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## 1. Purpose of Document

The purpose of this document is to provide the details of the findings from the CIPFA self-assessment Finance review that was completed during September and October 2015.

This document will provide an overview of the review approach, and a summary of the results, it will also include an action plan identifying areas for development.

This document will be issued to the executive sponsors of the review and the review steering group.

## 2. Executive Summary

### 2.1. Review model and summary results

The CIPFA FM Review took place during September and October 2015, this was completed through a series of interviews with key stakeholders, supported by an electronic survey that captured the views of transactional finance and managers. 38 people took part in the survey (18 interviews and 20 Electronic Survey) and the results are considered in this document.

The results have been compiled jointly between Lincolnshire Police and G4S and have been independently quality assured by CIPFA who also conducted the majority of the face to face interviews as part of the assessment.

2.1.1. The CIPFA FM Model is structured around three styles of financial management:

- i. Securing Stewardship – an emphasis on control, probity, meeting regulatory requirements and accountability.

- ii. Supporting Performance – responsive to customers, efficient and effective, and with a commitment to improving performance.
- iii. Enabling Transformation – strategic and customer-led, future orientated, proactive in managing change and risk, outcome focused and receptive to new ideas.

The styles are intended to be progressive and it is expected that all three styles will be present in an organisation exhibiting best practice financial management characteristics. For example, stewardship alone is not sufficient to enable an organisation to drive performance and to develop its transformational capacity and, conversely, performance or transformation programmes that are not founded in a robust approach to controlling and accounting for resources are unlikely to succeed.

2.1.2. The CIPFA FM Model is also organised by four management dimensions.

These cover both hard edged attributes that can be costed or measured, as well as softer features such as communications, motivation, behaviour and cultural change. These are:

- i. Leadership (section 3) – focuses upon strategic direction and business management, and the impact on financial management of the vision and involvement of the organisation's Board members and senior managers.
- ii. People (section 4) – includes both the competencies and the engagement of staff. This aspect generally faces inward to the organisation.
- iii. Processes (section 5) – examines the organisation's ability to design, manage, control and improve its financial processes to support its policy and strategy.
- iv. Stakeholders (section 6) – deals with the relationships between the organisation and those with an interest in its financial health, whether Treasury, inspectors, auditors, taxpayers, suppliers, customers or partners. It also deals with customer relationships within the organisation, between finance services and its internal users.

A matrix approach is therefore used in the Model, combining the three styles of financial management and four management dimensions. Appendix A describes the approach used to complete the review and a list of the individuals involved in the process.

The review was comprised of 38<sup>1</sup> statements, which can be organised into the styles of management and management dimensions as described below (and in Appendix A) The results of this for the Lincolnshire Police review are as follows (full details are included in section 5):

2.1.3.

	Leadership	People	Process	Stakeholders
Securing stewardship (1)	3	1.5	2.5	3.5
Supporting performance (2)	2	2	2.5	2
Enabling transformation (3)	3.5	N/A	1.5	N/A

This is based on an average of the individual statement results using the following scoring criteria:

<sup>1</sup> PR16 and S5 and S6 were not included as they are not relevant to the self -assessment, therefore the review is comprised of 35 statements

Score	How far does the best practice statement apply?
0 / 0.5 / 1	Hardly
1.5 / 2	Somewhat
2.5 / 3	Mostly
3.5 / 4	Strongly

#### **2.1.4. Securing Stewardship**

The results indicate a strong emphasis on control and regulation but also evidences that this is not driven throughout the organisation. The low scores received against the people element of securing stewardship is largely due to the fact that financial competencies are not specified for roles such as budget holder, where they should be. Feedback from the surveys also indicates that much of the budget setting is completed centrally, and whilst budget holders are given some responsibilities they do not feel empowered or capable to fully fulfil this role through lack of training, compounded by a poor intranet presence of available resources.

#### **2.1.5. Supporting Performance**

A consistent mid-range result across the management dimensions indicates that efforts are made to provide a service that is responsive to customers, efficient and effective, but that more could be done to enhance this. Within this area some positive results were identified, particularly in relation to medium term financial planning underpinning strategic priorities, and the alignment of resources to meet business objectives and priorities. The lower scoring areas related to managers understanding of their responsibilities, and links between financial input into transformation activity. This appears to indicate a disconnect between Strategic financial management and the application at a managerial level.

#### **2.1.6. Transformation**

From a leadership perspective transformation scored highly, owing to the assessment of service provision that occurs as part of the budget setting, integrating financial management into business needs. This area scored lower in the processing, thematically it was identified that centralised management of budgets does not provide the opportunity for budget holders to implement transformational change. Changes are not always supported by the appropriate financial input, and the intended benefits are not fully managed or assessed. The transformation expected from t-Police is not mutually agreed and this impacts on the perception of the achievement of these benefits.

### **2.2. Key strengths**

2.2.1. The management of risks and the strength of internal audit accounted for the highest scoring areas during the self-assessment. Survey and interview results indicate strong confidence in the risk and audit approaches, but also a general perception that the organisation is risk averse; this is also supported by the lower scoring results in the transformation area.

2.2.2. The assurance framework is impressively detailed and supported by detailed probing from JIAC to ensure the validity of the detailed assurances underpinning the framework. The organisation needs to be mindful that the overall benefits of the process are worth the administrative input.

2.2.3. The leadership team's allocation of resources to activities to achieve objectives was also shown to be a significant strength. The centralisation of budgets such as staffing supports a strong management of budgets from the leadership team.

2.2.4. The level of documentation in support of policies and procedures is positive, however there are gaps with regards to how well known this information is across the organisation. The document review undertaken also identified a difficulty in searching and filing of documents on the Force intranet .

2.2.5. External stakeholders confidence was also established as a strength, linked in part to the robust audit regime.

### **2.3. Key weaknesses**

2.3.1. The lowest scoring areas from the review focused around a lack of financial competencies being required particularly for budget holders, and a lack of clear responsibilities for managers in delivering to the budget.

2.3.2. Another recurring gap was in relation to the provision of financial information to budget holders, this reflected in low scores for these areas, with many managers being unaware of what financial information and support they should be receiving.

2.3.3. Whilst seen as a strength and achieving positive scores the amount of leadership control over budgets and a tendency to be risk averse has resulted in an inability to achieve financial processes that support change, and the re-engineering of financial processes. With some processes completed off systems to accommodate enhanced control arrangements e.g. procurement which is completed off system whereby the amount is over £10,000. There is also an element of the Force and OPCC checking G4S work which leads to double handling and does not represent an efficient process, this could be reviewed on a risk based assessment.

2.3.4. The lack of definition and awareness of roles and responsibilities was a key theme throughout the review. There is not currently a shared understanding of the scope of work, or a shared vision of what transformation looks like, this leads to frustration and the double handling of information.

2.3.5. The weakest areas are also considered in section 4 which describes the action plan resulting from the review.

### 3. Detailed Findings - LEADERSHIP

Ref	Area	Moderated Score
L1	The organisation has an effective framework of financial accountability that is clearly understood and applied throughout, from the Board through executive and non-executive directors to front line service Managers.	3
L2	The organisation's leadership allocates resources to different activities in order to achieve its objectives and monitors the organisation's financial and activity performance.	3.5
L3	The organisation integrates its business and financial planning so that it aligns resources to meet current and future business objectives and priorities. Performance management is conducted through measures of service delivery and clear understanding of the costs incurred.	2.5
L4	The organisation has a developed financial management strategy to underpin long term financial health.	2.5
L5	The organisation uses financial management expertise in its strategic decision-making and its performance management based on an appraisal of the financial environment and cost drivers.	2
L6	The organisation develops and manages employees pay and benefits strategically.	2.5
L7	The organisation's leadership integrates financial management into its strategies to meet future business needs. Its financial management approach supports the change agenda and a culture of customer focus, innovation, improvement and development.	3.5

3.1.1. Financial management is seen as fit for purpose, there is an effective scheme of delegation; but whilst this is well set out in paper, it does not live for people. There is not a culture where people see this as a primary part of their job beyond those in the higher levels of leadership and finance specific roles.

3.1.2. The Police and Crime Plan, supported by the Operational Policing Plan is well publicised and provides the high level aims and objectives for the organisation. However, these themes and priorities only represent around 20% of the overall business. The overall target is 1100 police officers but the allocation of those officers has changed over time, it would be useful to link resources with outputs and outcomes.

3.1.3. Within survey group 3 (Service Directors) the process for development of the medium term financial plan is viewed as collective amongst some, but is viewed as being 'imposed' by others. With a number of centralised budgets including key areas such as staffing it is straightforward to understand how this perception has been formed. There is a need to balance tight control and balancing of budgets from the most senior managers whilst still allowing the responsibility for financial management and value for money at a budget holder level.

3.1.4. The Transactional Management Board manages the day to day G4S contract, the OPCC has stepped away from this as day-to-day management of the G4S contract is delegated to the chief constable; this represents a logical split, but is not consistently replicated in all areas involving financial management.

3.1.5. There is business case process in place, which is also featured in the G4S contract and this ensures benefits are set out and financial considerations are given, however this is not always applied

consistently, and finance staff are not always consulted in the development of financial considerations as shown below:

- 3.1.5.1. *Survey Group 2: "Finance staff are often the last to hear about certain projects, and often, numerical data is provided to board level with nil finance input. Finance are often just not involved with major projects until later stages, when it is then often too late to influence"*
- 3.1.5.2. *Survey Group 4 "There is a clear focus on financial considerations but a lack of reliable data on which to make decisions (at tactical level). Finance staff (G4S) do not get involved enough in the day to day financial decision making and have to be approach by the business meaning we run the risk of missing something because we don't realise that finance issues could be a problem"*
- 3.1.5.3. *Survey Group 4 "There are some occasions when finance is received, such as the Home Office Innovation Fund where the underpinning premise of the project provides little benefit to the force (and is a drain on resources), but the force has to continue with the project. That said, as a principle, project boards do tend to periodically review such questions".*

**3.2. L1 The organisation has an effective framework of financial accountability that is clearly understood and applied throughout, from the Board through executive and non-executive directors to front line service Managers.**

How far does the practice statement apply? 3 – Mostly

Key themes:

- i. The scheme of delegation is effective, but not all within the framework understand what it is for or where to find it, it is not made real for people.
- ii. Policies and procedures are in place to support the framework and provide thorough coverage but are not accessed enough by managers.

