



Council 1 March 2011

CABINET MEMBER REPORT TO FULL COUNCIL

Written report by Cllr John Griffiths, Resources and Efficiency Portfolio

Portfolio includes:

- Accountancy;
- Internal Audit;
- Use of Resources and Best Value;
- Benefits;
- Budget setting and management;
- Revenues and Investments;
- Payments;
- Payroll;
- Procurement; and
- ICT infrastructure and support.

Summary:

- **2011/2012 budget prepared, and council tax freeze proposed.**
- **International Financial Reporting Standards preparation ongoing, including the implementation of capital accounting software.**
- **Revenues and Benefits work to join Anglia Revenues Partnership intensifying, with a 'go-live' date of 1 April 2011 for staff and July 2011 for ICT integration.**
- **Internal Audit Manager now shared across Forest Heath District Council and St Edmundsbury Borough Council.**
- **Shared ICT business case approved and consultation with staff underway.**

1. Financial Services

1.1 Budget and Council Tax Setting

- 1.1.1 Work on the Council's 2011/2012 budget has been completed and the resulting Budget and Council Tax Setting report is included on this agenda for approval by full Council (Report B468).

1.2 International Financial Reporting Standards (IFRS) Preparations

- 1.2.1. Work is continuing on preparations for the implementation of new international financial reporting standards (IFRS) with effect from the Council's 2010/2011 accounts. The production of IFRS compliant accounts, including the production of comparative financial statements for 2009/2010 on an IFRS basis, represents a significant amount of additional work, particularly for the Finance and Property Services Teams. Preparatory work for the implementation of IFRS, which includes the implementation of specialist IFRS compliant capital accounting software, is progressing well. The Finance Team is continuing to work

closely with the Council's external auditors, the Audit Commission, who are monitoring progress on our IFRS preparations and reviewing key stages in this project.

1.3 Treasury Management

- 1.3.1 Due to continued volatility and uncertainty in the global banking and investment markets, investment returns in the first nine months of this financial year have remained under pressure. Budgeted investment income for 2010/2011 is £566,000 (£14.91 per Band D property), representing a target investment rate of 1.5%. Actual investment income achieved during the period April to December 2010 was £410,000 against budgeted income for the period of £445,000, an underachievement in investment income of £35,000. This represents an average rate of return for the period of 1.27%.
- 1.3.2 It is a requirement of the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management Code that an annual treasury management and investment strategy is approved by Council prior to the beginning of the financial year to which it relates. At its meeting on 17 January 2011, the Treasury Management Sub Committee reviewed the proposed Strategy, and recommended it for approval, which has been endorsed by Cabinet and is now to be considered at this meeting of Council. It is included within this meeting's agenda within the Schedule of Referrals from Cabinet (Paper B467 refers).

2. Revenues and Benefits

- 2.1 Work to join the Anglia Revenues Partnership (ARP) is extremely intense, and includes a data migration of all council tax properties and housing benefit claims relating back to 2005. All staff have been appointed and team building of the newly merged teams is underway. An extra floor in Breckland House is being prepared and most staff currently in the building will be part of a major office move exercise to ensure that all new teams are located in operationally effective work areas. All processes within the Revenues and Benefits service are being reviewed and streamlined in order to gain maximum efficiency through reducing bureaucracy and duplication.
- 2.2 Alongside all of this change, the normal year end preparations and council tax billing preparations are underway, meaning that the staff are extremely stretched. The Team is rising well to the challenge, and performance is holding up well.

3. Internal Audit

3.1 Corporate Internal Audit Work

- 3.1.1 Internal Audit is supporting the shared services initiative wherever possible in a number of ways. In addition to his existing role, the Borough Council's Internal Audit Manager is also currently performing the role of Acting Audit and Risk Manager at Forest Heath District Council, from 31 January 2011, following the departure of the previous post holder. In addition, one audit team member continues to act as a Shared Services Architect, while another member of the Audit Team provides support to the Finance workstream for shared services.

- 3.1.2 Internal Audit leads the work within the Council on the Audit Commission's regular National Fraud Initiative (NFI) exercise, the current round of which commenced in October 2010. The submitted data has now been matched with data from other bodies and central government organisations and the matched reports are currently being reviewed, and investigations commenced. This year has seen the first matches of licenses to UK Visas to check the right to work; and of Personal Alcohol Licenses and Taxi Licenses to Benefits claimants to identify those who may be working and not declaring this income.
- 3.1.3 In order to ensure that NFI roles and responsibilities have been properly updated and planned progress clearly defined, a revised draft NFI Strategy was presented to the Performance and Audit Scrutiny Committee on 24 January 2011 and approved by Cabinet on 16 February 2011.
- 3.1.4 An Anti-Money Laundering Policy has also been developed and presented to the Performance and Audit Scrutiny Committee, and also approved by Cabinet on 16 February 2011.

3.2 Statutory Annual Audit Plan

- 3.2.1 Work on audits contained within the 2010/2011 Audit Plan continues to progress well. Audit work has been finalised on internet controls, grant payments systems, data protection arrangements, national indicators, fees and charges; and a number of 'follow up' audits are underway (mini audits to check that previously agreed recommendations have been actioned) including West Suffolk House General Building and Health & Safety audit, e-commerce, car parks, partnerships, ICT disaster recovery, West Suffolk House car parking arrangements, concessionary travel, parks, national indicators, cash handling at four locations, and laptop security.
- 3.2.2 In addition, a number of core financial systems and departmental systems audits are in progress, or in the process of being finalised including accounts receivable, treasury management, contract procedures, housing benefits, council tax, national non-domestic rates, accounts payable, payroll, and main accounting system including budgetary control.
- 3.2.3 It is expected that the results of the above audits, currently in progress, will be reported to the Performance and Audit Scrutiny Committee in the Annual Internal Audit Report 2010/2011 in April 2011.

4. Procurement

- 4.1 This month the Borough Council joined with Suffolk County Council and other district Councils in Suffolk to purchase an electronic procurement and contract management system. Use of this system across Suffolk will be a key contributor, enabling all Councils to view information about procurement and contract activity countywide. Part of the cost of the system will be funded by Improvement East.
- 4.2 The Borough Council has entered into a new contract for ICT Disaster Recovery. This is a critical service needed to ensure business continuity in case of any disaster. Under this contract the service provider will ensure that, should a disaster occur involving loss of servers, they will deliver corresponding servers to site in a self-contained unit, which can be connected to our network and from which the Council's software and data can be recovered. Following a successful renegotiation, the Council let the contract directly with Adam Continuity, who were previously sub-contracted through a 3rd party. Compared with earlier costs this new contract will deliver annual savings of £5,840.

5. ICT Infrastructure and Support

5.1 ICT Shared Service

5.1.1 The final business case for the shared ICT service with Forest Heath District Council was approved by the Shared Services Steering Group in January 2011. This will now proceed through each authority's decision making process and the Cabinet has already approved the recommendations on 16 February 2011.

5.1.2 All staff within ICT have been informed that their jobs are at risk, as the new structure includes a reduction of 8.8 full time equivalent staff (across both teams). Following consultation during February and March 2011, appointments will start to be made to the new structure in April 2011.

5.2 Government Code of Connection

5.2.1 We have now heard that audit on our accreditation on our code of connection for accessing the Government Secure Network (GCSx) and against the new code of connection, version 4.1 (which took place last October) was successful. The outcome of this audit has been received and our accreditation to the new code of connection was successful.