

# Part 3G

## Financial Standing Orders

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# **1. Overview of Financial Standing Orders**

## **1.1 Outline of Financial Standing Orders**

Financial Standing Orders:

- (a) Provide the framework for managing the council's financial affairs.
- (b) Are a written code of financial procedures and required actions approved by Council which apply to every councillor and officer and anyone acting on its behalf.
- (c) Define and indicate for a range of financial activities:
  - (i) financial standards
  - (ii) required controls
  - (iii) monitoring and operating procedures
  - (iv) reporting and recording arrangements
  - (v) approvals required
  - (vi) responsibilities
  - (vii) accountability
- (d) Identify the financial responsibilities of:
  - (viii) Head of Paid Service
  - (ix) Chief Financial Officer
  - (x) Monitoring Officer
  - (xi) Leadership Team
  - (xii) Council
  - (xiii) Cabinet
  - (xiv) Groups and Committees

All councillors and employees also have a general responsibility for taking reasonable action to provide for the security of the assets and resources under their control, and for ensuring that the use of these resources is legal, is properly authorised, provides value for money and achieves best value.

## **2. Officer responsibilities**

### **2.1 General**

The general responsibilities of officers are laid down in Article 13 of Part 1B of this constitution. These responsibilities are explained in more detail within the appropriate section of these Financial Standing Orders.

Wherever in these Financial Standing Orders there is a reference to the powers and responsibilities of the Chief Officer for Finance and Performance, this is in their capacity as the council's Chief Financial Officer and shall include other employees authorised to undertake duties on their behalf.

## **2.2 Chief Financial Officer**

The Chief Financial Officer is responsible for:

- (a) Ensuring lawfulness and financial prudence of decision making. After consulting with the Head of Paid Service and the Monitoring Officer, the Chief Financial Officer will report to the Council or to Cabinet in relation to an executive function and the council's external auditor if he or she considers that any proposal, decision or course of action will involve incurring unlawful expenditure, or is unlawful and is likely to cause a loss or deficiency or if the council is about to enter an item of account unlawfully.
- (b) The administration of financial affairs of the council.
- (c) Contributing to the corporate management of the council, in particular through the provision of professional financial advice.
- (d) Providing advice on financial matters, financial propriety, and the budget framework.
- (e) Providing financial information to the media, members of the public and the community.
- (f) Maintaining a continuous review of Financial Standing Orders and submitting any additions or changes necessary to the Council for approval.
- (g) Reporting, where appropriate, breaches of Financial Standing Orders to the Council and/or to Cabinet.
- (h) The council's detailed financial procedures, setting out how the regulations will be implemented, are contained in the council's Financial Instructions.
- (i) Issuing any other advice or guidance as necessary to underpin the Financial Standing Orders that councillors, officers and others acting on behalf of the council are required to follow.

## **2.3 Leadership Team**

Leadership Team are responsible for:

- (a) Ensuring that all employees in their services are aware of the existence and content of the council's Financial Standing Orders and any other internal financial instructions, guidance or advice and that they comply with them.
- (b) Ensuring that arrangements are in place to ensure all employees remind themselves on a regular basis of all requirements.

### 3. Interpretation of Financial Standing Orders

For the avoidance of doubt throughout all Financial Standing Orders, the following definitions are used:

- (a) **Head of Paid Service** is the Chief Executive.
- (b) **Chief Financial Officer** is the Chief Officer for Finance and Performance.
- (c) **Monitoring Officer** is the Chief Officer for Legal and Governance.
- (d) **Leadership Team** shall be:
  - (i) Chief Executive
  - (ii) Deputy Chief Executive
  - (iii) Chief Officer for Communities and Homes
  - (iv) Chief Officer for Digital and Communications
  - (v) Chief Officer for Finance and Performance
  - (vi) Chief Officer for Growth and Investment
  - (vii) Chief Officer for Legal and Governance
  - (viii) Chief Officer for Leisure and Wellbeing
  - (ix) Chief Officer for Operations and Traded Services
  - (x) Chief Officer for Regulation and Safety
- (e) **Budget Officers** shall mean those officers who have been given delegated authority by Leadership Team to deal with all financial matters relating to specific council services. Where such delegation has been given, Leadership Team will still retain overall financial responsibility for the appropriate service(s).
- (f) **The Budget** includes the allocation of financial resources to different services and projects, proposed contingency funds, the Council Tax base, setting the Council Tax and decisions relating to the control of the council's borrowing requirement, the control of its capital expenditure and the setting of supplementary budget and virement limits.
- (g) **Original Revenue Budget** means the amount set out in the annual budget and resources book that is produced after the Council has approved for a financial year:
  - (i) Housing Revenue Account budget
  - (ii) General Fund Revenue budget
  - (iii) level of Council Tax
- (h) **Original Capital Budget** means the amount set out in the annual budget and resources book that is produced after the Council has approved for a financial year:
  - (i) Housing Revenue Account capital programme
  - (ii) General Fund capital programme

- (i) **Budget Head** means:
  - (i) the headings set out in the annual budget and resources book/finance handbook, such as 'direct employment costs', 'maintenance' or 'running expenses' for revenue budgets; and
  - (ii) each capital programme scheme set out in the annual budget and resources book/finance handbook after approval by the Council.
  
- (j) **Revised Budget** means the original revenue budget set out in the annual budget and resources book/finance handbook that has been approved by the Council but adjusted by any approved:
  - (i) supplementary budget;
  - (ii) virement; and/or
  - (iii) other changes agreed by the Council or Cabinet.
  
