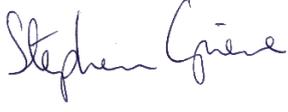


FINANCE SERVICE

1 April 2021 – 31 March 2022

Head of Service signature	
Date	09/04/2021
Peer Review signature	Clare McGill
Date	09/04/2021
Director signature	
Date	12/04/2021





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1. Introduction

Name of Service	Finance Service
Included Service Units	Corporate Accounting & Employee Payments Performance Accounting & Income Collection Capital Accounting & Supplier Payments
Directorate	Finance and Performance
Purpose of Service	<p>The role of the Finance Service is to support all other Council services by delivering efficient and effective stewardship of Council funds by providing leadership and excellence in strategic and operational financial matters.</p> <p>Fulfilling this role will result in high quality financial services that are compliant with legislation and good practice and that facilitate the Council achieving its corporate objectives.</p>
Key customers/ stakeholders and their needs	<p>Our key customers are Council Services, including CLT, HoST and SUMs. Other key stakeholders include Elected Members, staff, external customers, suppliers and our residents.</p> <p>Strategic needs include a need for a financial strategy, strategic financial information and advice and a proportionate internal financial control environment.</p> <p>Operational needs include the needs to pay staff, collect debts, pay suppliers and provide accurate, timely financial management information and advice.</p>
Context, challenges & key assumptions	<ol style="list-style-type: none"> 1. Covid-19 restrictions and the work at home arrangements will continue to provide challenges to operations of the service. Once staff return to the office the challenge will be to maintain the paperless processes, video-conferencing and other digital progress made during the pandemic. 2. Capacity to develop skills in the use of spreadsheets, particularly for data analysis and modern reporting techniques, and to draft a new suite of finance policies. 3. The following assumptions have been made in the formulation of this plan: <ol style="list-style-type: none"> a. An appropriate level of NI Executive financial support will be received in relation to lost services and rates income. b. Home working arrangements will continue for the initial part of the financial year. c. The first wave of the new integrated Human Resources and Employee Payments software will go live in the first quarter of the year. d. The Strategic Transformation Programme will gain momentum in the first half of the financial year, which will inform the estimates process for 2022/23.
Reflection on previous performance – successes and lessons learned	<p>Performance year to date has been significantly affected by the Covid-19 pandemic.</p> <ul style="list-style-type: none"> • The Service continues to achieve all key statutory deadlines with regard to budgeting and financial reporting. • The Service's performance in 2020/21 to date has been positive. The percentage of supplier paid within 30 days increased to 99% in quarter 3, the highest of all Northern Ireland district councils. Collection of centrally

managed debts on the other hand is at its lowest in six years due to the economic effects of the pandemic. Employee payments continue to have high accuracy levels, although the management of furlough has brought challenges in this regard. Significant progress has been made with the implementation of the new integrated Human Resources and Employee Payments software, with expected go live dates in May 2021.

- Workloads have increased in the accounting functions during the year as the budgets required re-setting; in addition employee payments needed to implement processes to access the CJRS and come to terms with business as usual working from home; supplier payments needed to implement a new working from home paperless invoice approval process.
- Despite good past performance particularly with regard to 'business as usual' activities, there is concern that the resourcing levels will continue to inhibit future value added improvements and responsiveness to demands from across the organisation. This risks inhibiting realisation of improvements to greater collaborative working. This can also be seen with the difficulty in completing a number of service improvement work streams particularly around policy development and income collection processes.
- This Service will adopt an Outcomes Based Accountability approach used in the (draft) Corporate Plan 2020-24 and will align with the direction of the Corporate Plan.

