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## **Audit and Governance Committee**

31<sup>st</sup> March 2009

Report of the Director of Resources

### **Financial Planning and Monitoring: Audit Commission Report**

#### **Summary**

1. This paper introduces a report (see annex) prepared by the Audit Commission summarising the findings from a review of the Council's financial planning and financial monitoring procedures. The report on the financial planning process is based on the 2008/09 budget that was prepared between September 2007 and February 2008.

#### **Background**

2. This review of medium term financial planning and the budget monitoring process is one of seven areas that the Audit Commission highlighted in its Use of Resources Assessment for 2007/08. These areas are where the Council needs to focus attention in preparation for the new Use of Resources Assessment under the Comprehensive Area Assessment (CAA) regime which will begin this year.
3. In summary the report concludes that the council has an established and well understood financial planning and monitoring system in place which is very detailed and methodical, however the council now needs to focus on more corporate wide and cross cutting issues. The report acknowledges the progress made since the last budget process, notably the recruitment of an efficiency partner to look for savings and efficiencies across the council. The key areas covered by the recommendation include;
  - The role of members in the process;
  - Clearer links to council priorities;
  - Zero based budget reviews;
  - Aligning of timetables and production of a budget manual;
  - Extension of budget consultation and improved communication of results;
  - Budget holders should take a more active role in the process;
  - A standardised methodology for projecting budget variances
  - Reporting of the actual position at a point in time in addition to a forecast outturn;
  - A review of the level of which variances should be reported;
  - Review arrangements for budget carry forwards;
  - Ensuring adequate resources in place to deliver new arrangements;

## **Council Response**

4. The council is already responding to the majority of these findings in terms of efficiency, budget monitoring and regulation. The recommendation relating to zero based budgeting is not one that the council agrees with, reviews of service areas will be undertaken as part of the efficiency review programme and therefore will not be undertaken separately. Improvement actions will also be monitored, where appropriate, through the council's Single Improvement Plan.

## **Consultation**

5. The report and action plan has been discussed and agreed by officers

## **Options**

6. Not relevant for the purpose of the report.

## **Analysis**

7. Not relevant for the purpose of the report.

## **Corporate Priorities**

8. This report contributes to encouraging improvement in everything we do.

## **Implications**

9. There are no financial, HR, equalities, legal, crime and disorder, IT or property implications arising from this report.

## **Risk Management**

10. By not complying with the requirements of this report, the council will fail to properly comply with legislative and best practice requirements, and its Use of Resources score in future CAA assessments could be adversely affected.

## **Recommendations**

11. Members of the Audit and Governance Committee are asked to note the report and the progress the council is making in addressing the areas for improvement in the report.

### Reason

*To ensure the improvement in the financial planning and financial monitoring arrangements within the council..*

## Contact Details

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Report Approved ☒

Date 17<sup>th</sup> March 2009

### Specialist Implications Officers

Not applicable

### Wards Affected:

All ☒

For further information please contact the author of the report

### Background Papers:

See below

### Annex

Audit Commission Review of Financial Planning and Monitoring Report.