

## Warren Report Update

### Background

1. Appendix B of the Warren Report produced in November 2015 contained a number of recommendations.
2. Council has not adequately tracked the implementation of those recommendations, and this was identified as one of the recommendations from the Hoey Ainscough Report received by council in January 2017.
3. If council is not to die a slow death by a thousand recommendations, it needs to identify how it will respond to reports and their recommendations, as and when they are received.
4. Council may wish to reflect on the extent to which all the recommendations of the Warren Report could be described as specific and measurable; it is impossible to assess, after the event, if a regulation was drafted carefully or casually.
5. There is a risk now that issues that were pertinent when the Warren Report was produced are no longer pertinent or have been overtaken by events.
6. There is now a risk that council becomes locked in a recursive cycle of revisiting reports; council is therefore invited to note the responses below, to, where indicated, add items to the Forward Plan, and to minute that it is content with its handling of the Warren Report in this way.

### Recommendations

R1. Ensure that sufficient evidence is retained to link invoices to specific accounting codes, for example through quotation of a purchase order on the invoice, inclusion of sufficient narrative on the invoice or annotation.

#### Response

Financial Regulation 9 has been adopted subsequent to this recommendation.

R2. Establish effective purchase order controls, for example through documentation of reasons for invoices exceeding purchase order values.

#### Response

The new Financial Procedures Manual has been adopted subsequent to this recommendation.

R3. When taking on any future grant-aided scheme, ensure that the terms and conditions of the grant (including the scope of any pre-approved expenditure) are clearly established at the outset.

#### Response

Council has accepted grants since this recommendation, but it is not clear that the specific wording of this recommendation was used in reports or the making of acceptance decisions. Council is therefore recommended to add the issue of grant monitoring and funding to its forward Plan.

R4. When taking on any future grant-aided scheme, ensure that systems are established to comply with, and document compliance with, scheme terms and conditions.

Response

See the response to Recommendation 3.

R5. Ensure that the any delegation of functions by the Council complies with the requirements of the Local Government Act 1972 and, in the case of a Committee or Sub-Committee, that the Committee or Sub-Committee complies with the requirements of the Public Bodies (Admission to Meetings) Act 1960.

Response

A recommendation that council should do what it is required to do by law is, by definition, tautological. The new system, introduced in January 2017, of enabling members to require the clerk to rule on a point of law (Standing Order 25) will, however, provide a means of redress for this issue.

R6. Adopt strategic objectives for the Council.

Response

Council has agreed to set down a process by which the new council, elected in May 2017, will work towards defining its strategic objectives.

R7. Establish and document a clear framework for oversight of the system of internal control by the Council.

Response

The logical framework for oversight of the system of internal control would be a Finance and Audit Committee, which reported to council on its findings in respect of internal controls. Council is recommended to consider receiving a future report on the terms of reference for an audit and finance committee, and to add this to its Forward Plan.

R8. Establish and document the respective accountabilities of the Town Clerk and Finance Officer for the financial affairs of the Council, including the means by which the Town Clerk oversees the activities of the Finance Officer.

Response

This recommendation is unclear; the Interim Town Clerk currently acts as Responsible Financial Officer, and is line manager for the Finance Officer. Any responsibilities the Finance Officer has, therefore, are matters for which the Interim Town Clerk, as RFO, is responsible. Council has agreed to review the job description of the Town Clerk, and to conduct a Staffing Review.

R9. Establish a system for performance management of Council staff, including objective-setting, appraisal and development planning.

Response

Council has agreed to undertake a staffing review which should include these matters..

R10. Reinforce existing standards for courtesy to Council staff and existing arrangements for Councilors feeding back on the performance of Council staff.

Response

The report does not identify existing standards for courtesy to Council staff, and it remains the case, both in law and practice, that any feedback on the performance of council staff should be provided via the Interim Town Clerk or their successors. The Interim Town Clerk will continue to remind councillors of their duties as employers and under the Code of Conduct as and when necessary.