Action plan items:

- iii. Enhancing visibility of policies and procedures, with a specific communications plan and improvement to the finance section of the intranet **(A2)**

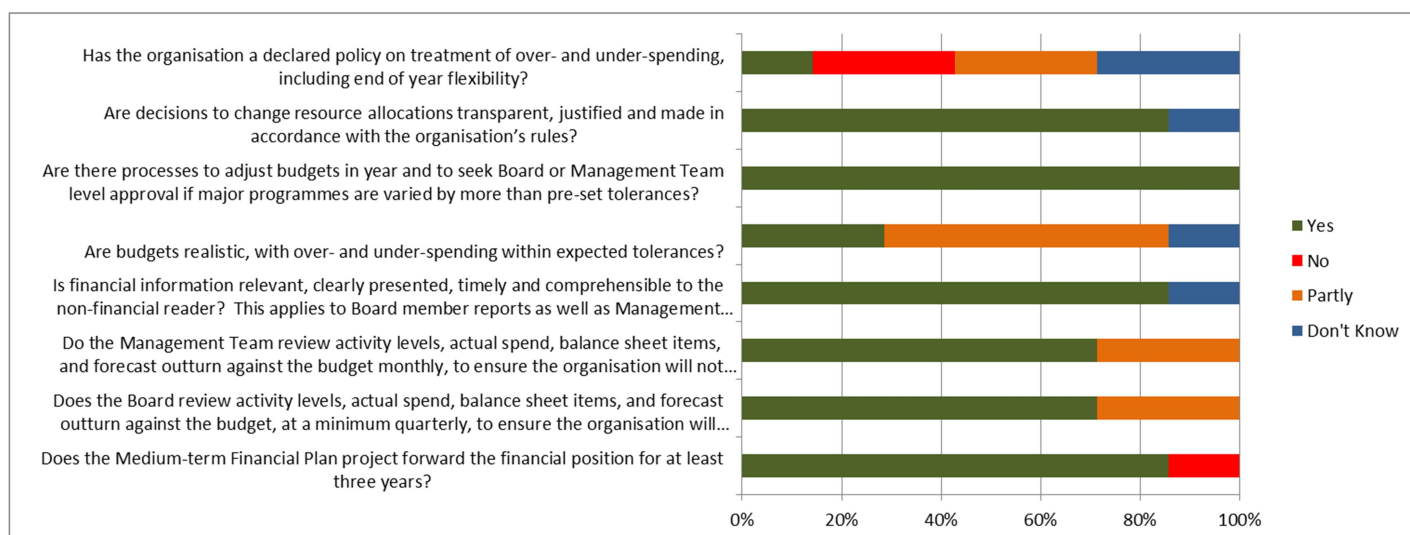
**3.3. L2 The organisation's leadership allocates resources to different activities in order to achieve its objectives and monitors the organisation's financial and activity performance.**

How far does the practice statement apply? 3.5 – Strongly

Key themes:

- i. Significant resource is allocated to the monitoring of financial and operational performance against defined plans.
- ii. Opportunities are available for budget holders to review and adjust the forecast, however this often does not occur as required, resulting in underspends. There is a lack of clarity on how this should be managed.
- iii. Regular meetings are held between Finance and budget holders.

Electronic Survey Responses:



#### Action plan items:

- iv. Enhancing visibility of policies and procedures re forecasts and over/underspend (A2).

### 3.4. L3 The organisation integrates its business and financial planning so that it aligns resources to meet current and future business objectives and priorities. Performance management is conducted through measures of service delivery and clear understanding of the costs incurred.

How far does the practice statement apply? 2.5 – Mostly

Key themes:

- i. Budgets have been centralised to enable better control, but creates a risk around individual accountability and contingency.
- ii. Targets are linked to overall police officer numbers but does not necessarily reflect changes to areas of deployment. Further work could be undertaken to link resources with specific outputs.
- iii. Financial pressures and predictions do feed into the medium financial plan.

### 3.5. L4 The organisation has a developed financial management strategy to underpin long term financial health.

How far does the practice statement apply? 2.5 – Mostly

Key themes:

- i. There are financial management policies that together underpin sound and sustainable long term finances, guidance is available via the Force intranet.
- ii. The Financial strategy and supporting plans are all published online.
- iii. Post completion project reviews do not always take place.

Action plan items:

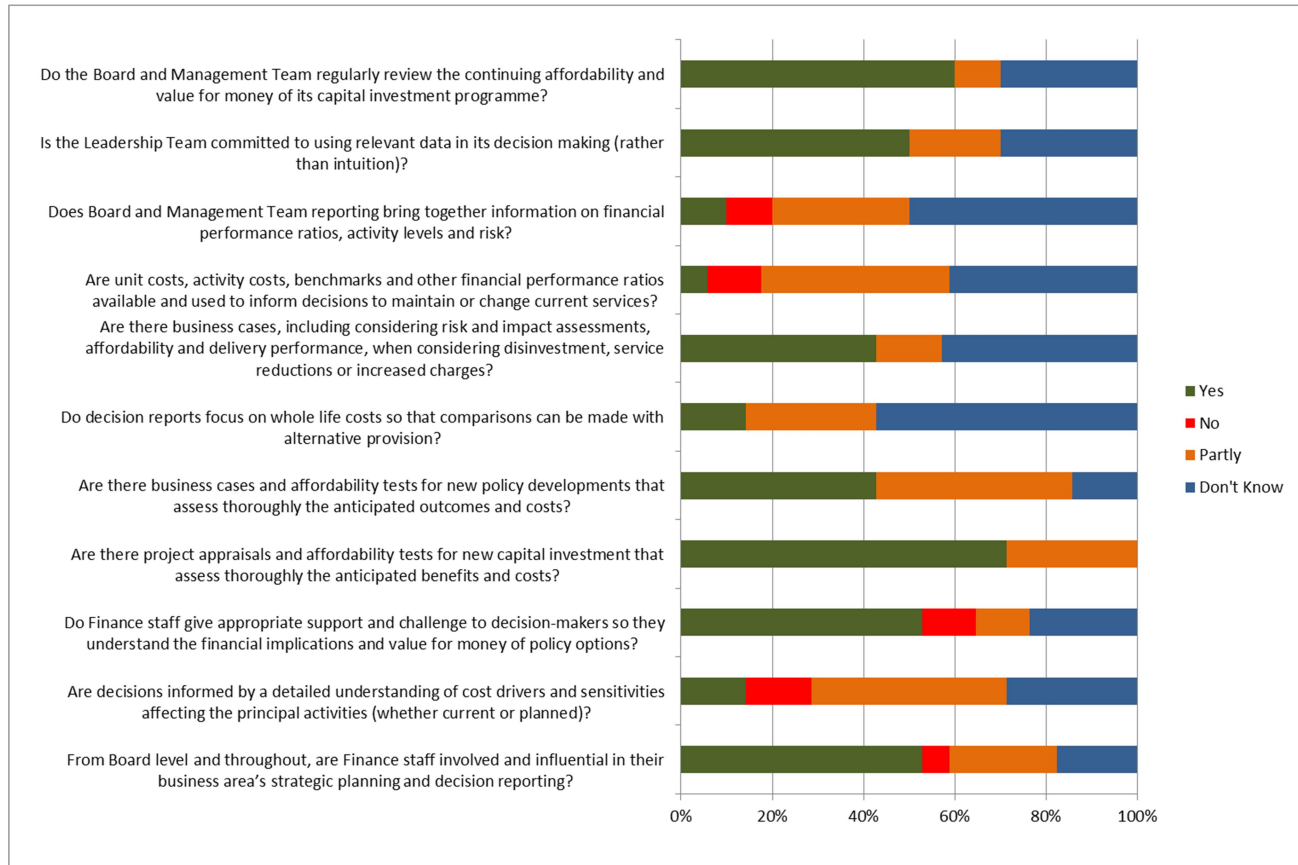
- iv. Communications and marketing of resources, develop the finance intranet presence to ensure required materials are available. Support this with sufficient marketing to increase awareness of resources. (A2)

### 3.6. L5 The organisation uses financial management expertise in its strategic decision-making and its performance management based on an appraisal of the financial environment and cost drivers.

How far does the practice statement apply? 2 – Somewhat

Key themes:

- i. Financial considerations and costs are included in the business case development, ensuring this is considered as part of initiation.
- ii. Themes emerged from SG4 (Operational Managers) with regards to a lack of input from the Financial team, whereas SG2 (Finance Department) identified that they were often not consulted during the early stages of development.
- iii. The link between budget and performance is lacking resulting in some cost drivers being missed.



#### Action plan items:

- iv. Further communications and targeted activity to ensure understanding and awareness of gaining financial input into decision making (PB1).
- v. Work to be undertaken to developing a cost model which links budget to performance (PB1)..
- vi. Improvements to the business case process, that ensures more input from finance (O2).

### 3.7. L6 The organisation develops and manages employees pay and benefits strategically & understands the financial impact.

How far does the best practice statement apply? 2.5 – Mostly

#### Key Themes:

- i. Employer pension contributions and future liabilities understood and are sustainable.
- ii. Pay liabilities resulting from legal proceedings and sickness are understood and monitored.

#### Action plan items:

- iii. There could be better development of the links between pay and strategic planning for workforce needs (PB1).



**3.8. L7 The organisation's leadership integrates financial management into its strategies to meet future business needs. Its financial management approach supports the change agenda and a culture of customer focus, innovation, improvement and development.**

Key themes:

- i. Funds are earmarked to facilitate innovative or invest to save projects, ensuring an appropriate balance between business as usual and development / change activities.
- ii. Financial and service benefits are not always thoroughly defined, and a benefits realisation plan drawn up, before embarking on major developments.
- iii. The Management Team rethinks and reformulates its business model to respond to a changing environment and new ideas.

Action plan items:

- iv. Benefits realisation to be undertaken as standard as part of any major developments (PB2).

#### 4. Detailed Findings – PEOPLE

Ref	Area	Moderated Score
P1	The organisation identifies its need for financial competencies and puts arrangements in place to meet them.	1
P2	The organisation has access to sufficient financial skills to meet its business needs.	2
P3	Managers understand they are responsible for delivering services cost effectively and are held accountable for doing so.	1.5
P4	Finance staff analyse financial issues and contribute interpretation, insight, advice, options, expertise and solutions to support decision makers and Managers.	2
P5	Financial literacy is diffused throughout the organisation so that decision takers understand and manage the financial implications of their decisions.	2.5
P6	The organisation develops and sustains its financial management capacity to help shape and support its transformational programme.	2

4.1.1. Budget holder guidance is available but many of those who require it do not know where to find it, or what is available to help them. There is little awareness amongst those outside of the department (at an operational level) around financial policies, and this is not actively publicised by those within the department:

4.1.1.1. *Survey Group 4 "There is no proactivity amongst finance staff to promote financial policies. As a head of dept I have to approach them to provide advice".*

4.1.1.2. *Survey Group 4 " I believe there is a lack of documented processes since the Finance Manual has not been kept up to date and removed from the intranet. We rely on corporate memory to pass on knowledge"*

4.1.2. There is a perception of a loss of experience with the move to G4S, that is seen to be improving with recent appointments, especially as experience of the sector is acquired. The G4S team is described as standalone with little evidence of 'reach back' into the larger organisation. Similarly the Force / OPCC team was light in the past and lacking in their detailed knowledge of the accounts but there have also been improvements to this position.