2. How does our Service contribute to community planning outcomes and PEOPLE priorities?

The *Finance Service* can be expected to have a direct impact on the following:

Community Planning Outcome	PEOPLE priority	Our focus for 2021/2022
All Outcomes	Excellence: To enable us to deliver the first five of our PEOPLE priorities we must be an effective, efficient and forward-thinking organisation. Excellence requires us to be innovative and partner with others to make sustainable choices that make a positive difference to everyone who has a stake in the Ards and North Down area.	To comply with statutory financial obligations
		To provide high quality and timely service
		To effectively engage with our customers in order to improve service delivery
		To promote the Council's 'Digital by Default' policy

3. Key activities for 2021/2022

SERVICE:	Finance			
Community Plan Outcome:	Supporting All Outcomes			
Corporate Plan PEOPLE priority(ies):	Excellence			
Council KPI(s):	-			
Service Objective:	To comply with statutory financial obligations			
What difference will it make?	Demonstrate good financial governance engendering confidence in the Council			
Underpinning strategies:	-			
Business as Usual activities we will deliver in 2021/2022 (actions)		Due Date	Lead Officer(s)	Who do we need to help us? (Internal/External partners)
Produce financial statements for audit within the statutory timetable		30 June	Corp Acct	All Services
Publish audited financial statements within the statutory timetable		30 September	Corp Acct	All Services
Set budgets and district rates within the statutory timetable		15 February	Perf Acct	All Services
Set affordable borrowing limit within the statutory timetable		31 March	Cap Acct	All Services

SERVICE:	Finance
Community Plan Outcome:	Supporting All Outcomes
Corporate Plan PEOPLE priority(ies):	Excellence
Council KPI(s):	% of suppliers paid within 30 calendar days of receipt
Service Objective:	To provide high quality and timely service
What difference will it make?	Ensure competent and engaged staff engendering confidence in the Service Allow internal and external customers to plan effectively Creating efficiencies and improving value for money
Underpinning strategies:	-

Business as Usual activities we will deliver in 2021/2022 (actions)	Due Date	Lead Officer(s)	Who do we need to help us? (Internal/External partners)
Pay Employees Paid accurately & on time	Ongoing	Corp Acct	All Services
Collect invoiced debts within 30 days	Ongoing	Perf Acct	-
Pay suppliers within 30 calendar days of receipt	Ongoing	Cap Acct	All Services
Issue revenue budget reports in a timely fashion	Ongoing	Perf Acct	-
Complete control account reconciliations in a timely fashion	Ongoing	Corp Acct	-
Invest time in team briefing, training, development and performance conversations	Ongoing	Head of Finance	Organisational Development
Attain 'Satisfactory' classification on Internal Audit Reports	31 March 2022	Head of Finance	-
Receive an unqualified external audit opinion	30 September 2022	Head of Finance	All Services

Service Development / Improvement

What service development/improvement will we undertake in 2021/2022?	Which of the specified aspects will this improve?	Rationale	Due Date	Lead Officer(s)	Who do we need to help us? (Internal/External partners)
Digitise Employee Payment Processes	Efficiency	Completion of long-term project to integrate Human Resource, Employee Payments, Expenses, Time and Attendance systems to reduce data redundancy, digitise systems, improve efficiency and management information.	July 2021	Corp Acct	Human Resources & Organisational Development and Strategic Transformation and Performance Services

What service development/improvement will we undertake in 2021/2022?	Which of the specified aspects will this improve?	Rationale	Due Date	Lead Officer(s)	Who do we need to help us? (Internal/External partners)
Investigate feasibility of centralising Leisure and Amenities invoicing and credit control	Efficiency	Integration and harmonisation of credit control processes	March 2022	Perf Acct	Leisure and Amenities Service
Introduce Capital Budget Reporting	Service Availability	Currently there is only capital budget reporting for projects on the capital project portfolio	March 2022	Cap Acct	-
Develop Finance Policies	Efficiency	Standardise current practice	March 2022	Head of Finance	HoST
Conduct a Customer Satisfaction Survey	Service Quality	Identify areas for development	March 2022	Head of Finance	CLT, HoST and SUMs

