

**DELEGATED FINANCIAL RESPONSIBILITIES WITHIN THE AUTHORITY –
THE ROLES OF MEMBERS AND OFFICERS IN COUNTY COUNCIL
FINANCIAL MANAGEMENT**

Report of the Finance Director

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1. Purpose of Report

To consider the current delegations to officers as an initial step to reviewing financial regulations.

The Committee at its last meeting on 16 October 2003 agreed that a report on Financial Regulations be submitted to the next meeting in January 2004.

2. Introduction

The County Council is a single entity with devolved accountabilities but the overall responsibility for financial administration of the Council remains with the Finance Director. The Finance Board is a critical element of financial management within the authority.

The following is a summary of a longer set of delegations to officers which define the roles of financial management.

A. The Finance Director

1. Must discharge the statutory duties defined in:

- a) Section 151, Local Government Act 1972:
- b) Section 114, Local Government Finance Act 1988:
- c) The case of Attorney General v De Winton in 1906:
- d) The Local Government and Housing Act 1989:
- e) The Accounts and Audit Regulations
- f) The Code of Practice on Local Authority Accounting in Great Britain: A Statement of Recommended Practice (The SORP).
- g) CIPFA statements defining best practice.

2. To fulfil the statutory duties the FD must provide himself or through devolved staff:

- Financial advice to Members to support strategic planning & policy making process and service development to ensure efficient and effective use of resources.
- Advice and financial information on the optimum use and adequacy of available resources and management of the capital and revenue budgets, including reporting on the robustness of estimates
- Advice on treasury management, taxation, pensions and trust funds and guidance on the safeguarding of financial assets; including risk management and insurance.
- Determine the County Council's accounting records and control systems - including
 - a) measures to prevent and detect inaccuracies and fraud, and the ability to reconstitute any records;
 - b) identification the officers dealing with financial transactions and division of responsibilities of those officers in relation to significant transactions;
 - c) procedures governing the write off of debts
 - d) ensure the maintenance of proper accounting records in relation to government grants & Council expenditure
 - e) publish an annual statement of accounts

3. Trustee of Public Monies

As trustee of the local taxpayer's money, to manage the Council's resources on their behalf and report any decision or action that would result in unlawful expenditure or incur expenditure that would exceed available resources.

4. Financial Expertise

As Head of Profession for the Council's employed staff sets the framework and processes for recruitment, professional support and career development.

5. Other Duties

Responsible for the:

- a) appointment of bankers, monitoring the bank contract and approving officers for :
 - (i) opening and closing service bank and imprest accounts;
 - (ii) cheque signatories for the bank accounts;
 - (iii) investment transactions,

- b) overall arrangements for the monitoring and review of bank/imprest accounts and balances
- c) Setting the rules for the retention and disposal of financial documents.
- d) Authorisation of grant claims
- e) Maintaining a register of authorised signatories
- f) Preparing the Council's *Treasury Management Systems Document*, in accordance with CIPFA's *Code of Practice on Treasury Management*.
- g) Continuous review of these Regulations:

B. Members

- Approve the *Financial Regulations and Contract Regulations*.
- Set the budget framework and monitor budget performance
- Provide the framework to monitor the achievement of policies within the resources allocated;
- Agree resources to ensure the finance function is resourced to support management in securing effective financial control;
- Agree efficiency review arrangements; and
- Scrutinise financial probity through the Audit Committee.

C County Secretary (as Monitoring Officer)

- The monitoring Officer is to provide advice on vires issues, maladministration, financial impropriety, probity and policy framework issues to all members of the council.

D. Chief Officers

1.
 - Manage resources available for their services, as per the *Scheme of Delegation to Officers*, which includes responsibility for financial management and probity.
 - Act on advice or guidance of the FD ensuring the rules are enforced.

Assisted by :

Assistant Director of Resources or the Assistant FD in the role of "departmental FD".

2. CO's must act within budget and policy parameters, promote probity and sound financial control.

3. Each CO must develop and maintain procedures to monitor and ensure compliance with key controls set by the FD and also various acts, statutory instruments, regulations, circulars, guidance and statutory codes
4. CO's must:
 - ensure staff have the financial expertise to discharge duties and functions delegated by the FD;
 - establish clear accountabilities for budgets, systems and information;
 - consider the financial effects of new policy;
 - relate existing policy to resources;
 - establish monitoring and reporting to ensure awareness of significant issues in the delivery of policy and the consumption of resources, to enable prompt management action;
 - establish systems to secure financial probity, control, security and best practice in safeguarding the County Council's activities and assets;
 - establish processes to ensure that personnel, property and information are managed in a manner consistent with financial control;
 - establish processes to check and evaluate the effectiveness of controls;
 - establish standards of internal control and through their senior management team, ensure the proper identification and cost effective management of risk;
 - ensure rules and guidance to staff responsible for financial management and administration are communicated.
 - where fraud or corruption is suspected CO's must immediately report to the Chief Internal Auditor.
5. CO's must report to the FD and Members on any matter which may result in a failure of the departmental financial control environment or, any other matter which could adversely affect the financial standing of their department.