4.1.3. Survey Group 2 "100% of the G4S corporate accounts team, and the majority of the management accounts team are qualified. Most of these individuals brought their qualifications to the organisation, rather than the organisation funding it"

4.1.4. There are ongoing issues with the quality of reporting. This relates to the written reports about financial performance rather than the figures themselves, more development is required around the wording and analysis of the figures.

4.1.5. Budget holder accountability is seen as somewhat lacking, and this may be in part to do with the significant centralisation of budgets, and also that financial competencies are not routinely required or monitored as part of the role. A perceived lack of involvement in budget setting also distances the budget holder from a sense of ownership with a comment received that it is 'not considered to be overspending if the initial budget is not realistic'. There is also not a clear expectation about the importance of maintaining an accurate financial forecast from budget holders:

- 4.1.5.1. Survey Group 4 “I do not believe the organisation rewards efficiency and cost reduction and there is still a belief that you have to spend the budget fully otherwise the department will be 'rewarded' by having its budget cut the following year”
- 4.1.5.2. Survey Group 2 “Very little emphasis put on the current position, more focus on year end. Large underspends arose at the year-end in 14/15 which were just forecast spends in previous months despite little chance of the spend occurring”.
- 4.1.5.3. Survey Group 2 “Lincs Police have never really had any policy for overspending. There is also still somewhat a culture of predicting to spend higher and believing it is good to come in well underspent”

#### 4.2. P1 The organisation identifies its need for financial competencies and puts arrangements in place to meet them.

How far does the best practice statement apply? 1 - Hardly

Key themes:

- Financial competencies are not included in role profiles for budget holders, and there is no indication that these competencies form part of any formal review process.
- Lack of a training program for budget managers.
- The budget holder guide explains what is required, but is not well known enough to be useful.

Action plan items:

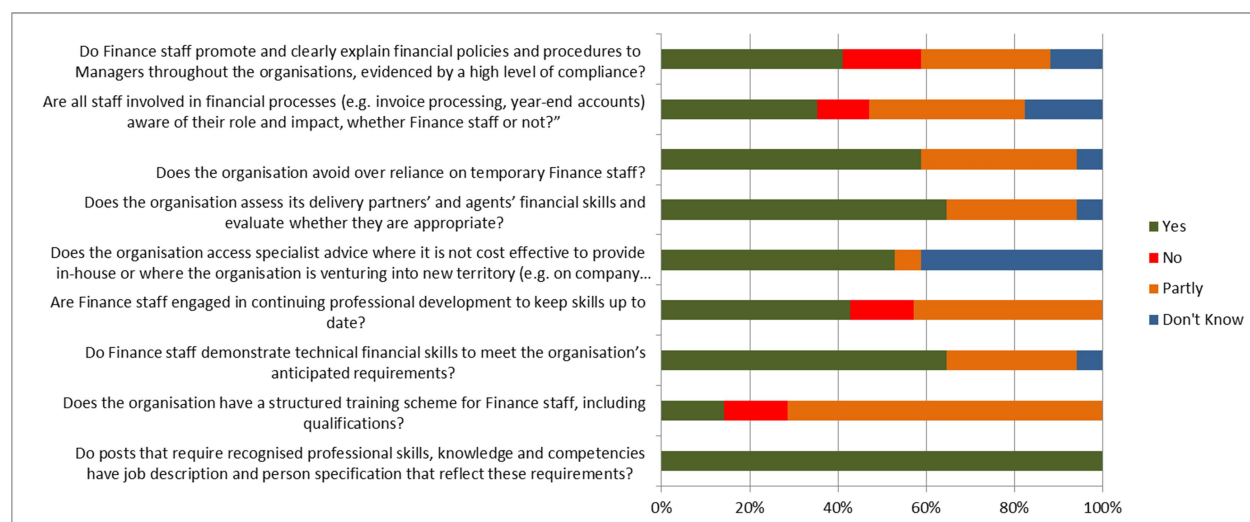
- Inclusion of financial competencies with PDR (A1).
- Development of a training package for budget managers (A5).

#### 4.3. P2 The organisation has access to sufficient financial skills to meet its business needs.

How far does the best practice statement apply? 2 - Somewhat

Key themes:

- There is a perception of a loss of experience following the move to G4S, although recent appointments have improved this perception.
- Operational managers raised the lack of documented practices and a reliance on corporate memory, indicating processes, policies and procedures require publicising so that that managers know what to look for and where to look.
- Issues with Final accounts working papers and capital accounting.



Action plan items:

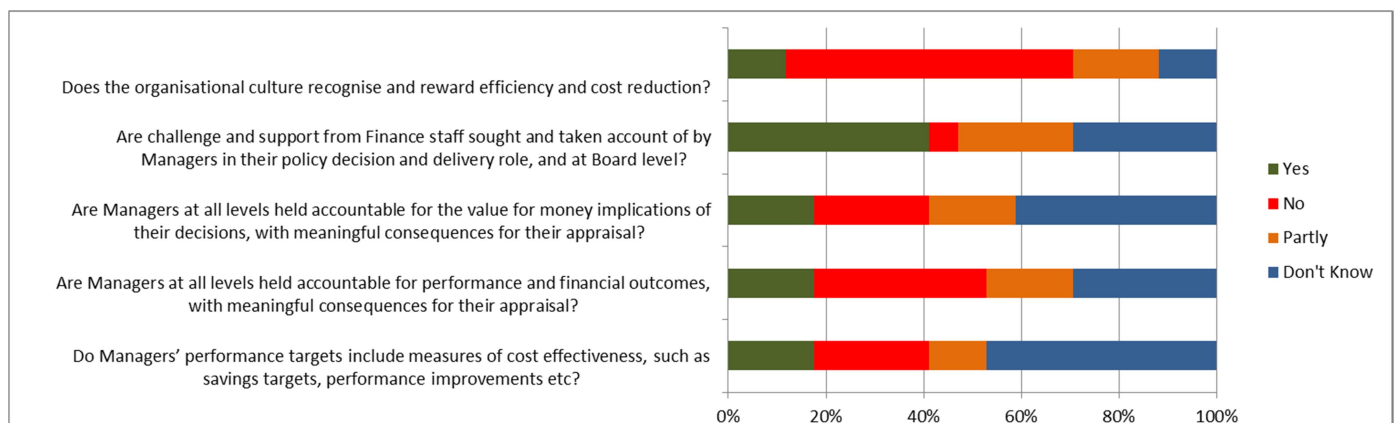
- iv. Publication / marketing and communication of processes, policies and procedures (A2).
- v. Identify training needs for whole finance function. Continue CPD sessions (O3).

#### 4.4. P3 Managers understand they are responsible for delivering services cost effectively and are held accountable for doing so.

How far does the best practice statement apply? 1.5 - Somewhat

Key themes:

- i. There is not a Force policy for overspending, and anecdotally a culture exists of predicting to spend higher and believing it is positive to come in well underspent. Conversely there is also a view that managers have to spend the budget fully otherwise the department will see reduced budgets the following year.
- ii. There are no formal indicators or requirements against which managers are held to account.
- iii. There is no reward for good management of budgets other than the budget reducing the following year.



Action plan items:

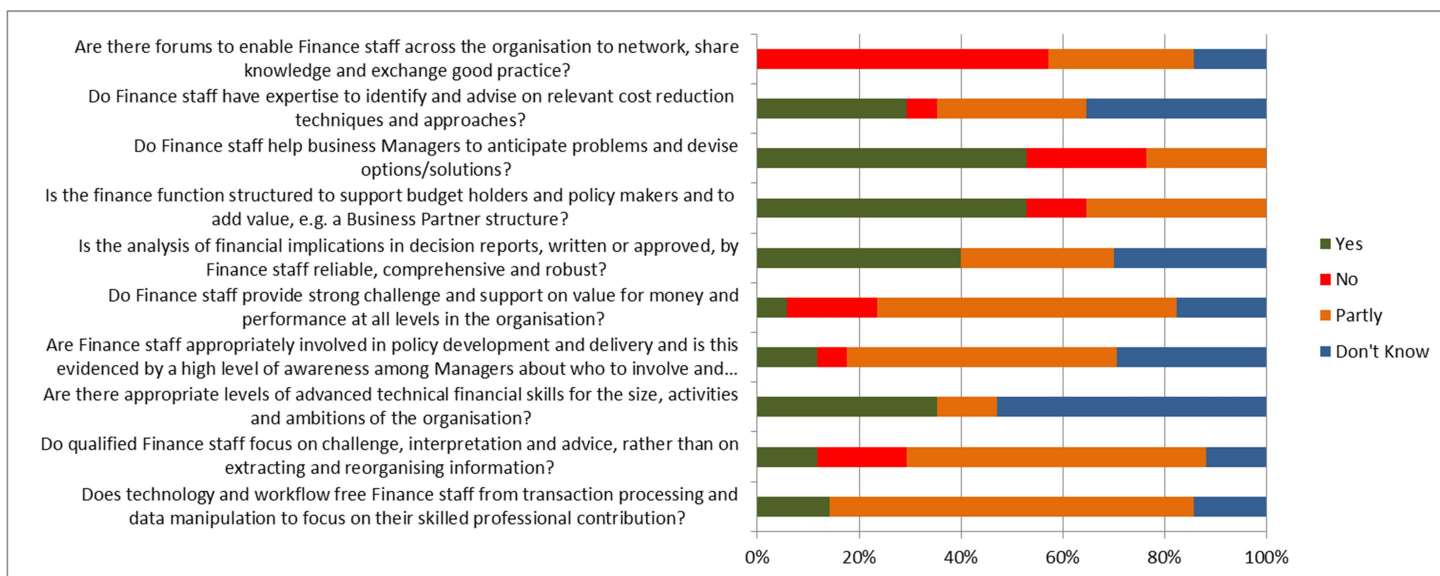
- iv. A number of comments were received in relation to the Budget Manager's Guide, this is a printed booklet that used to be distributed to all relevant people. It has now been replaced by the Budget Book, but it appears that wider communication is required (A2).
- v. Manager budget holder competencies and responsibilities to be reviewed. (A1).
- vi. Budget managers responsibilities clearly defined. (A1, O1, O2).
- vii. Budget manager training program initiated (A3, A5)

#### 4.5. P4 Finance staff analyse financial issues and contribute interpretation, insight, advice, options, expertise and solutions to support decision makers and Managers.

How far does the best practice statement apply? 2 - Mostly

Key themes:

- i. There is so much focus on extracting and reorganising information that there appears no time for the other aspects of the finance team's roles and little time for value adding activity.
- ii. Finance staff have useful contribution to make to the early stages of project development, e.g. providing input on potential savings and costings. However, they are often only called in at the later stages of development.



