

Finance News

Norfolk County Council going global?

Accounting standards, All Change???

On the 1st April 2010 Norfolk County Council will be going international. From this date NCC will be producing its accounts in line with International Accounting Standards. This is part of a programme to align the accounts for the whole of the public sector with International Accounting Standards.

Currently the authority produces its accounts using guidance issued by CIPFA, based on UK accounting standards. CIPFA will be changing this guidance so that it is based on International Accounting Standards.



Although the first full set of accounts will not be produced until 2010/11 (31 March 2011), the transition to International Financial Reporting Standards (IFRS) is very much a current issue for the authority as we need to produce 'shadow accounts' for 2009/10, showing the impact of the new standards, which means a significant amount of information will actually be required now.

The move to IFRS does not mean wholesale change, but where changes do occur, a significant amount of work will be required and there is already a significant amount of planning underway.

The change in standards will effect a number of areas however the most significant accounting changes are in the following areas:

- Employee benefits
- Public Private Partnerships (PPP & PFI)
- Leases
- Plant, property & equipment (fixed assets/ capital accounting)

Employee benefits

The new standards requires that the cost of any untaken leave is shown within the accounts. This means that any leave carried over from one financial year to another will need to be identified (this will also include flextime). Currently there is no system for identifying leave not taken at the end of the financial year. In addition to this not all leave years end on the 31 March.

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PFI contracts

Historically, under UK standards PFI contracts have not been included with local authorities balance sheets. The way that international standards treat PFI contracts means that these are now likely to be included within our accounts. Fortunately Norfolk does not have very many PFI contracts, but these will need to be reviewed in depth to understand each one of the contracts and the implications of the new standards on these contracts.

Leases

The move to IFRS creates two issues in respect of leases: the breadth of the definition covered by the leasing standard and the way in which finance leases are identified.

The definition of a lease is far wider under international standards than it is under UK standards. This will mean that **all** contracts involving the use of assets will need to be reviewed, such as a licence, a partnership agreement or a long term contract, e.g. contracts for photocopiers.

Plant, Property & Equipment

The international standards are broadly similar to current UK standards and therefore there aren't wholesale changes. However, IFRS does introduce different requirements for the basis of asset valuations, which may have implications for arrangements that authorities currently have in place.



Whilst many of the changes may seem like technical accounting issues that may have little or no impact on the day to day finances of the authority your assistance will be required.

If you have any dealings with contracts, especially if they involve the use of an asset, (property, plant, equipment, computers vehicles etc.) then we will need to know the details so it is likely that we will be in touch.

We will shortly be asking for details of all untaken leave as at 31 March, so your assistance with this will be greatly appreciated.

Andrew Skiggs
Capital Manager – 22 3116

Stephanie Mullarney – Key Finance lead - 22 3322
Hazel Eyre – Key Finance lead - 22 2828



Anti-fraud and corruption strategy 2009 – managers lunchtime workshop

**Green Room, Records Office
Tuesday 30th June
from 12 noon to 2:00pm**

**Adrian Thompson, our Chief Internal
Auditor invites you to various
presentations and displays
throughout the event covering:**



- The changes to the strategy, and what has driven them
- Managers' roles in promoting controls and detecting any frauds or corruption that may occur
- Meeting the new strategy's success measures
- Questions session.

More details to follow nearer the date.

This will be an informative and interesting day for all types of manager (not just financial managers) at Norfolk County Council.

Book your place now (no charge) by contacting:
Emily Southgate on Ext 2401

(This event is being run at County Hall on a pilot basis.
It could be repeated in other parts of the county if demand is sufficient)



Fraud and Corruption – is it my problem?



Enron, the Zimbabwean government or even Matt Crawford from the Archers come to mind when the words fraud or corruption are mentioned. Big cases, big headlines, big consequences.

Many will feel that fraud and corruption could never feature in their working lives, but our own Anti Fraud and Corruption Strategy (<http://intranet/dfi/NCCAntiFraud&CorruptionStrategy.pdf>) defines fraud as 'the intentional distortion of records for gain' and corruption as 'the offering or acceptance of inducements designed to influence official action.'

Given these definitions almost all of us could visualise a scenario, while we are working at Norfolk County Council, where we might be presented with such a situation and need to take decisive action.