SPECIFIED ASPECTS OF IMPROVEMENT	
What will this improve?	Definition
Strategic Effectiveness	<i>is key to linking the community plan, and the ongoing processes that underpin it, with a council's improvement processes. The Department would expect that a council's strategic community planning outcomes and objectives should be central to that council's improvement activity and clearly contribute to the strategic effectiveness aspect.</i>
Service Quality	<i>all relate to service provision by aiming to meet the needs of citizens and ensuring fair ease of access to the most suitable services that meet their needs. Clearly, all of these objectives can be demonstrated individually or collectively. Fairness can also be demonstrated by exercising non-service functions in ways which reduce disadvantage and improve social well-being, for instance by improving citizens' access to information or by addressing inequalities experienced by Section 75 groups.</i>
Service Availability	
Fairness	
Sustainability	<i>When carrying out its functions or providing services, a council may demonstrate improvement when it operates in a way that contributes towards the sustainability of its area, as required under the Northern Ireland (Miscellaneous Provisions) Act 2006 and the associated Northern Ireland Executive Sustainable Development Strategy. Oen-going efficiency may also be shown if fewer resources are utilised while maintaining provision of substantially similar or better services. Should a council choose to alter the manner by which a service is provided and in so doing it uses fewer resources or more integrated services, it will not only be demonstrating efficiency, but may demonstrate improved sustainability as well</i>
Efficiency	

SPECIFIED ASPECTS OF IMPROVEMENT

What will this improve?	Definition
Innovation	<i>any changes to service design and delivery methods that are intended to yield improvement under any other aspect and are reasonably likely to do so. This allows councils to make changes which may not have tangible effects within the same reporting year, but are likely to in subsequent years, and still count them as improvements.</i>

Service activities being stopped / changed:

What service / activities will we be stopping / changing in 2021/2022	Reason for stopping / changing activity	Savings	Impact on Performance	Impact on the Public	Impact on staffing
Large scale manual keying of Employee Payment Information	Move to new integrated HR and Employee Payment System	At least £20,000	Reduce processing time	None	Reduction of at least 0.67 FTE

Performance Measures:

Performance Measures (should include those for the Business as Usual and Service Improvement actions outlined above and relevant measures from Community, Corporate and Statutory)	Is the measure Statutory, Corporate, Existing or New?	Reporting frequency	2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20 Actual	2020/21 To date	2021/22
% of statutory deadlines met	Existing	Qtly	100%	100%	100%	100%	100%	100%	100%
% employees paid accurately & on time	Existing	Qtly	-	-	-	99.9%	99.7%	99.6%	100%
% debtors payments received within 30 days	Existing	Qtly	-	77%	66%	72%	74%	42%	75%
% of suppliers paid within 30 calendar days of receipt	Existing	Qtly	63%	82%	81%	89%	93%	94%	95%
Average days to issue revenue budget reports	Existing	Qtly	-	19	13	9	9	41	9

Performance Measures (should include those for the Business as Usual and Service Improvement actions outlined above and relevant measures from Community, Corporate and Statutory)	Is the measure Statutory, Corporate, Existing or New?	Reporting frequency	2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20 Actual	2020/21 To date	2021/22
Average days to complete control reconciliations	Existing	Qtly	-	-	-	-	24	5	9
% Staff Attendance	Existing	Qtly	-	92%	84%	94%	97%	98%	95%
% Spend against budget	Existing	Qtly	-	93%	97%	91%	96%	99%	95%
% staff reporting regular receipt of team briefings	Existing	Qtly	-	-	-	87%	71%	-	100%
Pride in Performance Conversations	Existing	Annually (at end of Q2)	-						95%