#### Action plan items:

- iii. Enhance opportunities for the sharing of best practice (04).
- iv. System refinement (t-Police) to reduce data organisation and allow for value adding activities. (I3).
- v. Review service standards and define who does what. This will provide useful tools in helping managers understand just what they are responsible for and also help them appreciate what additional services they ought to be calling upon from their finance colleagues. (A1,A4,A5,O1).

#### 4.6. P5 Financial literacy is diffused throughout the organisation so that decision takers understand and manage the financial implications of their decisions.

How far does the best practice statement apply? 2.5 - Mostly

#### Key Themes:

- i. G4S Finance do not tend to be involved with the strategic side of finance.
- ii. Not all managers take account of financial implications of projects/initiatives, particularly those who are not the most senior managers.



#### Action plan items:

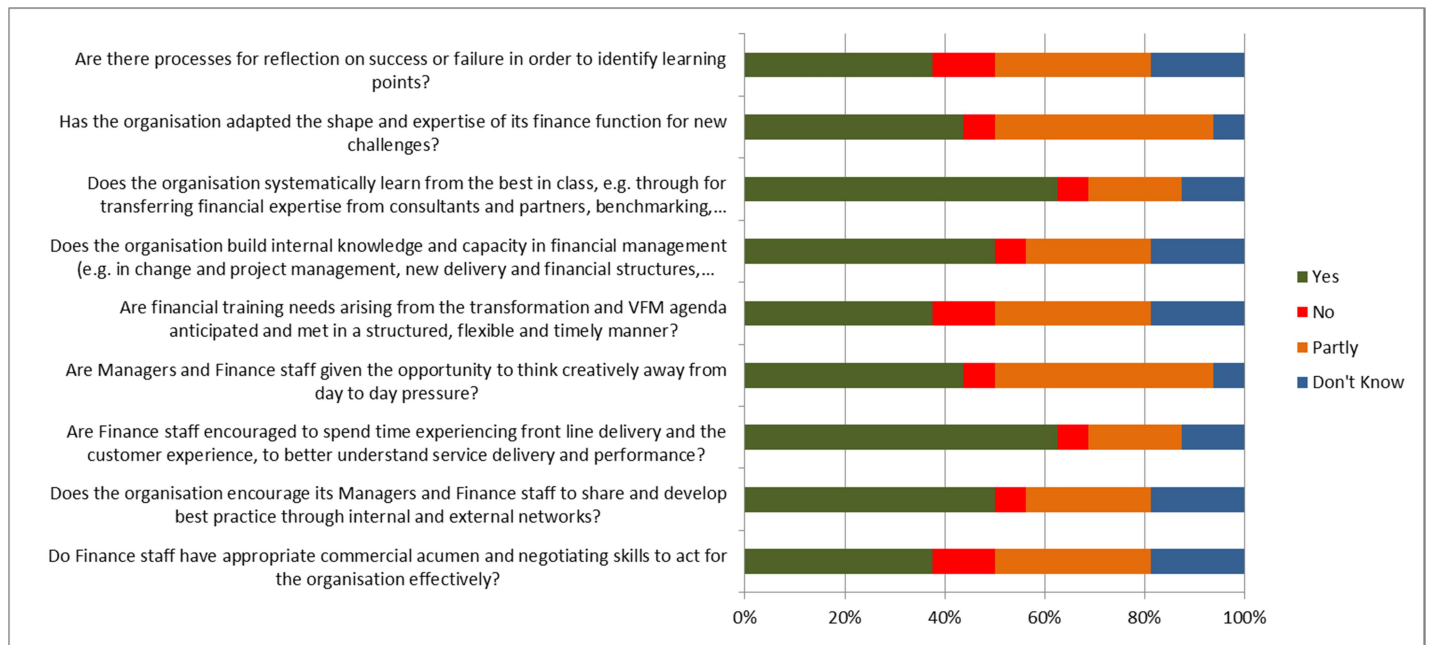
- iii. Managers to be more proactive in engaging with Finance for input as part of the decision making process (PB1).

#### 4.7. P6 The organisation develops and sustains its financial management capacity to help shape and support its transformational programme.

How far does the best practice statement apply? 2 - Somewhat

Key themes:

- i. There are gaps and inconsistencies in relation to the provision of financial input into transformational activity.



## 5. Detailed Findings - PROCESS

Ref	Area	Moderated Score
PR1	The organisation identifies and manages its significant business risks. The organisation is risk aware rather than risk averse.	3.5
PR2	The organisation has arrangements in place to maintain an effective system of internal control.	3
PR3	The organisation operates proper and effective internal audit.	3
PR4	The organisation operates and maintains accurate, timely and efficient transactional financial services (e.g. creditor payments, income collection, payroll, and pensions' administration).	3
PR5	The organisation's treasury management is risk based. It manages its investments and cash flows, its banking, money market and capital market transactions, to control the risks associated with these activities effectively; and pursues optimum performance consistent with these risks.	3.5
PR6	The organisation operates financial information systems that meet users' needs.	1.5
PR7	The organisation's financial accounting and reporting meet professional and regulatory standards.	2.5
PR8	Budgets are robustly calculated.	3
PR9	The organisation actively manages budgets, with monitoring and forecasting that is insightful, ensures 'no surprises' and leads to responsive action.	2
PR10	The organisation maintains processes to ensure that information about key assets and liabilities in its balance sheet is a sound and current platform for management action.	2.5
PR11	Collaborative arrangements to deliver services are accountable for their funding and service performance.	3.5
PR12	The organisation's medium-term financial planning process underpins its strategic priorities.	3
PR13	The organisation systematically pursues opportunities to reduce costs and improve value for money in its operations.	2.5
PR14	The organisation systematically pursues opportunities for improved value for money and cost savings through its procurement and commissioning.	2.5
PR15	The organisation pursues value for money through active management of its fixed assets.	2
PR16	The organisation works with other bodies to drive better service performance and/or reduce costs.	N/A

5.1.1. There is an assurance map in place, and this is new and still developing. It is seen as a useful process that adds value. The evidence was underpinning the different assurances given varies and in some cases was found not very scientific and described as still evolving.

5.1.2. The majority of the responses received indicated that the organisation is seen as risk averse. There is a strong risk management process that covers the Force, OPCC and G4S, as well as providing external assurance through JIAC.

5.1.3. The risk management approach is supported by a high number of rules and procedures that maintain internal control. A suggestion was received that there are 'too many rules and not enough principles'. However it does not appear that performance management seeks to establish whether staff are complying with these rules.

5.1.4. Strong audit regimes are in place although some concerns were raised over the approach that Mazars would follow the plan set by Baker Tilly during the first year. There was a lack of clarity over whether the internal audit plan items are linked to strategic objectives for the organisation or specific risk register items. This is supported by a theme of too many 'general' audits and not enough targeted activity to areas of high risk.

5.1.5. The timeliness of transactional services was questioned by some of the survey respondents however this is managed through a series of indicators that are reported on a monthly basis.

5.1.6. The implementation of the t-Police system was a recurring theme throughout the process element of the review, and as mentioned previously development of the dashboard is required to enable budget holders greater access to information. The procurement process for values above £10,000 is off system as it cannot cope with the complexity of the rules. There is not a clear understanding of the difference in service that is offered through t-Police despite it coming at significant cost.

5.1.6.1. *Survey Group 4: "I have had real issues with the timeliness of financial information following the introduction of t-police, particularly uniform/stores costs that are regularly several months in arrears. Additionally I routinely question the accuracy of cost codings for my budget without which I cannot provide accurate return on investment (VIVA) information for my particular area of business".*

5.1.6.2. *Survey Group 4 "This is an area where our current system falls down and is a backward step for me compared to the previous system. We used to be able to get simple transactional information that now seems beyond us as Managers and the types of reports I use and need are not available without a lot of manual intervention"*

5.1.6.3. *Survey Group 4 "AS budget holder I have approval access but very limited access otherwise and cannot drill down into individual cost codes to see what has been charged, but have to rely on Finance to do so on my behalf"*

5.1.7. It is felt that the budget calculation process is robust, but is not necessarily inclusive of those with the detailed knowledge. Typically budget holders are overoptimistic in what they will be able to spend, and the level of underspend is often high with little reforecasting as described in the previous section.

5.1.7.1. *Survey Group 4 "Cost reductions do not appear to be reliably costed - the budgets are just cut even when we can show that the likely expenditure should not allow for a budget cut. Managers are involved with the budget setting process but we are basically told what our overall budgets will be. We can move budgets around different headings so long as the overall amount does not increase"*



**5.2. PR1 The organisation identifies and manages its significant business risks. The organisation is risk aware rather than risk averse.**

How far does the best practice statement apply? 3.5 – Strongly

Key Themes:

- i. The organisation could be considered risk averse, however in some cases the methodology behind decisions is not fully considered nor followed up – with managers not always being aware of risks.
- ii. Robust risk management processes and governance are in place.
- iii. The assurance map is in place

Action plan items:

- iv. Increasing all employees awareness of risks by better communication and training (05)..

**5.3. PR2 The organisation has arrangements in place to maintain an effective system of internal control.**

How far does the best practice statement apply? 3 – Mostly

Key themes:

- i. The assurance map is in place and well publicised and understood amongst key individuals, but this is not true across the organisation and broader information is not readily available or well known.
- ii. The audit committee has in the past required outside attendance due to lack of detailed knowledge from primary attendees, this is not seen as ideal.
- iii. Good service – well funded by the Force.
- iv. There are potentially too many standard audits with not enough of the audits pointed at particular areas associated with high risk.
- v. The Audit plan is historical rather than risk based.

Action plan items:

- vi. Marketing of the assurance map around the organisation (05).

**5.4. PR3 The organisation operates proper and effective internal audit.**

How far does the best practice statement apply? 3 – Mostly

Key themes:

- i. Positive feedback received on the internal audit regime.
- ii. Strong follow up on items raised through audit, reported into the JIAC.

Action plan items:

- iii. Move to more risk based audit planning rather than historical.

