achievements during the year.

Property Services

- 2.4 At the start of 2005/06, the Division was tasked with taking forward asset management at the Council. Providing an adequately resourced service, especially in estates management, has been a constant issue and to a certain degree remains so.
- 2.5 However, an asset management plan was produced and actions arising from that such as an asset register, stock condition surveys, a planned maintenance programme and a disposals policy to sell surplus assets are well underway.

I.T.

- 2.6 2005/06 was the second year of the Council's new financial management system and the core financial modules are now bedded in. On-going training and awareness sessions for budget managers and officers were undertaken in the year, which also included awareness of financial procedures and processes. However, the system's key reporting tools are still to be fully developed.
- 2.7 The key task achieved in 2005/06 was implementing Phase 2 to provide the infrastructure and associated workflow processes to enable E-procurement, i.e. the electronic processing of orders and payment of invoices and to enable punch out to a Market Place. This is still however, to be fully implemented on a live basis throughout the Council.

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- 2.8 This system (as did others) impacted on the work of Internal Audit who was tasked with evaluating controls and new processes associated with these new systems. A more detailed report on their work will be tabled at the first meeting of the new Audit Committee on 28th June 2006.
- 2.9 An upgrade of the Payroll computer system was undertaken in the year in conjunction with Human Resources. This upgrade led to the implementation of a windows-based system that will provide greater flexibility to produce and report management information.

Risk Management

- 2.10 The Division also co-ordinated the action-plan to develop risk management in response to an Audit Commission review of the Council's arrangements. During the year, training and awareness sessions were delivered to members and officers, key business risks were identified/scrutinised and generally, the framework for embedding risk management in the Council was further developed.
- 2.11 Although not directly related, the Division co-ordinated the letting of a new contract for its insurance provision. Following a tendering process in September 2005, the Council's insurance premiums were reduced by £57,000 per year compared to that currently being paid.

Financial Planning and Reporting

- 2.12 The Council's accounts were once again closed and financial statements produced within statutory timescales. The accounts were given an "unqualified opinion" by external audit. In response to the new Corporate Plan, the Council's medium term financial plan was reviewed and updated.
- 2.13 Major changes took place in the year to central government funding of local council's. During the consultation process, the Division co-ordinated work with other (fast growing) district councils and was successful in securing additional funding for South Derbyshire from this process.

External Assessment

- 2.14 Many of the Division's functions were reviewed as part of the inaugural Use of Resources Assessment undertaken by the Audit Commission. Except for Asset Management, all other functions were assessed at least "satisfactory" with financial planning and monitoring being assessed as "performing strongly."

Resources

- 2.15 At the start of the year, the Accountancy Unit was restructured to help meet the changing governance and audit framework. As well as strengthening the Unit, it also produced an efficiency gain for the Council.
- 2.16 The Internal Audit unit was externally reviewed in the year in order to assess how existing resources could be best utilised to meet the changing

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framework. The outcomes were reflected in the Strategic Audit Plan for 2006 to 2010.

- 2.17 Unfortunately, the Division's absence level rose quite significantly during the year. This was due to long-term sickness. This did have an impact on some functions and particularly areas identified for improvement such as developing the financial system's reporting tools.
- 2.18 Estate management continued to rely upon agency staff during the year. As part of reviewing options for longer-term service provision, during the later part of 2005/06, the County Council started to take on some casework on a trial basis.

3. LOOKING FORWARD TO 2006/07

- 3.1 Much of the work of the Division is subject to on-going assessment and change. Many tasks continue from 2005/06 and involve developing issues such as risk and asset management.
- 3.2 More specifically, with the infrastructure in place for E-procurement a project board has now been set up to implement electronic processing in accordance with the wider procurement strategy. This will be a key task next year.
- 3.3 In addition, developing the reporting capabilities of the financial systems, especially in order to streamline budget monitoring, will be picked up from 2005/2006.
- 3.4 The statutory deadline for closing the Council's accounts and producing the financial statements will once again be brought forward by a month to 30th June 2006.
- 3.5 This will provide a sterner challenge to the Accountancy Unit and Internal Audit, who will need to complete their annual systems work to satisfy external audit requirements.
- 3.6 As regards Property Services, finding a sustainable service delivery option will be paramount, in addition to continuing work from 2005/06.
- 3.7 Overall, the Use of Resources Assessment will, once again, test much of the Division's functions and their contribution to the Council's priorities. Major development areas planned are on debt collection and financial reporting.
- 3.8 An action plan was approved at Committee (4th May 2006) to improve the overall position so that all areas are performing well above minimum requirements in the future.