More specifically, the CO must report to the FD if :

- the financial support services provided are insufficient for the proper discharge of their financial responsibilities;
- structural changes might impact on the delivery of the financial support services;
- there are potential budget overspends;
- proposed variations in policy have financial effects.

E Service Lead Finance Officers

1. The designated Lead finance Officer must be a full member of the relevant service Management Board and Finance Board and must ensure regular and active participation in the work of both boards.
 - 1.1 The Finance Director is responsible for ensuring that a statement of financial delegations is maintained for each designated service lead finance officer.
 - 1.2 The Finance Director must be party to the job evaluation and recruitment process for the Service Lead Finance Officer and will input to the financial elements of their performance management contract.
2. Service Lead Finance Officers are required to:-
 - 2.1 Support Chief Officers in fulfilling their financial responsibilities
 - 2.2 Act in accordance with sections 151, local government act 1972, section 114., local government finance act 1988, sections 41 and 42, local government and housing act 1989, and sections 25 and 27, local government act 2003
 - 2.3 Set adequate standards and procedures for budgeting, accounting systems, reporting and monitoring
 - 2.4 Promote a culture of probity and sound financial control.
 - 2.5 Plan and deliver the major recurring financial activities within their services.
 - 2.6 Maintain and review service accounting records and control systems in accordance with legislative and proper practice requirements.
 - 2.7 Interpret and communicate the impact of legislative changes, trends and council initiatives relating to their service area
 - 2.8 Maintain and annually review a scheme of financial delegation and instruction for the service setting out the budget and functional delegations to named officers together with any restrictions on the exercise of delegated authority.
 - 2.9 Ensure that staff responsible for managing budget are made aware of their responsibilities for budgetary control and are adequately trained in order to fulfil them.
 - 2.10 Report to the FD, after discussion with CO financial issues that arise from:-
 - a) new developments in policy
 - b) budget variations
 - c) policy changes
 - d) virements and carry forward
 - e) UK and European Union Legislation

- 2.11 Maintain a register of all service bank account details
- 2.12 Ensure the monitoring of service balances at regular intervals
- 2.13 Approve service cheque signatories and keep list under regular review
- 2.14 Maintain and communicate an approved signatory list to the external provider of payroll and exchequer services
- 2.15.1 Develop and maintain a framework for support and advice to all staff involved in financial management and administration in their service
- 2.16 Report to the FD if the co management team or members prevent the proper discharge of his/her professional duties.
- 2.17 Ensure that every report to the cabinet, scrutiny committees and panels contains a financial implications section in conformance with the Code of Practice on a Prudential Approach to Local Authority commitments. This section must also clearly analyse the big risks affecting the cost implications of the proposal.
- 2.18 Provide in accordance with corporate timetables, budget planning information, service revenue and capital monitors and service outturn reports.
- 2.19 Ensure that any proposed development of local financial systems are approved by the FD.

3 Recruitment of Finance Staff

- 3.1 Key accounting posts require membership of an appropriate accountancy body including Service Lead Finance Officer, Assistant FD, Finance Managers, Accountants and Accounting Technicians. The FD may waive this requirement if a candidate has experiences and skills which otherwise fulfil the competencies demanded:
- 3.2 Staff must comply fully with the ethical and professional values, and by their accountancy body; and codes of practices as agreed by the FD;
- 3.3 The Assistant FD (Corporate Finance) must be actively involved in both the job evaluation and recruitment processes of Service Accountants so that the CO and Assistant FD (Corporate Finance) are both satisfied as to:
 - a) the outcome of any job evaluation exercise; and
 - b) the suitability of the potential candidate before an appointment can be made.

F Statement of Responsibility and Accountability – Budget Holders

Budget holders are accountable to their CO for the management and control of resources (budgets) devolved to them.

G. Statement of Responsibility and Accountability – Chief Internal Auditor

1. The Chief Internal Auditor ensures adequate and effective internal audit coverage of the County Council's activities.
2. The Chief Internal Auditor reports to the Monitoring Officer, who ensures the resourcing and management of internal audit service to deliver:
 - a) an ongoing programme of statutory audit coverage of all the County Council's financial systems and arrangements;
 - b) investigation into any suspected fraud or corruption; and
 - c) input to and advice on financial rules and procedures, contract issues and computer systems; with particular reference to financial controls.
3. The Chief Internal Auditor must report to the FD on all matters that impact on the FD's remit as the authority's section 151 officer, including any suspected fraud or corruption.
4. The FD may commission additional audit work in fulfilment of audit's broader corporate role.
5. The Chief Internal Auditor must report to the Audit Committee, with regard to:
 - a) the internal audit plan;
 - b) key findings and issues arising from audit work; andmanagement action in response to audit recommendations

4. Conclusion

The Committee is invited to raise issues so that these may be considered in the context of revisions to delegations and the new Financial Regulations that will be developed in response to the SHARP Programme implementation.