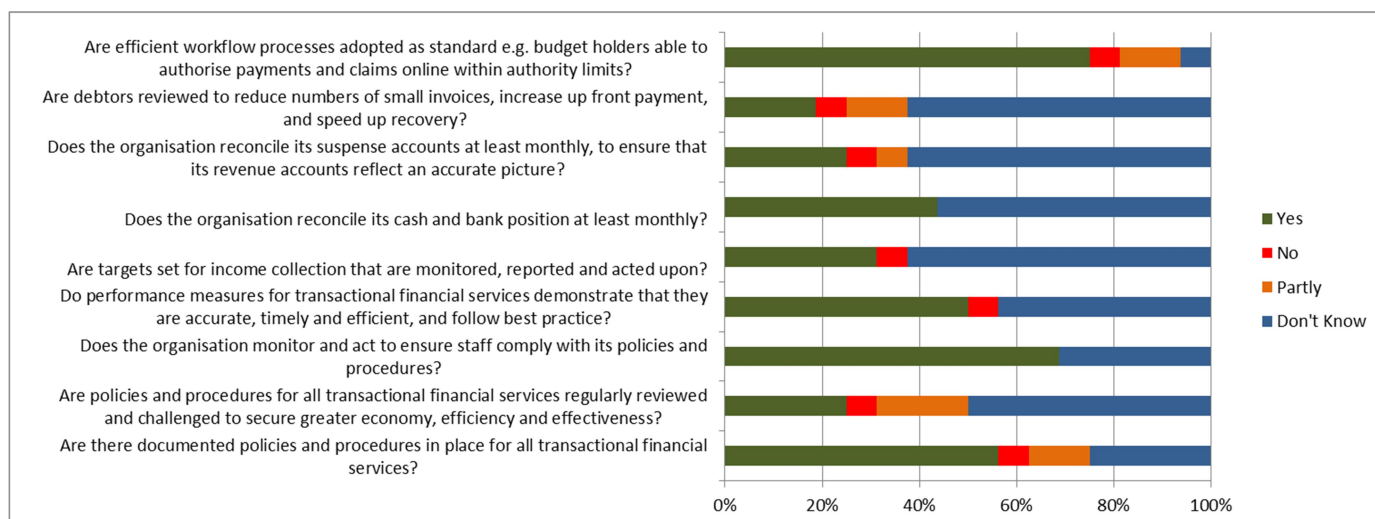
**5.5. PR4 The organisation operates and maintains accurate, timely and efficient transactional financial services (e.g. creditor payments, income collection, payroll, and pensions' administration).**

How far does the best practice statement apply? 3 – Mostly

Key themes:

- i. Feedback from managers (SG4) strongly represented that they were unaware of the accuracy of this statement, this could suggest a lack of understanding of the work carried out by the Finance department.

- ii. Reference was also made to the finance manual which has now been replaced, indicating that the new document is not widely known amongst managers.
- iii. Issues with the system (t-Police) were identified that require addressing such as the reporting dashboard and further training input to the finance team and budget holders regarding the development of reporting.
- iv. Organisationally little is undertaken to ensure managers comply with finance procedures, this does not link to individual performance etc.
- v. Performance indicators are consistently met .



#### Action plan items:

- vi. Publication and marketing of policies and procedures, when applicable to wider audience (A2).
- vii. Finance links into manager responsibilities and competencies (A1).
- viii. Links to review of tPolice current performance (I3).

### 5.6. PR5 The organisation's treasury management is risk based. It manages its investments and cash flows, its banking, money market and capital market transactions, to control the risks associated with these activities effectively; and pursues optimum performance consistent with these risks.

How far does the best practice statement apply? 3.5 – Strongly

#### Key themes:

- i. Treasury management is low risk, and therefore low return.
- ii. A treasury management strategy is in place.
- iii. Use of Capita for advice

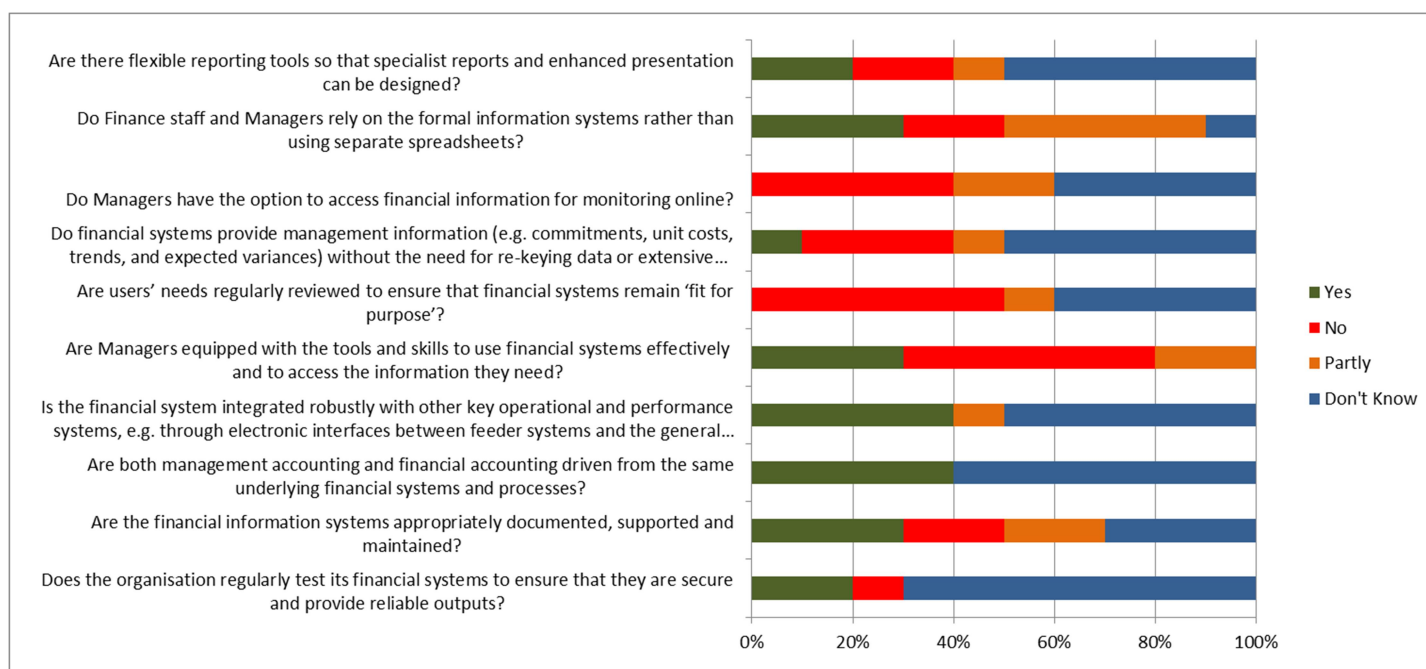
### 5.7. PR6 The organisation operates financial information systems that meet users' needs.

How far does the best practice statement apply? 1.5 - Somewhat

#### Key Themes:

- i. There is a lack of realistic profiling for budgets
- ii. OBIEE dashboard is not effective and requires development as a result of which there is a lack of self-serve information to budget managers / advisors, although some budget managers are able to use it.
- iii. Some budget managers have not access to OBIEE or tPolice finance
- iv. Budget managers do not receive sufficient training and as such there is a high level of reliance on finance staff to drill down into detail which impacts on the finance department's capacity to add value

- v. Month-end process is slow and cumbersome
- vi. There is a lack of integration between HR and payroll, also pay data provided by Crown DMS has experienced issues historically and remains a high risk.
- vii. Crown does enable budget managers to review overtime for their areas.



#### Action plan items:

- viii. Exercise to discover what the end-user requirements are (I3).
- ix. Budget manager training and enhanced understanding of processes(PB1)..
- x. Development of the finance dashboard (OBIEE) and self service (A5, I2).
- xi. Review month-end closedown procedure to make more effective and efficient (PB1).

### 5.8. PR7 The organisation's financial accounting and reporting meet professional and regulatory standards.

How far does the best practice statement apply? 2.5 - Mostly

#### Key themes:

- i. Final accounts were prepared on time, with an unqualified opinion given. However a number of audit adjustments were required.
- ii. Although improvements have been made on the previous years Final accounts additional audit days were still needed for 2014/15.
- iii. Issues with quality of some of the working papers
- iv. Additional knowledge needed around Capital accounting; issues with MRP calculation.
- v. Final accounts deadline agreed but not adhered to – causing a problem with subsequent tasks.

#### Action plan items:

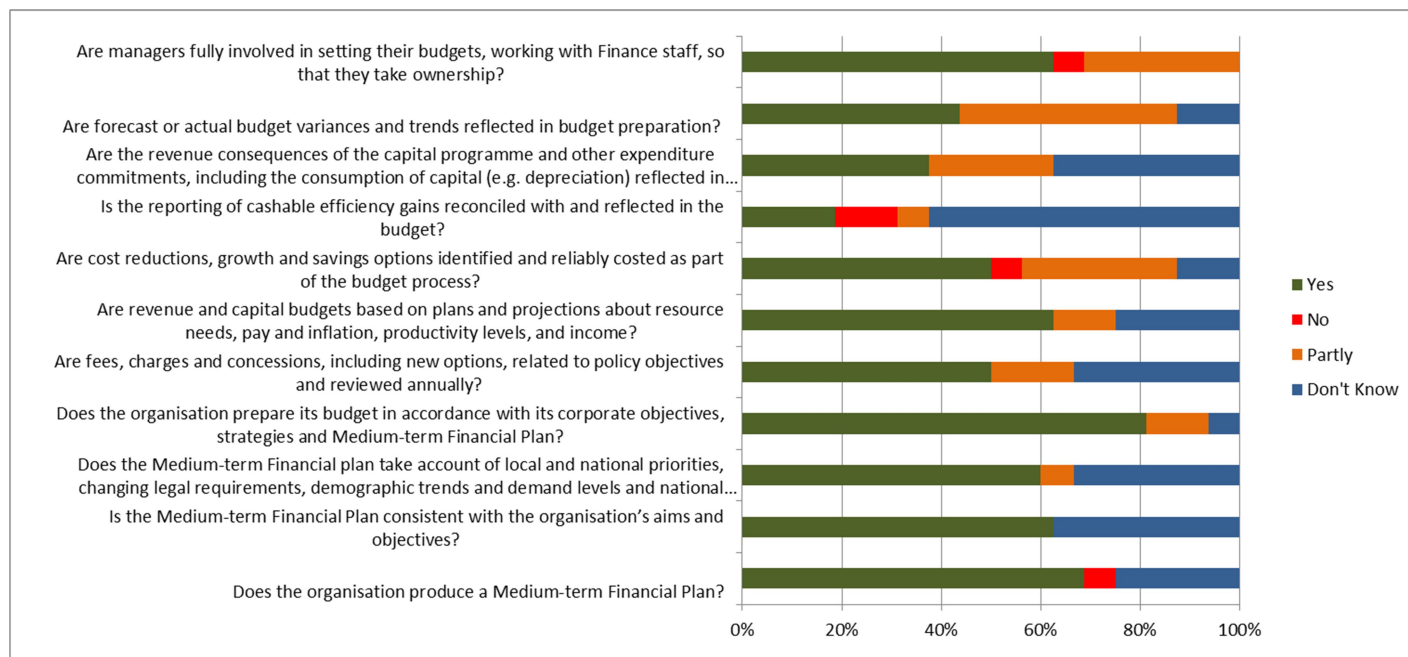
- vi. Finance department knowledge development around capital accounting (O3)..
- vii. Better planning and control around working paper exercise, including more time for the quality assurance of working papers pre-audit (Y2).
- viii. G4S and Force agree and achieve a timetable for the production of final accounts (Y1, Y2).

