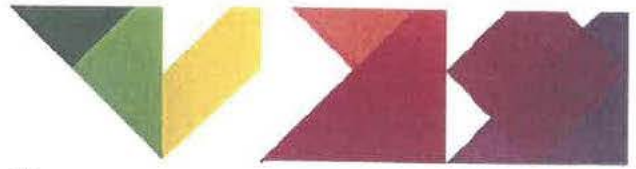


Request for closure of recommendation



Division:	Financial Management Division
ANAO / Internal Audit	Internal Audit by Protiviti
Audit Number and Name:	March 2018 – Internal Audit of: SES Budget Management
Recommendation Rating: High/Moderate/Low	Moderate
Recommendation Number and Description:	<p>Recommendation 1: Defining the Framework for Managing Budgets The Department should clearly define the framework for managing budgets, including defining the objectives and what success looks like. Once completed, the Department should communicate the framework to all relevant stakeholders in budget management within the Department. As part of the budget management framework, the Department should:</p> <ul style="list-style-type: none"> • Define roles, responsibilities and minimum standards of all players in budget management, including any involvement of section heads; and defining the FBP service offering. • Finalise the structures and terms of reference of the senior governance committees that will provide oversight on budget and operations; • Refine budget management tools and provide training to raise institutional awareness. <p>The audit expects the completion of the Department's Financial Management Strategy to incorporate some of the above components.</p>
Original Completion Date:	31 July 2018
Reason for Closure:	<p>Actions have been taken to address this recommendation as outlined in the <i>Implementation Plan and Status Report</i>. The department has developed several documents to define the framework for managing budgets:</p> <ul style="list-style-type: none"> • The <i>SES Internal Budget Management Framework</i> that articulates the internal budget management process and the high-level roles of its key players, including support and oversight functions (Completed 31 July 2018). • The <i>FBP Service Offer</i> document (Completed 31 July 2018). • Terms of Reference and structures for senior governance committees are now available on the department's Intranet. These outline their accountability for budget and financial management (Completed 30 June 2018). • New budget management tools including: <ul style="list-style-type: none"> ◦ a new standard departmental monthly report (rolled out for August 2018 month-end reporting) ◦ the <i>Internal Financial Reporting - A guide for Finance Business Partners</i> (Completed 31 July 2018) that establishes minimum standards for FBPs in producing monthly departmental management reports for their clients ◦ a new suite of administered monthly reports for SES with administered funding accountabilities (Completed 17 July 2018) and information sessions on how to run the reports for users of the ARIP system. • A <i>FBP Roadmap</i> for planned further business enhancement activities (Ongoing).
Evidence for closure:	<ul style="list-style-type: none"> • Governance Hub – Terms of Reference – Executive Board http://intranet2.central.health/our-department/governance-hub <p>Documents (TRIM Ref: E18-421531):</p> <ul style="list-style-type: none"> • SES Internal Budget Management Framework (TRIM Ref: D18-2330820) • Finance Business Partner Service Offer (TRIM Ref: D18-2330828) • Internal Financial Reporting - A Guide for Finance Business Partners (TRIM Ref: D18-2330830) • New standard administered monthly reports (TRIM Ref: D18-2330840; D18-2330844) • FBP Business Enhancements Priorities Roadmap (ongoing) (TRIM Ref: D18-2330836)
Delegate (FAS):	Charles Wann
Outcome:	Approved / Not Approved /

Future follow up action	External Accountability Comments:
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Request for closure of recommendation

