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| <b>Financial Management Standards - Statute</b>  |                      |
| <b>For Finance Division &amp; Budget Holders</b> | <b>November-2005</b> |

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| <b>Background / Statute</b>   |  |
| <b>Local Government Act 2000</b>  | <ul style="list-style-type: none"> <li>&gt; "Executive Arrangements"</li> <li>&gt; "NWDC Leader &amp; Cabinet"</li> <li>&gt; " Cabinet" = "Executive"</li> </ul>   |
| v   |  |
| <b>Executive</b>  | <ul style="list-style-type: none"> <li>&gt; Proposes Budget &amp; Policy Framework to Full Council eg corporate business plan, BVPP, community strategy etc</li> <li>&gt; Implements that Budget &amp; Policy Framework</li> </ul> |
| <b>Section 151 Local Government Act 1972</b>  |  |
| Council has to appoint a "Responsible Financial Officer" who is responsible for :-  |  |
| <ul style="list-style-type: none"> <li>&gt; the proper administration of the authority's financial affairs</li> <li>&gt; setting and monitoring compliance with financial management standards</li> <li>&gt; advising on the <u>corporate</u> financial position and on the key financial controls necessary to secure sound financial management</li> <li>&gt; providing financial information</li> <li>&gt; preparing the revenue budget and capital programme</li> <li>&gt; treasury management</li> </ul> |  |
| <b>Section 114 Local Government Finance Act 1988</b>  |  |
| Responsible Financial Officer has to report to full council, executive and external auditor in cases of :-  |  |
| <ul style="list-style-type: none"> <li>&gt; "decisions made or about to make which involves incurring unlawful expenditure"</li> <li>&gt; "unlawful actions taken or about to take which has resulted or would result in a loss or deficiency to the authority"</li> <li>&gt; "is about to make an unlawful entry in the authority's accounts"</li> </ul>   |  |

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| <p><b>Council needs to ensure it has sound Financial Management Policies in place</b></p> <p><b>How ?</b></p> <p><b>Via Finance Procedure Rules - (based on the CIPFA Model) that we know as :-</b></p> <p><b>"Financial Regulations"</b></p> |
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## "Financial Regulations"

**Financial Regulations** provide the framework for managing the authority's financial affairs. They apply to **every member and officer** of the authority and anyone acting on its behalf.

They identify the financial responsibilities of :-

- > full council, executive and overview & scrutiny committee
- > head of the paid service (CEO)
- > monitoring officer (Legal)
- > Responsible Financial Officer, and
- > **Strategic Managers (SM)**
- > Team Leaders

**"Corporate Management Board"** is responsible for ensuring that all staff in their areas are aware of the existence and content of the authority's financial regulations and other internal regulatory documents and that they comply with them. They must also ensure that staff within their areas can, and do, access this via Bulletin Board.

**Financial Management - "Corporate Management Board"** is responsible for :-

- > ensuring that executive members are advised of the financial implications of all proposals and that the financial implications have been agreed by or consulted with the Responsible Financial Officer
- > signing contracts on behalf of the authority
- > consulting with the Responsible Financial Officer and seeking approval on any matter liable to affect the authority's finances materially, before any commitments are incurred

and

> **Virement**

**"Corporate Management Board"** is responsible for agreeing in-year virements within delegated limits, in consultation with the Responsible Financial Officer where required, and must notify the Responsible Financial Officer of all virements.

### Why all the controls, legislation & regulation ?

Because -

- (a) the Council has a responsibility to ensure that it has efficient and effective financial management arrangements in place that maximise the value for money achieved from its financial resources, and
- (b) at the end of the day we have a public accountability role, that culminates with the preparation of an Annual Statement of Accounts that is subject to a detailed external audit.