### 5.9. PR8 Budgets are robustly calculated.

How far does the best practice statement apply? 3 – Mostly

#### Key themes:

- i. Budgeting operates at a very high level, the finance department are largely excluded from this process and it is undertaken by the retained finance team. This coupled with a number of centralised budgets reduces collaboration and involvement.
- ii. It is difficult for managers to be responsible for budgets when they are not involved in the calculation.
- iii. The organisation has a history of underspending, in spite of regular reviews that would allow for re-allocation.
- iv. Medium-term financial plan in place.



#### Action plan items:

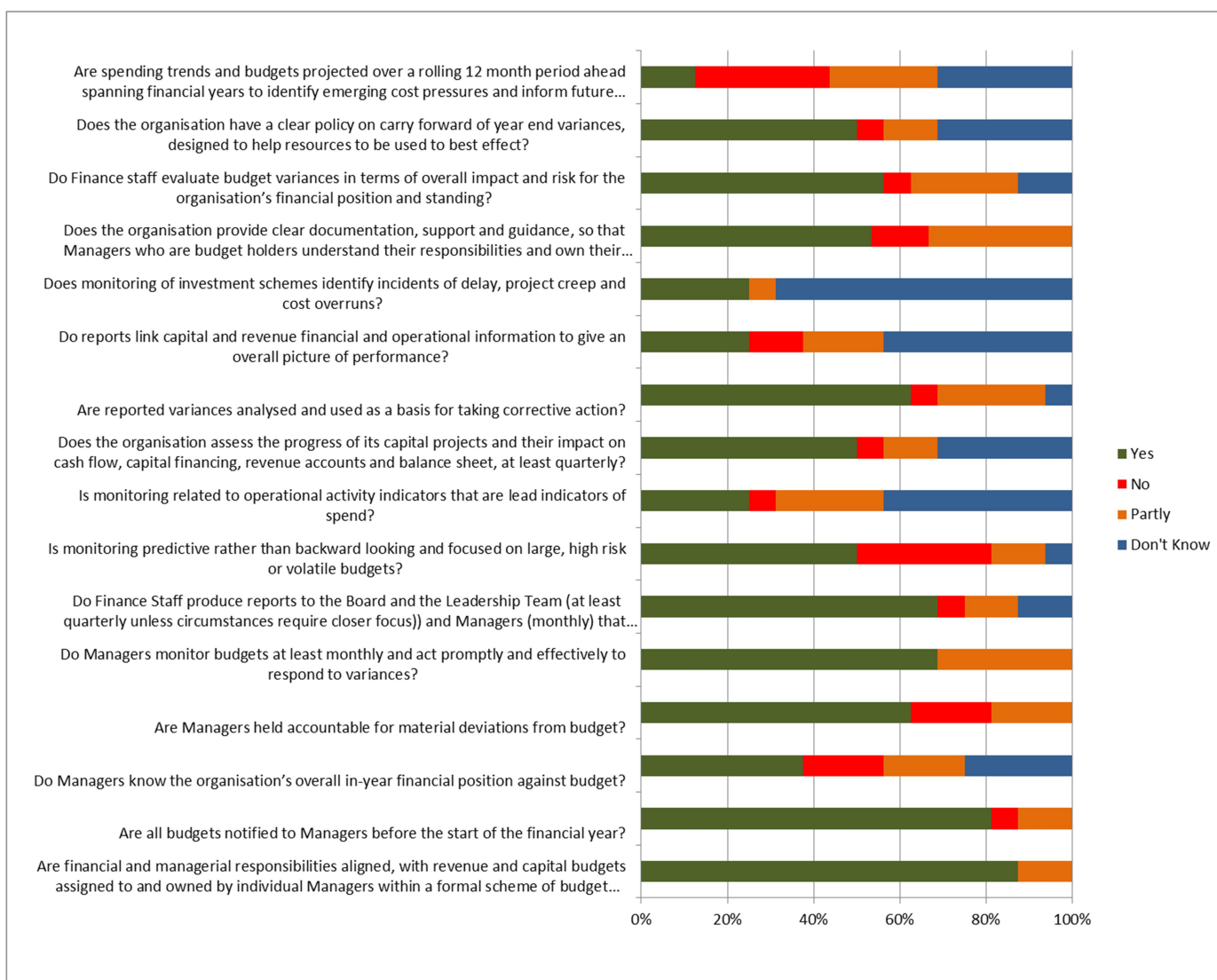
- v. Increase involvement in budget setting from responsible managers (A4, PB1).
- vi. Reduce underspends through better budget management (PB1, I2).
- vii. Budget managers to take full ownership of budget forecasting (PB1, I2).
- viii. Management accountants to change roles to challenge forecasting (I1, I2)..
- ix. Better communication on budget setting process and timetable (A4).

### 5.10. PR9 The organisation actively manages budgets, with monitoring and forecasting that is insightful, ensures 'no surprises' and leads to responsive action.

How far does the best practice statement apply? 2 - Somewhat

#### Key themes:

- i. Historically there is a tendency towards underspending, supported by a lack of accurate budget profiles.
- ii. There is a lack of budget manager ownership of forecasts, and whilst regular meetings are held with Finance, it is questioned whether there is enough challenge from Finance, and whether this is consistent across the department.
- iii. Lincolnshire Police managers are not held to account for over / underspend as part of the PDR processes, and this supports a trend of a lack of accountability / ownership.
- iv. There is regular reporting of the organisation's overall position to RGM every month.
- v. There is a use of average costs whereas actuals would support decision making and detailed forecasting.
- vi. There was a high number of 'don't know' responses indicating a lack of understanding of the processes.



#### Action plan items:

- vii. More robust challenge from Finance re spending and forecasting (I1, I2).
- viii. Identification and marketing of responsibilities in relation to budget management(A1, A2)
- ix. Managers to be held accountable for their budget outturn. PDR competences to be included (A1, A2).

#### 5.11. PR10 The organisation maintains processes to ensure that information about key assets and liabilities in its balance sheet is a sound and current platform for management action.

How far does the best practice statement apply? 2.5 - Mostly

#### Key themes:

- i. capital asset valuations are reviewed and updated to reflect current asset values and lives, including depreciation, impairment, acquisitions and disposals in line with the code every 5 years.
- ii. The organisation monitors the level of its provisions, so that they remain commensurate with potential liabilities.
- iii. Monthly balance sheet report produced and reviewed.

#### 5.12. PR11 Collaborative arrangements to deliver services are accountable for their funding and service performance.

How far does the best practice statement apply? 3.5 - Strongly

Key themes:

- i. The organisation has a complete picture of its formal delivery partnerships, that are evaluated
- ii. to ensure they are linked clearly to policy objectives and organisational goals
- iii. The organisation make its delivery partners individually aware of their financial management and reporting responsibilities and obligations, however Finance staff and Managers are not always clear about the different financial management, fiduciary and reporting responsibilities and obligations that apply to them.

**5.13. PR12 The organisation's medium-term financial planning process underpins its strategic priorities.**

How far does the best practice statement apply? 3 – Mostly

Key themes:

- i. The medium term financial plan supports the Police and Crime plan.
- ii. There is strong alignment between other strategies and spend such as the estate strategy, which also links back to the Police and Crime Plan.

**5.14. PR13 The organisation systematically pursues opportunities to reduce costs and improve value for money in its operations.**

How far does the best practice statement apply? 2.5 - Mostly

Key themes:

- i. More can be done with regards to benchmarking and evaluation.
- ii. There is still a mind-set that the budget is there to be spent and this drives activity rather than value for money.



#### Action plan items:

- iii. More focus on VFM and evaluation from the PEEL board, or better communication/visibility of activity that does take place (PB2).
- iv. Development of links between reviews, recommendation and evaluation of implemented changes (PB2).
- v. Introduction of benefit realisation exercise on specific projects and improvements (PB2).

#### 5.15. PR14 The organisation systematically pursues opportunities for improved value for money and cost savings through its procurement and commissioning.

How far does the best practice statement apply? 2.5 - Mostly

#### Key themes:

- i. The organisation participates in framework contracts, joint procurement and consortia to exploit economies of scale and market influence.
- ii. The organisation evaluates appropriate procurement strategies as part of decision making.
- iii. Purchasing management information is not readily available

#### Action plan items:

- iv. Development of purchasing management information, and development of savings targets (O6).

#### 5.16. PR15 The organisation pursues value for money through active management of its fixed assets.

How far does the best practice statement apply? 2 - Somewhat



Key themes:

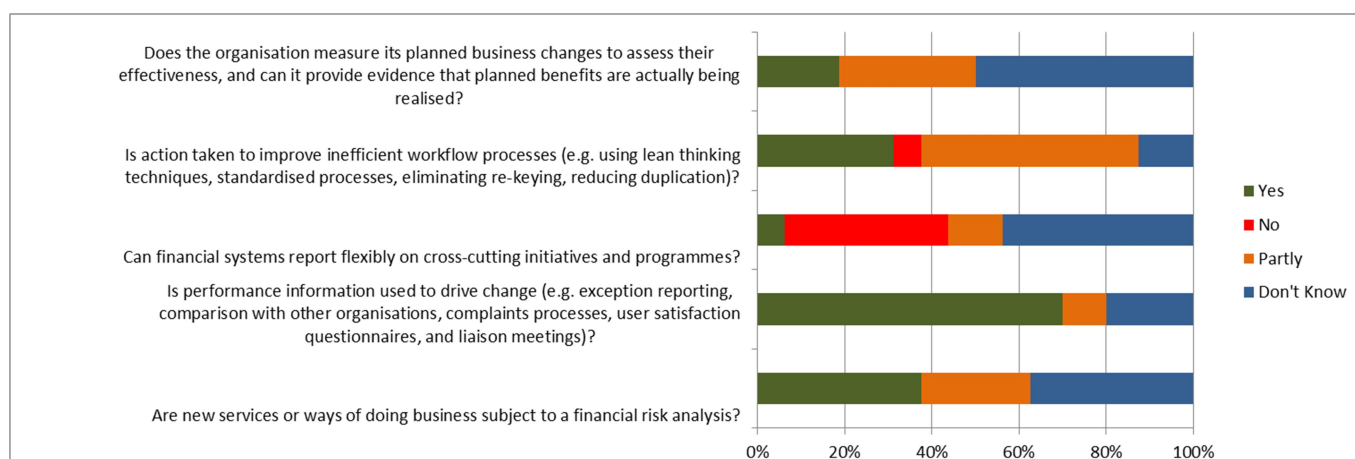
- i. Various statistics are reported including: Occupation levels, Workstation/m2, Cost/m2, and are benchmarked nationally.
- ii. Review of the estate use is currently ongoing with opportunities to combine resources with partners being considered.