Thankfully, incidences of fraud in local government – and particularly amongst Norfolk County Council's 27,000 employees - is extremely rare and we have every confidence that this will continue to be the case, but it was recently reported in Internal Auditing Magazine that in business 'in-house fraud' is on the rise - possibly linked to the current economic down turn, so it is something about which we must remain vigilant.

Corruption is even more difficult to pin point. For instance where does a freebie become a bribe? What is networking and what is accepting hospitality which could be viewed as undue influence? HR offer clear advice on the new 'peoplenet' site – and an item on the Internal Audit website '**Keeping on the straight and narrow**' (previously reported in Finance News) sets out clearly what we can and can't accept as public servants responsible for spending public money.

Enquiries to other local authorities to see what we can learn show that most are in a similar position to us, offering a strategy, some leaflets and a newsletter.

But we want to do more. Because our Anti Fraud and Corruption Strategy is designed for everyone's use we plan to revise and re-launch it online from the end of June, explaining the process and giving useful contact details.

Who is responsible for making sure fraud and corruption doesn't happen here?

The simple answer to this is all of us. Monitoring is the responsibility of managers and internal audit, but everyone carries the responsibility for their own actions, and reporting activities they find unusual to their own line manager.

Action would be taken without fear or favour if it was found that there was an incident which needed to be investigated. If the investigation identified misconduct this could mean disciplinary action through our own HR process or the case being referred to the police.

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More and more we are working with third parties in providing our services, and it is important to know that our partners must also observe or where appropriate recognise the Council's anti fraud and corruption strategy.

Contracts and capital projects need to be closely monitored by the contract manager, who carries the responsibility to make sure any third party is aware of our policies.

Is Norfolk County Council aware?

A quick staff vox pop shows while some are not aware that there is a strategy at all, if they are, they are unsure where to find it.

There is awareness of the Risk and Insurance newsletters, but staff have asked for more profile on big issues regionally and nationally – and information about what lessons have been learnt elsewhere which we could use to prevent fraud and corruption locally.



Adrian Thompson - Chief Internal Auditor – explains that as fraud is so rare it is difficult to keep it at the forefront of people's minds. 'The challenge is finding new and interesting ways to keep it relevant' he says.

What we are doing now.

Steps we are taking immediately to make our information useful and relevant to everyone include;

- A series of workshops to highlight the strategy – initially open to managers, but if successful will be rolled out wider.
- A bite sized leaflet - out at the end of June to coincide with the strategy's update
- Including more specifically tailored information in Internal Audit's departmental newsletters.
- Offering clearer links to information online, so staff who search can find what they are looking for more easily.

International Anti-Corruption Day on 9 December, sponsored by the United Nations, aims to raise the profile and draw international partners together to work towards prevention and greater detection. To find out more go to the United Nations website.

If you have any questions or concerns please contact Adrian Thompson, at Chief.Internal.Auditor@norfolk.gov.uk or on (01603) 222777, who will be pleased to help you.

Heidi Lean
Auditor
Norfolk Audit Services
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Finance workshops to support managers in effective budget management

Corporate Finance in partnership with CTD



Calling all Managers!...

These new bite-sized financial training workshops have been designed to support the 09-10 appraisal target that Chief Executive David White has set for all managers: 'to identify and achieve budget reductions'.

Finance and CTD have jointly designed these workshops to be highly practical and with plenty of opportunity to explore how you can use the skills, knowledge and tools to support your role in managing resources.

Excel for Managers

A single half day course being run on:

9.30am – 12.30pm Monday 6 July 2009, Ethel Colman Room, CTD Annexe

9.30am – 12.30pm Tuesday 7 July 2009, Ethel Colman Room, CTD Annexe

Some managers may not be aware of how a few basic skills in Excel can help them in their jobs. This course looks at some of the most useful and basic Excel functions and gives you plenty of practical 'hands on' exercises

For further details on the course content, please look in the [CTD Directory 09-10](#) or contact Kailesh Devlukia, Learning and Development Consultant CTD via email or on 01603 223315.

Active Budget Management

For Cultural Services managers: 9:30 to 12:30 Monday 29th June 2009
Margaret Paston Room CTD Annex

For Planning & Transportation managers: 9:30 to 12:30 Friday 3rd July 2009
Margaret Paston Room CTD Annex

This workshop is designed to be practical and "hands-on" and will be run by Peter Roe, Financial Training Manager and Rebecca Buss, Learning and Development Consultant CTD, with members of departmental Finance Teams to answer questions and advise.

