

Date

4 November 2021

Title

Finance Report

Report by

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Paper for information and decision

Recommendation

1. The Board is recommended to:
 - a. Review the current financial headlines and analysis provided by Defra Finance.
 - b. Note that work is underway to comprehensively overhaul the financial reporting both to the SLT (management information) and the Board once the OEP is established and the book-keeping is transferred on to the OEP accounting system. This cannot be achieved in the short term while we are using Defra Finance without a significant investment of time.
 - c. Approve the Financial Scheme of Delegation, noting that the more detailed Standing Financial Instructions will be further developed and tabled in due course.
 - d. Approve the bank mandate for opening the bank account

This section has been redacted as its publication would be prejudicial to the effective conduct of public affairs

Financial Headlines

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Financial Analysis

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Financial Reporting Project

2. The financial reporting project will result in a comprehensive overhaul of the current financial reporting received from Defra Finance, and will include:
 - a. Set up on the OEP accounting system.
 - b. Stakeholder engagement to ensure financial reporting is accurate, sufficiently detailed and fit for purpose. This will include discussion with the SLT and members of the Board, as well as discussion with Defra finance for consolidation reporting.
 - c. A complete review of all transactions to ensure that they are accounted for in accordance with the appropriate accounting standards and guidelines. For example, all transactions are recorded in the month that they occur, and that prepayments and accruals are accounted for correctly.
 - d. Development of a monthly financial reporting pack for:
 - Internal management use,
 - Audit and Risk Committee, and the Board, and
 - Defra Finance Consolidated reporting.

Financial Scheme of Delegation

3. The main financial governance document for the OEP will be the Standing Financial Instructions, including the Financial Scheme of Delegation.
4. The Standing Financial Instructions, including the Financial Scheme of Delegation is currently being drafted and a first draft is expected to be tabled to the Board at the December Board Meeting.
5. In order to act with appropriate authority and with the appropriate financial management and controls in place from vesting, we are seeking approval for the Financial Scheme of Delegation (Annex A).
 - a. There is no specific guidance on how the Financial Scheme of Delegation is established. The document needs to be correct for the OEP, and ensure sufficient financial oversight and management as deemed necessary by the Board. Key considerations are therefore:

- i. Proper authority should rest with the Board.
 - ii. Delegations must be appropriate and also efficiently exercised.
 - iii. Minimising the risks of single points of failure.
- b. A value of 5% of the OEP budget for 2022 seemed an appropriate value for contracts to require Board approval. This is in line with other ALBs and has been rounded up to £500,000 total contract value.
- c. The rest of the Scheme of Delegation has been set out on what appears to be a reasonable basis to initiate discussion from the Board.

Bank Account

6. A bank account is required for the OEP to be operationally independent from Defra. The bank account cannot be set up until the OEP has been incorporated. It is proposed to appoint initial signatories on to the bank mandate, with the intention of reviewing this in due course, prior to 'go live' on the 1 January 2022 in any case.

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ANNEX A – The Financial Scheme of Delegation

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ANNEX B – Bank account opening

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