4. Risks

Ref:	Risk Description	Gross Risk			Current controls	Residual Risk			Risk Status Tolerate / Action	Further Action Required	Action Due by	Risk Owner
		I	L	R		I	L	R				
1.	Misuse of Accounting Systems leads to mis-statement of financial records	4	5	20	<ul style="list-style-type: none"> Recruitment of staff with integrity Passwords Limited restriction of user processing rights Robust hierarchy of management and supervision 	2	2	4	Action	<ul style="list-style-type: none"> Review user processing and file maintenance rights 	March 2022	Head of Finance
2.	Failure of key financial controls leads to errors and/or fraudulent activity	5	5	25	<ul style="list-style-type: none"> Recruitment of staff with integrity Segregation of duties Finance review and authorisation of payments Master Audit Report reviews Budgetary control process Bank reconciliations Participating in NFI Duplicate Invoices Report reviewed before each suppliers' payment run. Correction logs in place. Revised Supplier Payments Guidance emphasised the importance of maintaining internal controls 	3	2	6	Action	<ul style="list-style-type: none"> Development of procedures manuals Finance induction for appropriate staff Totalmobile training for users 	March 2022	Head of Finance
3.	Council does not maintain adequate financial reserves leads to financial instability	5	5	25	<ul style="list-style-type: none"> Projected revenue out-turn and Balance Sheet forecasting included in Estimates reports 	4	2	8	Action	<ul style="list-style-type: none"> Introduction of capital budget reporting 	March 2022	Head of Finance

Ref:	Risk Description	Gross Risk			Current controls	Residual Risk			Risk Status Tolerate / Action	Further Action Required	Action Due by	Risk Owner
		I	L	R		I	L	R				
					<ul style="list-style-type: none"> Benchmarking with other NI councils Chief Executive statement on adequacy of reserves at estimates Budgetary control reports Review at end of year Medium-Term Financial Strategy (including guiding principle on building up the General Fund balance) approved. Additional Support received for some losses from the NI Executive and HM Treasury 							
4.	Inadequate disaster recovery procedures lead to inability to process transactions	4	3	12	<ul style="list-style-type: none"> Business Technology back-ups Use of Signal as a back-up processing location Systems redesigned to operate in home working environment 	3	1	3	Action	<ul style="list-style-type: none"> Finalise Business Impact Assessments Go live with cloud-based payroll software Agreement of Home working Policy 	March 2022 May 2022	Capital Accountant and Corporate Accountant
5.	Failure to maintain adequate working capital and security of Treasury deposits leads to significant loss of reserves	5	3	15	<ul style="list-style-type: none"> Employment of skilled staff Contract with Treasury Management Advisors Maintain register of investments 	5	1	5	Action	<ul style="list-style-type: none"> Establish mechanism for HoS to report significant cash flows as 	March 2022	Capital Accountant

Ref:	Risk Description	Gross Risk			Current controls	Residual Risk			Risk Status Tolerate / Action	Further Action Required	Action Due by	Risk Owner
		I	L	R		I	L	R				
					<ul style="list-style-type: none"> Adhere to Treasury Management Strategy Statement Keep under regular review the short-term cash flow projections Keeping up to date with market changes – treasury management advisors 					early as possible.		
6	Failure to plan for smooth modest district rate increases	4	5	20	<ul style="list-style-type: none"> Council expectations Medium Term Financial Strategy Medium Term Financial Plan 	4	2	8	Action	<ul style="list-style-type: none"> Continue to embed the use of business cases in Council decision making (addressing issues such as funding opportunities, VAT recovery and use of risk registers) 	February 2022	Head of Finance
7	Failure to properly implement new integrated HR & Employee Payments system (Core2)	5	3	15	<ul style="list-style-type: none"> Project management system set up Consultation with key stakeholders Communicating with staff through Team Brief 	4	4	16	Action	<ul style="list-style-type: none"> Use of parallel runs to test accuracy of data Project to be adequately resourced 	May 2021	Head of Finance and Corporate Accountant

Ref:	Risk Description	Gross Risk			Current controls	Residual Risk			Risk Status Tolerate / Action	Further Action Required	Action Due by	Risk Owner
		I	L	R		I	L	R				
					<ul style="list-style-type: none"> Online training of Key Staff by provided by software vendor Access to legacy systems User Acceptance testing complete 							
8	Over-reliance on key individuals	4	4	16	<ul style="list-style-type: none"> Four qualified accountants employed, each supported by assistant accountants 	4	3	12	Action	<ul style="list-style-type: none"> Review staffing structure to enhance resilience 	March 2022	Head of Finance

5. Resources

Are all actions resourced within the current (2021/22) budget plan? Yes No

Will additional resources be required?