#### 5.17. PR17 The organisation's financial management processes support organisational change.

How far does the best practice statement apply? 1.5 - Somewhat

Key themes:

- i. t-Police implementation was delayed, and even following implementation there is a lack of financial reporting system flexibility. There are also still areas of re-keying from ERP to Payroll.
- ii. The expected benefits of t-Police allowed staff reductions in year two of the contract, but some reductions were made before the new system's delayed introduction.
- iii. Whilst projects seem to consider financial risk during implementation there is no certainty that this is carried out across the business areas, or that thorough evaluation of project occurs.
- iv. Tasks are still undertaken even when they are perceived to add no value, or represent duplication.



Action plan items:

- v. Development of t-Police reporting (I3).
- vi. HR/Payroll integration – elimination of re-keying (S1)

#### 5.18. PR18 The organisation works with other bodies to deliver services that better meet the needs of users and customers, balancing quality and cost.

How far does the best practice statement apply? 2 Somewhat

Key themes:

- i. The organisation deals creatively to make multiple funding streams appear seamless, and works collaboratively to redesign processes across organisational boundaries.
- ii. Joint business cases for early interventions and preventative activity are not always fully analysed for the delivery of future benefits.

#### 5.19. PR19 The organisation re-engineers its financial processes.

How far does the best practice statement apply? 1.5 - Somewhat

Key themes:



- i. t-police has not brought the transformation change expected to date, although the expected change is subjective and differs across individuals.
- ii. The OBIEE dashboard does not work as required, and greater automation of reporting is needed.

Action plan items:

- iii. Development of t-Police reporting (I3).
- iv. Enable budget holders to be more self-sufficient via the system (I3, A5)

## 6. Detailed Findings - STAKEHOLDERS

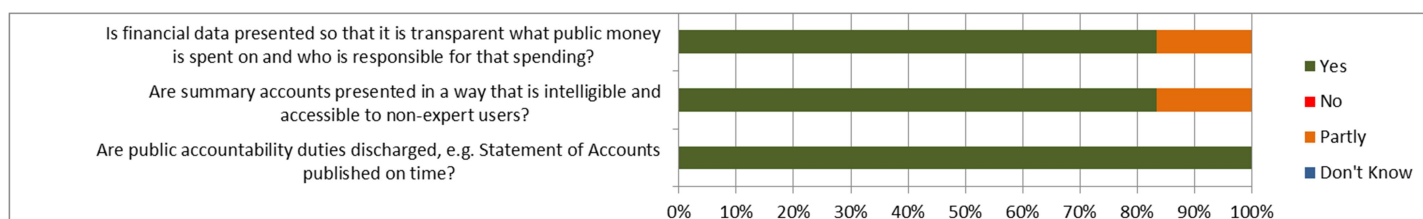
Ref	Area	Moderated Score
S1	External stakeholders have confidence in the integrity of the organisation's financial conduct.	3.5
S3	External Stakeholders have confidence that the organisation delivers value for money.	2
S5	Customers and stakeholders can bring influence to bear on key financial management policies, including resource allocation and tax decisions.	N/A

### 6.1. S1 External stakeholders have confidence in the integrity of the organisation's financial conduct.

How far does the best practice statement apply? 3.5 – Strongly

Key themes:

- Public facing JIAC meetings provide external reassurance.
- Information is available publicly from the OPCC.



### 6.2. S3 External Stakeholders have confidence that the organisation delivers value for money.

How far does the best practice statement apply? 2 - Somewhat

Key themes:

- Value for money opinions are captured in internal and external audit reports along with HMIC Inspections and VfM Profiles
- VfM is captured within a wider context and not examined closely in isolation, value for money also does not feature heavily in annual reports.

## **7. Action Plan**

The action plan is the key output of the self-assessment, recognising the intention of the model to help the organisation improve its financial management arrangements. The focus of the action plan is to hone down and categorise the issues and to identify actions that are of real benefit to the organisation. In accordance with best practice from CIPFA the action plan will be limited to no more than 8 key areas.

It is important to note that the views expressed through interviews and survey are based on individuals' perceptions of what happens, and whilst this is not always correct the misconception is likely to be symptomatic of an area that requires development, or at least greater marketing and embedding into the organisation. This is reflected in the key areas described below:

### **7.1. Key Issues**

The key issues identified below are considered in greater detail in the action plan.

#### **7.1.1. Accountability**

Specific issues to be addressed:

- i. Not all budget holders have a financial management objective within their performance objectives. **(A1)**
- ii. There is not a culture of consequences for mistakes or poor decisions that have financial impacts. **(A1)**
- iii. Not all budget holders and budget managers understand the scheme of delegation. **(A3)**
- iv. Centralised allocation and management of budgets such as staff budgets, constricts the ability to manage locally and deliver innovation that achieves increased value for money. **(A4)**
- v. Budget holders are not aware of financial policies and procedures that should govern their activity. **(A2)**
- vi. Lack of training for budget managers in what is their responsibility with regards to budget monitoring, forecasting, VFM, and over/under spending. **(A5)**
- vii. Roles and responsibilities across organisations and roles need to be defined to enable clear accountability. **(A1)**

#### **7.1.2. Financial planning and budgeting**

Specific issues to be addressed:

- i. It is harder for budget holders to be held to account for budgets when they are imposed. **(A4)**
- ii. Financial consideration is often not given in initial stages of planning (unless under a project remit). **(PB1, PB2)**
- iii. There is budget guidance available on the intranet but it is not well known amongst budget holders. **(A2)**
- iv. Intended benefits resulting from projects are not perceived to be suitably tracked **(PB2)**.

#### **7.1.3. In year management**

Specific issues to be addressed:

- i. There is a tendency for underspend, and a perceived lack of challenge from management accountants around this. Underspends are particularly unhelpful when bidding for additional funding. **(I1, PB1)**
- ii. Better profiling of budgets is required with better focus on year-to-date figures as they help provide assurance that the likely outturns are achievable. **(I1)**

- iii. There is too much focus on the extraction and reorganisation of data from t-Police rather than presenting this in a meaningful way to budget holders. This is compounded by the lack of suitability of the OBIEE dashboard. **(I3)**
- iv. Quality standards are not clearly defined within the G4S contract which has led to some tensions around the required outputs. **(O4)**
- v. Performance indicators are one sided, consideration could be given to reverse indicators that establish what is required from the Force / PCC to enable G4S to meet the requirements. *(Raised by CIPFA)* **(O5)**

#### **7.1.4. Year end**

Specific issues to be addressed:

- i. Accounts and audit should be completed earlier, allowing Finance staff more opportunity to focus on 'in year' budget management and other value added activity. **(Y1)**
- ii. Continuation of the progress made to provide the agreed information on time and in an accurate manner. **(Y1)**
- iii. Addressing issues with Final accounts working papers to ensure audit is completed without additional days requirement **(Y3)**
- iv. Implementing post-audit final accounts review to scope improvements needed for following year.

#### **7.1.5. Systems**

Specific issues to be addressed:

- i. Lack of automation between HR and Payroll. **(S1)**
- ii. Development of t-Police reporting, including identifying the information that is required **(S3)**.
- iii. Feeling that the system has not delivered the transformation anticipated. **(S2)**
- iv. Undertake review of current tPolice performance to ascertain effectiveness and establish if the perception of a lack of transformation is correct. **(S2)**
- v. Development of budget manager reporting from DMS **(I3)**.

#### **7.1.6. Transformation**

Specific issues to be addressed:

- i. Feeling that the system has not delivered the transformation anticipated **(S2)**.
- ii. Financial management support has not changed fundamentally, and there are perceptions that transformation has not been achieved. **(S2)**
- iii. The links between intended benefits and benefits achieved from projects need to be more robustly managed and included in evaluation of all projects. **(PB2)**
- iv. Development of communications and an enhanced intranet presence with marketing of available resources to combat the lack of awareness in this area. **(A2)**

### **7.2. Action Plan Development and Sign Off**

The Action Plan is a separate document.

## **8. Appendices**

### **8.1. CIPFA model detailed overview**

### **8.2. Scoring Overview**

## The CIPFA Financial Management (FM) Model

The CIPFA FM Model is recognised by HM Treasury (UK) as setting out the fundamentals of best practice financial management within a public sector organisation. It has been chosen by the Finance Leadership Group (FLG) as the framework to be used for financial management self-assessments. The Model uses a scoring system to provide an objective measure of financial management performance including the identification of strengths, weaknesses and areas for improvement. Importantly the review measures the whole organisation's attitude to financial management not just the performance of the finance team.

The CIPFA FM Model was originally released in July 2004 and describes a model for best practice in financial management within the public sector. An updated version of the Model was launched in June 2007, in order to take into account changes to the public sector environment and a further update. Version 3 specially adapted for application within Government was launched in July 2011. Version 3 was specifically developed to incorporate the very latest best practice initiatives as well as the emerging financial management issues associated with the current financial environment. The Model recognises that using money well leads to more and better front-line services and that effective financial management in the public sector now requires financial responsibilities to be more widely diffused throughout the whole of the organisation.

Budget holders/managers therefore need to be financially literate and finance professionals need to contribute through challenge, interpretation and advice. Good financial management is no longer just about accounting for expenditure and demonstrating probity, but finance must be placed in the wider organisational context, in terms of how it supports the delivery of the organisation's strategic objectives.

The CIPFA FM Model is structured around three styles of financial management:

- **Securing Stewardship** – an emphasis on control, probity, meeting regulatory requirements and accountability.
- **Supporting Performance** – responsive to customers, efficient and effective, and with a commitment to improving performance.
- **Enabling Transformation** – strategic and customer-led, future orientated, proactive in managing change and risk, outcome focused and receptive to new ideas.

The styles are intended to be progressive and it is expected that all three styles will be present in an organisation exhibiting best practice financial management characteristics. For example, stewardship alone is not sufficient to enable an organisation to drive performance and to develop its transformational capacity and, conversely, performance or transformation programmes that are not founded in a robust approach to controlling and accounting for resources are unlikely to succeed.

The CIPFA FM Model is also organised by four management dimensions. These cover both hard edged attributes that can be costed or measured, as well as softer features such as communications, motivation, behaviour and cultural change. These are:

- **Leadership** – focuses upon strategic direction and business management, and the impact on financial management of the vision and involvement of the organisation's Board members and senior managers.
- **People** – includes both the competencies and the engagement of staff. This aspect

generally faces inward to the organisation.

- **Processes** – examines the organisation's ability to design, manage, control and improve its financial processes to support its policy and strategy.
- **Stakeholders** – deals with the relationships between the organisation and those with an interest in its financial health, whether Treasury, inspectors, auditors, taxpayers, suppliers, customers or partners. It also deals with customer relationships within the organisation, between finance services and its internal users.

