

**REVIEW AND CONSOLIDATION OF OUTSTANDING AUDIT  
RECOMMENDATIONS RELATED TO BUDGETARY CONTROL**

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- 1 Given status of budgetary control as a core finance system and its importance in terms of the internal financial control framework it is understandable that over the period there have been a number of audits carried out by both internal and external audit into the Council's budgetary control systems. Generally these audits have identified that adequate arrangements are in place and in some cases examples of good practice have been identified. However it is acknowledged the arrangements in place are not perfect and that in certain areas there is room for improvement. Following the conclusion of each audit an action plan will have been prepared with agreed improvements to the arrangements for budgetary control. In some case the same or similar recommendations have appeared in a different reports. Most recommendations have been actioned but there a few recommendations where delays have been encountered in their implementation. At the last Audit Committee it was agreed that a separate note should be prepared consolidating the various outstanding recommendations on budgetary control and setting a new baseline for future reporting.
  
- 2 The approach to ongoing monitoring and reporting on budgetary performance is most developed in Community Services and this has been the area that has been given greatest scrutiny. This has acknowledged the improvements in place compared to the previous arrangements in place within the former education Service. The Finance Team in Community Services are currently reviewing the process adopted in Community Services to ease the administrative burden associated with the process whilst maintaining or improving the utility of the process. They are developing and testing their changes over the course of the current financial year. Following this pilot within Community Services the approach will be rolled out to other departments with suitable adjustments where appropriate to reflect the different nature of the business, operations and risks within these departments. A key element of this roll out will be the development of training materials and delivery of training to budget holders. Both the roll out of the new procedures and preparation and delivery of training will be completed before June 2006.
  
- 3 The other key area for improvement is the extent to which service and financial plans and monitoring reports are linked. Currently the Council prepares a fairly comprehensive budget pack that contains information on its corporate plan, area strategies, service plans and budgets. However the priorities in the service plans are not costed. Furthermore although the Strategic Management Team consider quarterly service performance reports and revenue budget monitoring reports at the same meeting the quarterly service reports do not contain information on the budgetary performance against each of the priorities in the service plan. The

Strategic Policy Committee established a Valuing Performance Review in August 2005 with a remit to consult key stakeholders in the development of an approach that would lead to priorities identified in the planning process being costed to make explicit the financial implications associated with priorities and that monitoring reports would also report on financial performance relative to each priority. The Valuing Performance review team are due to report draft proposals to the Strategic Management Team in December with an agreed approach being developed by February 2006 with rollout and implementation of the new approach to link service and budget planning and monitoring information for the 2007-08 budget and 2006-07 quarterly performance reports.

4 The revised action plan relative to the above is noted below.

Ref	Action Point	Responsibility	Risk Grading	Date
1	Complete pilot testing of new budget monitoring approach within Community Services and roll out of new budget monitoring procedures over all departments	Head of Strategic Finance	Fundamental	June 2006
2	Development of training materials and delivery of training to budget holder on budgetary control generally and the new procedures	Head of Strategic Finance	Fundamental	June 2006
3	Valuing performance review team to develop an approach to establish costing of priorities in service plans and reporting of such in quarterly reports	Head of Strategic Finance	Fundamental	For 2006-07 quarterly reports and 2007-08 budget

Bruce West  
Head of Strategic Finance  
30 November 2005