

READING BOROUGH COUNCIL
REPORT BY DIRECTOR OF FINANCE

TO:	AUDIT & GOVERNANCE COMMITTEE		
DATE:	20th April 2021		
TITLE:	IMPLEMENTATION OF THE FINANCE IMPROVEMENT PROGRAMME - PROGRESS UPDATE		
LEAD COUNCILLOR:	COUNCILLOR EMBERSON	PORTFOLIO:	CORPORATE AND CONSUMER SERVICES
SERVICE:	FINANCE	WARDS:	BOROUGHWIDE
LEAD OFFICER:	CHRIS TIDSWELL	TEL:	07825 190321
JOB TITLE:	PROGRAMME LEAD	E-MAIL:	chris.tidswell@cipfa.org

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 Audit and Governance Committee agreed at its meeting in October 2020 that progress against the Finance Improvement Programme should be reported on a regular basis to the Committee.
- 1.2 This report provides an update on progress of the Programme workstreams and their deliverables against the Plan since the last meeting in January this year.

2. RECOMMENDED ACTION

- 2.1 **To note progress of the Finance Improvement Programme**

3. INTRODUCTION AND BACKGROUND

- 3.1 The Finance Improvement Programme has two key phases: Phase I responds to the historic and current issues identified to ensure a sound foundation and ‘getting the basics’ right. The second phase, (Phase II), will concentrate on embedding Phase I delivery and developing the financial management culture and governance framework across the Council. A number of Phase I workstreams are currently drawing to a close.
- 3.2 The Programme is led and overseen by the Finance Transformation Board chaired by the Deputy Chief Executive and meets fortnightly. The Board receives updates and reports ensuring appropriate challenge and stewardship, the Board monitors progress of delivery against the Project Plan and signs off key deliverables.
- 3.3 There are six workstreams in Phase I. These are:
 - Accounts payable
 - Accounts receivable
 - Chart of accounts
 - Reconciliations
 - Final accounts
 - Finance system (general ledger and associated modules)

- 3.4 Each workstream has a number of deliverables which also includes relevant 'Audit Tracker' recommendations to help ensure progress on implementation.

4. PROGRAMME UPDATE - PLAN AND DELIVERABLES

- 4.1 Progress against the Phase I plan since the last Committee has been good with a number of deliverables being achieved. As a number of phase 1 workstreams are nearing completion the deliverables worked on during the last quarter have in the main centred around those which have proved more challenging to implement. Capacity has remained an issue as a consequence of resources being directed towards closure of accounts and the impact of staff vacancies. Encouragingly resources gaps have been resolved in a number of areas which has assisted in progressing key areas of activity. Supplier issues around accounts payable which had delayed some activities have now been resolved.

The Finance Transformation Board continue to oversee the Programme and monitor and challenge delivery timelines where appropriate.

Three of the workstream are in their final stages, Accounts Payable, Accounts Receivable and Chart of Accounts. Residual implementation activity is expected to be completed by the 30th of April for Accounts Payable and Chart of Accounts and 1st of May for Accounts Receivable. Once concluded, monitoring arrangements will be introduced to ensure compliance with the revised arrangements going forward, the final deliverable tasks.

As indicated in the report presented at the last Audit and Governance Committee the following workstream has a longer timeline:

- The Finance System Procurement - scheduled for completion December 2021.

- 4.2 Phase II of the transformation programme (developing corporate financial management governance and the overarching financial management environment) will only commence once Phase I workstreams are complete and will be aligned to the implementation of the new finance system. This will both ensure that the opportunities and benefits of the new system are realised and that the necessary development of the organisational approach to financial management and governance takes place and is embedded.
- 4.3 Audit tracker recommendations continue to be included within individual workstream deliverables where appropriate and are managed as part of the overall Plan. Progress is being made with implementation. There are a total of 43 (previously 60) recommendations within the tracker covered by the Finance Improvement Programme. These are rated as; Red 1 (5), Amber 22 (24), and Green 20 (31).

5. WORKSTREAM UPDATES

The following section highlights each workstream's terms of reference and progress against the Plan. Each workstream has a table indicating a RAG rating for its deliverables and Audit Tracker recommendations. For reference the previously reported numbers are shown in brackets.

5.1 Accounts Payable (AP)

Terms of reference

To review and modernise the Accounts Payable process from start to finish using the technology available to the full ensuring it is fit for purpose and addresses historic issues. To improve the Supplier Database and increase efficiency within AP with the increased use of the Supplier Portal and access to the web centre.

Final delivery date (revised): 30 April 2021

The accounts payable workstream has 10 specific deliverables.

Completed	In progress	Not Started
8 (5)	2 (5)	0 (0)
Commentary		
<ul style="list-style-type: none"> • There are two remaining tasks outstanding: • Reconciliations of AP system for RBC and BFfC business units which will be included as part of the final accounts and reconciliation workstream. • Develop compliance monitoring and reporting arrangements which will commence at the end of April. 		

- The Audit Recommendations Tracker has 27 (34) recommendations relating to Accounts Payable (12 relating to Purchase Cards were added in December 2020).
- Of the 27 recommendations included in the tracker ratings are: **10(13) Green, 16 (16) Amber and 1(5) Red.**

5.2 Account Receivable (AR)

Terms of reference

To review, develop and implement actions to ensure an efficient and effective debt management service that ensures compliance and is delivered using the most appropriate technology.