For further details on the course content, please look in the [CTD Directory 09-10](#) or contact Peter Roe on 01603 222813.

NB Further workshops will be arranged on request – if you would like a workshop organised for your department, please contact Peter Roe via email or 01603 222813

Important changes to invoice coding grid process

Oracle i-Procurement (iProc) has been in place now for the last five years and the usage of the system has improved over that period with £103m worth of orders processed using iProc in 08/09. The target for 09/10 is to reach £135m spend so there is still room for improvement.

There are a number of catalogues set up within iProc. This means that orders can be raised easily through iProc and then payments processed in the most efficient manner.

Where iProc catalogue suppliers exist there should be no valid reason for invoices to be passed using a coding grid. Therefore the following policy has now been adopted:

Where catalogue suppliers exist coding grid invoices will no longer be allowed or processed. For these suppliers the RBO/ Finance officer will reject the authorisation of a coding grid invoice and request an order be raised through iProc. Once raised, the order number can be quoted on the invoice for P2P to process. Should P2P receive a coding grid invoice from Catalogue suppliers, they will reject the invoice and return to the originating department requesting an order to be raised through iProc.

By raising an order in iProc this ensures appropriate financial authorisation is completed at the earliest stage, the supplier receives an "official" order promptly, can quote a valid NCC Purchase Order Number, and most importantly can send the invoice direct to Purchase to Payment Team at Charles House. P2P can then process the invoice in a more efficient manner without the need for a coding grid to be attached.

A full list of catalogue suppliers can be found on the FIMS intranet site. As and when new catalogue suppliers are made available these will be added to this policy and supporting procedures, with relevant parties being notified.



The image shows a form for invoice coding grids, which is crossed out with a large red 'X'. The form includes fields for initials, supplier number, invoice date, terms, and a table for coding grid entries. The table has columns for Description, Fund, Capital, Project, Further Analysis, CIS, Yr, VAT, Cr, £, Amount, and p. Below the table, there is a note: 'Use to pay invoices originating to non-FIMS orders. Please secure this coding grid to the invoice. Form number 0743'.

Andrew Skiggs
Capital Manager - 22 3116

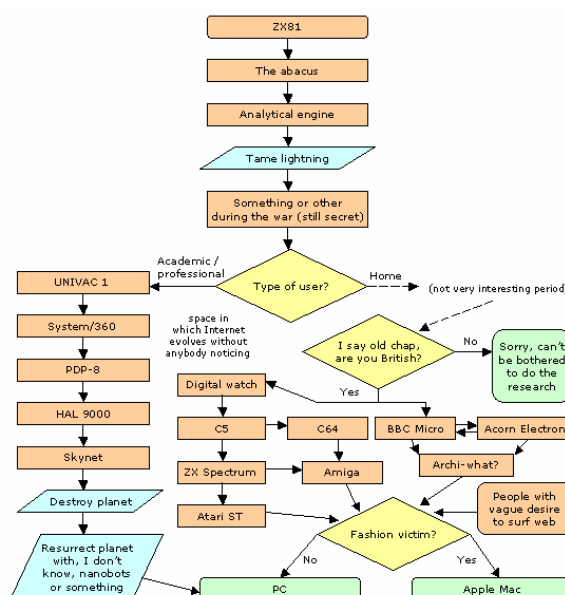
Alan Chappell
e-Procurement Manager - 22 4429

R12 is coming!

You will be saying - What is R12? Will it affect me? When will it arrive?

Currently we are using Oracle version 11.5.10 and it has been agreed that NCC move to version R12 (Release 12) before the end of 2009.

The move to R12 is acknowledged as being a “large” upgrade project and therefore a project team has been created based at Charles House in Norwich. R12 includes some fundamental changes regarding Ledgers and Sub-Ledger Accounting, together with a different “look and feel”.



The project team, over the next few months, will be reviewing R12’s functionality, testing, documenting and developing materials for end users where required.

With such a large upgrade it is imperative to ensure continuity of service – business as normal; this is one of the project’s objectives. R12 will also provide the basis for improved business processes and will equip NCC to support Local Government Review and Support Services Review.

This upgrade will affect all Oracle Financial, HR and Payroll users – further information will be issued later in the year

Tony Howard
General Ledger Development Manager
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If you would like this newsletter in large print, audio, Braille, alternative format or in a different language, please contact the Department of Finance on 01603 223488 (minicom 223833) and we will do our best to help.



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