R11. Establish a new system of risk management including:

- a) regular oversight by the Council (including in response to new activities);
- b) linkage of risks to Council objectives;
- c) clear distinction between inherent, control and residual risks;
- d) routine monitoring of the implementation of identified actions.

Response

New financial regulations have been adopted since this recommendation, but not implemented. Members are invited to note that there is a report on risk management on this agenda.

R12. Use the revised risk management process to determine the optimal scope and nature of insurance coverage.

Response

Members are invited to refer to the previous response.

R13. Following a review of identified risks and the Council's risk appetite, adopt revised Financial Regulations, taking into account the extent of non-compliance with the Council's existing Financial Regulations.

Response

New Financial Regulations have been adopted.

R14. Ensure that revised Financial Regulations are carefully drafted to reflect the circumstances of the Council, include accurate cross-referencing and avoid ambiguity.

Response

The degree of care in the drafting of the new Financial Regulations is impossible to assess, but council is adopting refinements to the Financial Regulations as necessary.

R15. Prepare basic documentation of operational financial procedures.

Response

A Financial Procedures Manual has been adopted.

R16. Adopt an investments policy.

Response

Members are referred to tonight's agenda.

R17. Establish a budget-setting process that reflects overall Council priorities and the need to budget for contingencies.

Response

Members may wish to reflect on the budget process they have just experienced, and to reflect on the extent to which they were satisfied with the care taken to budget for contingencies.

R18. Ensure that all bank reconciliations are documented.

Response

A Financial Procedures Manual has been adopted.

R19. Establish and document controls over 'journal entries'.

Response

A Financial Procedures Manual has been adopted.

R20. Establish procedures over payments to ensure that:

- a) there is documented confirmation of receipt of goods and services of the specified standard;
- b) all payments are promptly recorded in the accounting system; and
- c) compliance with supplier payment terms is monitored.

Response

A Financial Procedures Manual has been adopted.

R21. Establish procedures over income, including consistent use of sequentially-numbered invoices.

Response

A Financial Procedures Manual has been adopted. In addition members are invited to note that the move to a new accounting system will enable better control of invoicing.

R22. Reflect commitments in addition to expenditure incurred in budget monitoring reports to the Council.

Response

This was one of the considerations in adopting a new accounts system.

R23. Adopt language for budget monitoring reporting that accurately reflects the nature of expenditure incurred.

Response

Reports will continue to be written in English, in a way designed to enable members to make informed decisions, as required by law.

R24. Secure the attendance of the Finance Officer at meetings of the Finance and Resources Committee and, when required by the Town Clerk, at meetings of the Council.

Response

The report author appears to confuse the role of Responsible Financial officer and Finance Officer; the RFO is accountable to council and its committees, and, for the time being that is the Interim Town Clerk. For future reference, the issue of which staff attend which committees is a staffing matter, and that is a matter for the Town Clerk, alone, as Chief Officer.

R25. Report financial performance against budget to other committees.

Response

If, in future, council chooses to delegate budgets to committees it will also be, in effect, delegating budgetary responsibility to those committees. In that sense, the recommendation is a tautology.

R26. Increase the focus of internal audit testing on compliance with Financial Directions. (sic - we presume the recommendation refers to Financial Regulations).

Response

The RFO will contact the Internal Auditor and ensure that they are aware of Mr Warren's views, but the conduct of the Internal Audit is a matter of professional judgement for the Internal Auditor.

R27. Ensure that the Council agrees proposed actions in response to audit recommendations.

Response

Council is recommended to add a report on the topic of 'reporting of Audit Recommendations' to a future council agenda, and hence to the work plan.

R28. Regularly monitor progress in the implementation of agreed audit recommendations.

Response

Councillors are invited to refer to the previous response.

R29. Adopt an improvement plan in response to the recommendations contained in this report.

Response

Council is invited to note how many of the recommendations have been implemented, and how few require additional reports via the Forward Plan process.

R30. Designate or establish an appropriate group to monitor implementation of the agreed actions.

Response

Council has chosen Council as the appropriate body.