Final delivery date: (revised): 4 May 2021

The Accounts Receivable workstream has 12 specific deliverables.

Completed	In progress	Not Started
5(5)	3(2)	4(5)
Commentary		
<ul style="list-style-type: none"> • In progress deliverables are, firstly the move of AR processing from Academy to Oracle Fusion to improve processing efficiency is now underway with suppliers engaged to introduce changes due to supplier issues the go live date is now scheduled for the 4th of May. • Secondly adoption of the Debt Management Strategy approved by Policy Committee. This is now with eth Corporate Management Team for implementation and discussions on resolving historic debt issues. • This relates to developing an SLA which will be put in place once the migration above is completed. • The four deliverables not started are all linked to the migration of AR processing to the Oracle Fusion system and have a sequential commencement. • These relate to refining team roles, delivery of user guides, training and developing the compliance monitoring and reporting arrangements. • Following implementation of these the new operational arrangements will go live and completion is set for the end of May. 		

- The Audit Recommendations Tracker has 4 recommendations relating to Accounts Receivable.
- Of the 4 (6) recommendations included in the tracker ratings are: **Amber 4(4)** and **Green 0 (2)**.

5.3 Chart of Accounts

Terms of reference

To review and rationalise the Chart of Accounts in line with best practice to aid financial information reporting for all users and to develop a governance process to manage amendments moving forwards, with the involvement of all key stakeholders.

Final delivery date (revised): 30 April 2021

The Chart of accounts workstream has 11 specific deliverables.

Completed	In progress	Not Started
8(7)	3(4)	0 (0)
Commentary		
<ul style="list-style-type: none"> • The remaining tasks which will be completed by the end of April 2021 relate to the final closing of a small number of codes (subjective and objective) which will complete the revision to the chart of accounts. • Following this, the process for monitoring and compliance will be put in place. 		

- Following completion of the above it has been agreed that an additional deliverable will be transferred to this workstream from Reconciliations namely the review and rationalisation of holding accounts which is underway and will be completed by Mid-April. All old holding codes that can be closed have been closed and new ones will only be used with appropriate authorisation.
- The Audit Recommendations Tracker has 2 (3) recommendations relating to the Chart of Accounts.
- Of the 2 recommendations included in the tracker, ratings are: **Amber 1(2)** and **Green 1(1)**.

5.4 Reconciliations and final accounts

Original Terms of reference

To review and rationalise all Control, Holding and Suspense codes to ensure that they facilitate efficient and effective working practice, and to develop a scheduled review process to ensure that they are reconciled at appropriate intervals. To also review and refine the Final Accounts process to ensure that the closedown process is efficient and effective and delivers an accurate compliant set of accounts in accordance with statutory deadlines.

Revised approach

As indicated at the January Audit and Governance Committee the Chief Accountant reviewed work to date on the reconciliations workstream and prepared a joint plan.

The plan covers the closedown of 2018/19, 2019/20 and 2020/21 and as a consequence all reconciliation processes and issues will be addressed simultaneously.

An update on the closure of accounts, including changes and impact of the improvements to the bank reconciliation routine and the rationalisation of holding accounts is the subject of a separate paper to this Committee.

- The Audit Recommendations Tracker now has 10 (14) recommendations relating to reconciliations and final accounts.
- Of the 10 recommendations included in the tracker ratings are: **Amber 1(2)** and **Green 9 (12)**.

5.5 Financial system procurement

Terms of reference

To determine the required finance system outcomes from stakeholders and produce an options-based business case. To lead the re-procurement of the finance system and subsequent implementation within the required governance framework.

Final delivery date and go live date: 2 December 2021.

The finance system workstream has 4 specific deliverables. These deliverables are key milestones in the system re-procurement.

Completed	In progress	Not Started
1(0)	1(2)	2 (2)
Commentary		
<ul style="list-style-type: none"> • The governance and approval process for procurement have been completed. • The formal procurement process is currently well underway and the preferred bidder will be identified by the 23rd of April. • The remaining activities not started relate to the implementation and go-live of the finance system. 		

- There are no recommendations in the Audit Tracker.

6. CONTRIBUTION TO STRATEGIC AIMS

- 6.1 The Finance Improvement Programme has been designed and developed to build a strong financial management and governance foundation, with the aspiring direction of a fit for the future, exemplar financial management and governance environment in Reading.

7. ENVIRONMENTAL AND CLIMATE IMPLICATIONS

- 7.1 None arising from this report.

8. COMMUNITY ENGAGEMENT AND INFORMATION

8.1 Not applicable to this report.

9. EQUALITY IMPACT ASSESSMENT

9.1 Not applicable to this report.

10. LEGAL IMPLICATIONS

10.1 Not applicable to this report.

11. FINANCIAL IMPLICATIONS

11.1 There are no direct financial implications arising from this report. However, the implementation of the Finance Improvement Programme will streamline processes, reduce closure of accounts timelines and costs, and increase the capacity and value added by the Finance Team.

12. BACKGROUND PAPERS

12.1 Not applicable to this report.