A matrix approach is therefore used in the Model, combining the three styles of financial management and four management dimensions. The organisation's current financial management position is assessed through comparing its arrangements against 38<sup>2</sup> statements of best practice, with a set of supporting questions sitting behind each statement. The table below shows how the 38 statements fit into the Best Practice Matrix.

**Table 1 – Management styles/dimensions matrix**

	Leadership	People	Process	Stakeholders
Securing stewardship (1)	L1, L2,	P1, P2,	PR1, PR2, PR3, PR4, PR5, PR6, PR7, PR8, PR9, PR10, PR11	S1, S2,
Supporting performance (2)	L3, L4, L5, L6	P3, P4, P5, P6	PR12, PR13, PR14, PR15, PR16	S3, S4
Enabling transformation (3)	L7		PR17, PR18, PR19	S5, S6

Each statement is scored from 0-4 with half point increments, to establish an overall picture of strengths and weaknesses in terms of financial management, as shown in the following table.

**Table 2 – How far does the best practice statement apply?**

Score	How far does the best practice statement apply?
0 / 0.5 / 1	Hardly
1.5 / 2	Somewhat
2.5 / 3	Mostly
3.5 / 4	Strongly

## Review Methodology Introduction

The review of financial management at Lincolnshire took place between September and October 2015.

<sup>2</sup> PR16 and S5 & S6 were not included as they are not relevant to the self -assessment, therefore the review is comprised of 36 statements

The aim of the CIPFA review is to form a view on the extent to which the statements of best practice in financial management apply to the organisation and our approach aims to gather evidence for this in the most economical way. We assess for each organisation whether the evidence is best obtained by document review, interview or survey. For the interviews and survey, staff are segmented by financial management role (see survey groups below) and samples drawn from each.

The high level stages involved in the review are set out in further detail below.

### Application of best practice statements

Prior to the interviews and commencement of the electronic survey, material was provided to the highways agency to enable them to brief staff on the methodology, timescales and approach required. This included how contributors to the electronic survey should approach their relevant best practice statements and supporting questions and allocating scores from 0-4 to each of the statements.

The approach includes the categorisation of five survey groups as follows:

**Table 1 – Survey groups**

Group	Survey group	Description
SG1	Strategic finance	This group would comprise senior finance staff at the core of the corporate strategic finance function and include deputy/assistant CFOs, chief accountants, senior corporate financial performance specialists, long term finance and funding specialists, special project investment specialists, technical financial reporting specialists, etc.
SG2	Operational finance	This group is generally made up from the corporate core finance function but can include finance specialists from devolved arrangements with operational departments/functions. Members would typically include group accountants, budget monitoring teams, departmental business partners and corporate transactional finance staff.
SG3	Service directors	This group is aimed at service directors/heads of service – the objective is to capture evidence on strategic financial capability from an operational non-Finance perspective at the most senior operational level. Such contributors would typically be members of the organisational corporate management team/senior management team.
SG4	Operational managers	Typically but not exclusively budget Holders. This group would include any operational manager that is empowered to make decisions consuming organisational resources that have financial implications. Such decisions are typically taken supported by management information or decision support advice provided by finance colleagues.
SG5	Board, Stakeholders and external contributors	The senior stakeholders group comprises the chief finance office, Chief Executive/Permanent Secretary, board non executives, Audit Committee chairs and

		members, other external stakeholders or partner organisations, external audit representation and external supervisory representation – e.g. NAO.
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A selection of the most relevant statements and questions for each of the survey groups were determined and tailored accordingly. This “culling” process produces the most relevant application of the best practice statements designed to extract the optimal information from each specialised survey group. Benefits include relevancy and the minimisation of time exposure for participants and allowed a categorisation of evidence capture between:

- Document review/evidence.
- Interviews.
- Electronic survey.

### Document review/evidence

An integral aspect of the review was the assessment of a number of key documents which was completed by Nick Ward and Gillian Holder, the document review was used to confirm factual information relating to the best practice statements and supporting questions e.g. whether or not a specific policy was in existence. This was then reflected in the initial scoring put forward by Nick and Gillian.

### Interviews

Interviews with 17 contributors were used to supplement the document review as well as substantiating the evidence generated from the survey. 16 interviews were completed by CIPFA, to ensure objectivity. Interviewees were largely from within the organisation but also included auditors and the JIAC chair.

### Electronic Survey

A powerful component of the CIPFA FM Model is the electronic survey. Across a range of staff with differing financial management roles the electronic survey is used to test best practice statements against the actual prevailing conditions and practice within the organisation. Such scope would include e.g. the robustness of budget setting, the integration of business and financial planning, financial management competencies, the extent to which finance supports strategic decision making etc.

**Table 2 – List of Contributors**

Group	Survey group	Name	Job Title	Organisation	Interview
SG1	Strategic Finance		Corporate Accountant	Lincolnshire Police	Interview
			Deputy CFO	OPCC / Police	
			Commercial Accountant	Lincolnshire Police	
				Lincolnshire Police	Interview
			Head of Finance	Lincolnshire Police	Interview
SG2	Operational Finance		Reporting Manager	G4S	Interview
			Senior Management Accountant	G4S	



		Management Accountant	G4S	
		Management Accountant	G4S	
		Management Accountant	G4S	
		Corporate Accountant	G4S	
		Exchequer Services Manager	G4S	
SG3	Service Directors	Deputy Chief Constable	Lincolnshire Police	Interview
		Assistant Chief Officer	Lincolnshire Police	Interview
		Ch/Supt	Lincolnshire Police	Interview
		Ch/Supt	Lincolnshire Police	Interview
		Ch/Supt	Lincolnshire Police	Interview
SG4	Operational Managers	CPT Manager	Lincolnshire Police	Interview
		Head of Strategic Development	Lincolnshire Police	
		Business Manager	G4S	
		Head of Facilities	G4S	Interview
		Fleet Manager	G4S	
		Admin Officer	OPCC	
		Project Manager	Lincolnshire Police	
		Project Manager	Lincolnshire Police	
		Project Manager	Lincolnshire Police	
		Contracts Manager	Lincolnshire Police	
		IT Director	G4S	
SG5	Stakeholders – Board, Audit, External Etc.	Chief Exec.	OPCC	Interview
		Deputy Chief Exec.	OPCC	Interview
		PCC CFO	OPCC	Interview
		JIAC Committee Chair	JIAC	Interview
		External Audit (KPMG)	KPMG	Interview
		Mazars (Internal Audit)	Mazars	Interview
	Additional	Risk Officer	Lincolnshire Police	
		OPCC Risk and Performance	OPCC	Interview
		Procurement Manager	G4S	
		Head of HR	G4S	

Ref	Area	Moderated Score
L1	The organisation has an effective framework of financial accountability that is clearly understood and applied throughout, from the Board through executive and non-executive directors to front line service Managers.	3
L2	The organisation's leadership allocates resources to different activities in order to achieve its objectives and monitors the organisation's financial and activity performance.	3.5
L3	The organisation integrates its business and financial planning so that it aligns resources to meet current and future business objectives and priorities. Performance management is conducted through measures of service delivery and clear understanding of the costs incurred.	2.5
L4	The organisation has a developed financial management strategy to underpin long term financial health.	2.5
L5	The organisation uses financial management expertise in its strategic decision-making and its performance management based on an appraisal of the financial environment and cost drivers.	2
L6	The organisation develops and manages employees pay and benefits strategically.	2.5
L7	The organisation's leadership integrates financial management into its strategies to meet future business needs. Its financial management approach supports the change agenda and a culture of customer focus, innovation, improvement and development.	3.5
P1	The organisation identifies its need for financial competencies and puts arrangements in place to meet them.	1
P2	The organisation has access to sufficient financial skills to meet its business needs.	2
P3	Managers understand they are responsible for delivering services cost effectively and are held accountable for doing so.	1.5
P4	Finance staff analyse financial issues and contribute interpretation, insight, advice, options, expertise and solutions to support decision makers and Managers.	2
P5	Financial literacy is diffused throughout the organisation so that decision takers understand and manage the financial implications of their decisions.	2.5
P6	The organisation develops and sustains its financial management capacity to help shape and support its transformational programme.	2
PR1	The organisation identifies and manages its significant business risks. The organisation is risk aware rather than risk averse.	3.5
PR2	The organisation has arrangements in place to maintain an effective system of internal control.	3
PR3	The organisation operates proper and effective internal audit.	3
PR4	The organisation operates and maintains accurate, timely and efficient transactional financial services (e.g. creditor payments, income collection, payroll, and pensions' administration).	3
PR5	The organisation's treasury management is risk based. It manages its investments and cash flows, its banking, money market and capital market transactions, to control the risks associated with these activities effectively; and pursues optimum performance consistent with these risks.	3.5
PR6	The organisation operates financial information systems that meet users' needs.	1.5

PR7	The organisation's financial accounting and reporting meet professional and regulatory standards.	2.5
PR8	Budgets are robustly calculated.	3
PR9	The organisation actively manages budgets, with monitoring and forecasting that is insightful, ensures 'no surprises' and leads to responsive action.	2
PR10	The organisation maintains processes to ensure that information about key assets and liabilities in its balance sheet is a sound and current platform for management action.	2.5
PR11	Collaborative arrangements to deliver services are accountable for their funding and service performance.	3.5
PR12	The organisation's medium-term financial planning process underpins its strategic priorities.	3
PR13	The organisation systematically pursues opportunities to reduce costs and improve value for money in its operations.	2.5
PR14	The organisation systematically pursues opportunities for improved value for money and cost savings through its procurement and commissioning.	2.5
PR15	The organisation pursues value for money through active management of its fixed assets.	2
PR16	The organisation works with other bodies to drive better service performance and/or reduce costs.	N/A
PR17	The organisation's financial management processes support organisational change.	1.5
PR18	The organisation works with other bodies to deliver services that better meet the needs of users and customers, balancing quality and cost.	2
PR19	The organisation re-engineers its financial processes.	1.5
S1	External stakeholders have confidence in the integrity of the organisation's financial conduct.	3.5
S3	External Stakeholders have confidence that the organisation delivers value for money.	2
S5	Customers and stakeholders can bring influence to bear on key financial management policies, including resource allocation and tax decisions.	N/A
S6	The organisation's public facing financial services focus on their customers and users, and recognise and respond to their individual needs.	N/A

The statements above are categorised into the management styles and management dimensions as shown below.

	Leadership	People	Process	Stakeholders
Securing stewardship (1)	L1, L2,	P1, P2,	PR1, PR2, PR3, PR4, PR5, PR6, PR7, PR8, PR9, PR10, PR11	S1, S2,
Supporting performance (2)	L3, L4, L5, L6	P3, P4, P5, P6	PR12, PR13, PR14, PR15, PR16	S3, S4
Enabling transformation (3)	L7		PR17, PR18, PR19	S5, S6