Division:	Financial Management Division
ANAO / Internal Audit	Internal Audit by Protiviti
Audit Number and Name:	March 2018 – Internal Audit of: SES Budget Management
Recommendation Rating: High/Moderate/Low	Moderate
Recommendation Number and Description:	<p>Recommendation 2: Improving Budget Monitoring and Linking Budget Management to Business Plans and Risks</p> <p>The Department should establish (and instil within the SES and FBP of the Department) clear guidance to improve effectiveness of budget monitoring including:</p> <ul style="list-style-type: none"> • establish budget reporting standards, including minimum standards for forecasting principles, trend analysis, as well as establishing definitions and thresholds for budget variances and commentary; and • link forecasting to risks of not achieving planned activities, as well as linking budget, resources and expenditure to operational performance and achievement of outcomes. <p>In the first instance, this will be supported by linking Divisional and Branch business planning to budget analysis and risk identification.</p>
Original Completion Date:	31 July 2018
Reason for Closure:	<p>Actions have been taken to address this recommendation as outlined in the Implementation Plan and Status Report. The department has developed the <i>Internal Financial Reporting - A guide for Finance Business Partners</i>. It establishes principles for preparing forecasts, performing analysis and writing and presenting effective commentary to budget-owning clients. The guide includes consideration of analysis and advice on business planning activities.</p> <p>Guidelines include the earlier scheduling of business planning and linking process to departmental budget allocations. This is supported by the Executive moderation process to adjust for departmental priorities and risks.</p> <p>For 2018-19, finalisation of budgets occurred in July 2018. This will be followed by mid-year reviews in October and April, annually. Further to this, all future reporting to the Executive Board and other forums on funding pressures, will retain a close linkage to performance against business and risk plans.</p>
Evidence for closure:	<ul style="list-style-type: none"> • Internal Financial Reporting - A Guide for Finance Business Partners (TRIM Ref: D18-2330830)
Delegate (FAS):	Charles Wann
Outcome:	Approved / Not Approved /
Future follow up action	<i>External Accountability Comments:</i>



Request for closure of recommendation

Division:	Financial Management Division
ANAO / Internal Audit	Internal Audit by Protiviti
Audit Number and Name:	March 2018 – Internal Audit of: SES Budget Management
Recommendation Rating: High/Moderate/Low	Moderate
Recommendation Number and Description:	<p>Recommendation 3: Strengthening Accountability and Escalation Mechanisms</p> <p>The Department should strengthen and implement oversight mechanisms to support SES accountability for managing budgets, including monitoring of compliance. This should include:</p> <ul style="list-style-type: none"> • Regular discussions of budget management variance reports at the EB and establishing mechanisms for monitoring over/underspending including follow-up on remedial action plans. • CFO and responsible FBPs to continue holding accountability discussions on a regular basis with FASs and ASs on budget performance, and reporting outcomes of these to EB. These discussions should be based on a set of specific KPIs for financial management which feed into SES performance assessments. • Establishing KPIs to empower FBPs to understand the business and activities of their assigned business unit through requesting formal feedback from business units on FBP performance and building these KPIs into FBP performance agreements. • Formalising feedback mechanisms between the FBS Branch and FBP clients as part of the FBP service delivery standards to gain feedback on the FBP service delivery and identify areas for improvement.
Original Completion Date:	31 July 2018
Reason for Closure:	<p>Actions have been taken to address this recommendation as outlined in the Implementation Plan and Status Report. The department has worked to strengthen oversight mechanisms to support SES budget management, including:</p> <ul style="list-style-type: none"> • Terms of Reference and structures for senior governance committees are now available on the departmental Intranet. These outline their accountability for budget and financial management. • SES Performance Measures including financial management KPIs have now been incorporated in SES Performance Agreements. • Standard Performances Agreements including KPIs developed for FBPs and implemented as of the 2018-19 PDS cycle. This includes the requirement for monthly discussion with budget-owning SES clients. • Questions for SES on FBP services developed to be part of regular departmental Pulse Surveys starting in October 2018.



Evidence for closure:	<ul style="list-style-type: none">• Governance Hub – Terms of Reference http://intranet2.central.health/our-department/governance-hub <p>Documents (TRIM Ref: E18-421531):</p> <ul style="list-style-type: none">• New SES Performance Measures [waiting on final]• Entering Performance Development Scheme (PDS) – A guide for Finance Business Partners (standard FBP Performance Agreement and KPIs) (TRIM Ref: D18-2330823)• FBP Business Enhancements Priorities Roadmap (ongoing) (TRIM Ref: D18-2330836)• Pulse Survey Questions on FBP Services (TRIM Ref: D18-2330832)
Delegate (FAS):	Charles Wann
Outcome:	Approved / Not Approved /

Future follow up action	<i>External Accountability Comments:</i>
	The Finance Business Partner Enhancement Team continues to ensure SES budget management initiatives are provided to staff as well as making documents and procedures available via Sharepoint.

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THE FREEDOM OF INFORMATION ACT
BY THE DEPARTMENT OF HEALTH