Yes No

(If no please comment in Section A below how the actions will be funded, ie Staff Resources, Equipment, Revenue Budget, Capital Budget.)

(If yes please detail additional resources in Section B below.)

Section A: There is adequate budget within the Service to deliver this plan, however, see section B in respect of staffing.

Section B:

Staff:

Additional accounting resources are required, but these are in part dependant on savings to be realised through implementation of the new integrated Human Resources and Employee Payments system.

Financial:

Cost Centre	2020/21		2021/22	
	Budget £	FTE	Budget £	FTE
Head of Finance	82,900	1.0	85,600	1.0
Corporate Accounting	282,000	8.0	312,100	8.0
Performance Accounting	205,000	5.1	213,300	5.1
Capital Accounting	245,600	6.2	254,100	6.2
Corporate Management	112,000	-	117,500	-
Total	927,500	20.3	982,600	20.3

Other:

-

If the required additional resources are NOT available, please state:

What is the likely impact on performance?

-

What is the likely impact on the public?

-

What is the likely impact on staffing?

-

6. Monitoring and Review

In adherence with corporate requirements, including quarterly reporting to Committee. Performance will also be discussed at regular manager meetings and all staff workshops.

7. Conclusions

This plan provides focus for the service for the 2021/22 financial year.

8. Appendices

PESTLE Analysis

Political

- Council desire for transformation of services to improve efficiency and effectiveness and release resources for other purposes.

Economic

- Longer-term impact of Covid-19 pandemic communities and businesses.
- Long-term decline of non-domestic tax base.
- Restrictions on carrying central government funding between financial years.

Social

- Potential for significant homeworking arrangements following the pandemic.

Technological

- Implementation of new integrated employee payments and human resource software.
- Need for new financial software and reporting package.

Legal

- Non-domestic rating consultation.
- Potential update of Local Government Finance Act (NI) 2011 in respect of payments to Councillors.
- Breaking of statutory link between domestic and non-domestic rates.
- The main statutes that the Finance Service delivers its functions under are:
 - o Local Government Finance Act (NI) 2011 (LGFA)
 - o Rates (NI) Order 1977 (as amended) (RO)
 - o Rates Regulations (NI) 1997 (RR)
 - o Local Government (Accounts and Audit) Regulations (NI) 2015 (LGAAR)
 - o Local Government (Capital Finance and Accounting) Regulations (NI) 2011(LGCFAR)
 - o Local Government (Payment to Councillors) Regulations (NI) 2012)
 - o HMRC PAYE and VAT Regulations
- There are a number of other codes with quasi-legal standing which the Council is obliged to comply with:
 - o CIPFA Code of Practice on Local Authority Accounting in the UK
 - o International Financial Reporting Standards
 - o CIPFA Prudential Code for Capital Finance
 - o CIPFA Code of Practice on Treasury Management

- In addition, the Council must comply with requests under the Freedom of Information Act, or from the Department for Communities.

Environmental

- Implications of Pathway to Sustainability initiative

SWOT Analysis

<p>Strengths</p> <ul style="list-style-type: none"> • Knowledgeable and committed staff • Well respected by Members • Good quality core services • 10-year financial plan in place • Statutory financial accountability structures 	<p>Opportunities</p> <ul style="list-style-type: none"> • New Employee Payments software systems and business processes • Closer working with the Human Resources and Organisational Development Service • The transformation and efficiency agenda
<p>Weaknesses</p> <ul style="list-style-type: none"> • Capacity to develop use of technology to improve efficiency (eg. spreadsheet skills and use of digital services) • Still using legacy policies and procedures • Lack of common areas for staff 	<p>Threats</p> <ul style="list-style-type: none"> • Configuration of office space • Volume of work – particularly during Covid-19 pandemic • Change fatigue