- (k) **Financial Instructions** are detailed expansions of the Financial Standing Orders and give specific guidance and instruction to officers on a wide range of financial activities to ensure:
  - (i) good working practices;
  - (ii) consistency of approach and operations; and
  - (iii) financial conventions are followed.
  
- (l) **Committee** shall be construed as meaning Planning Committee, Licensing and Safety Committee, Audit and Ethics Committee, Grievance Committee, Appeals Committee and Shareholders Committee.

## 4. Financial Management

The Council will be responsible for agreeing the budget and policy framework as set out in Article 4 of this constitution. Once the budget or policy framework is agreed, the Cabinet is responsible for implementing the agreed policy framework within the set budget.

The Rules about decisions outside the policy or budget framework, urgent decisions and virement are set out in the Budget and Policy Framework Standing Orders in Part 3E of this constitution.

The general responsibilities of officers are laid down in Article 13 of Part 1B of this constitution. These are explained in more detail within the appropriate section of these Financial Standing Orders.

### 4.1 Role of the Council

The Council is responsible for:

- (a) Approving procedures for recording and reporting decisions taken. This includes those key decisions delegated by and decisions taken by the

Council and its committees. These delegations and details of who has responsibility for which decisions are set out in the constitution. Key Decisions are described later in this section.

- (b) Considering reports from Cabinet for approval of requested virement or supplementary budget.
- (c) Approving the Council's statement of accounts, income and expenditure and balance sheet or record of receipts and payments (as the case may be).

#### **4.2 Role of Cabinet**

Cabinet is responsible for:

- (a) Leading the development of the policy framework and putting forward proposals for the draft budget, plans and strategies for the Council to consider.
- (b) Implementing the agreed policy framework and budget in accordance with the Budget and Policy Framework Standing Orders in Part 3E of this constitution.
- (c) Approving and monitoring compliance within the Council's overall framework of accountability and control as set out in this constitution.
- (d) Considering and approving reports from officers on requested virement or supplementary budgets within delegated authority.
- (e) Considering reports from officers on requested virement or supplementary budget for recommendation to the Council.
- (f) Guiding the Council in the formulation of its corporate plans, objectives and priorities.
- (g) Recommending to the Council such forward programmes and other steps as may be necessary to achieve those objectives and priorities during specific time spans.
- (h) Proposing to the Council for approval the framework for managing the Council's financial affairs.

#### **4.3 Role of Groups**

Groups are responsible for:

- (a) Scrutinising executive decisions before or after they have been implemented and for holding Cabinet to account.
- (b) Making recommendations on future policy options and for reviewing the general policy and service delivery of the Council.

- (c) Assisting the Council and Cabinet in the development of its budget and policy framework by in-depth analysis of policy issues.

#### **4.4 Role of the Chief Financial Officer**

The general responsibilities of the Chief Financial Officer and other officers are laid down in Article 12 of Part 1B of this constitution. These are explained in more detail within the appropriate section of these Financial Standing Orders.

The Chief Financial Officer shall be the Responsible Officer for:

- (a) The proper administration of the Council's financial affairs in accordance with Section 151 of the Local Government Act 1972.
- (b) Setting and monitoring compliance with financial management standards.
- (c) Advising on the corporate financial position and on the key financial controls necessary to secure sound financial management.
- (d) Providing financial information.
- (e) Preparing the revenue budget and capital programme.
- (f) Treasury management.
- (g) Reporting to the Council in accordance with Section 114 of the Local Government Finance Act 1988, in conjunction with the Monitoring Officer, if he or she believes there is or is likely to be unlawful expenditure or an unbalanced budget.
- (h) For ensuring the Council is informed of the financial implications of all new or proposed changes in legislation or policy as the Chief Financial Advisor to the Council.
- (i) Ensuring that all the requirements of the Accounts and Audit Regulations 1996 relating to accounting records and control systems and the statement of accounts are met.
- (j) Ensuring that all requirements imposed by:
  - (i) Current and future legislation as it affects financial management and administration are met.
  - (ii) Financial Reporting Standards issued by the Accounting Standards Board are met.
  - (iii) Any Statements of Recommended Practice, Codes of Practice or other guidance issued by the Chartered Institute of Public Finance and Accountancy or other professional guidance issued by the Public Sector Audit Appointments Ltd or other relevant bodies are followed.

- (k) Issuing Financial Instructions, Best Practice Statements for financial activities or any other financial advice or guidance as he or she deems necessary for the discharge of his/her duties.

#### **4.5 Role of the Monitoring Officer**

The Monitoring Officer is responsible for:

- (a) Advising whether Cabinet decisions are within the budget and policy framework. The Monitoring Officer will advise whether decisions of Cabinet are in accordance with the budget and policy framework.
- (b) Providing advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and budget and policy framework issues to all councillors.
- (c) Promoting and maintaining high standards of financial conduct.
- (d) Reporting any actual or potential breaches of the law or maladministration to the Council and/or to Cabinet.
- (e) Ensuring that councillors are aware of decisions made by Cabinet and of those made by officers who have delegated executive responsibility.
- (f) Advising Cabinet or the Council, together with the Chief Financial Officer, about whether a decision is likely to be considered contrary or not wholly in accordance with the budget such as:
  - (i) initiating a new policy;
  - (ii) committing expenditure in future years to above the budget level; and
  - (iii) incurring interdepartmental or inter-service transfers above virement limits.

#### **4.6 Role of Leadership Team**

Leadership Team are responsible for:

- (a) Ensuring that councillors are advised of the financial implications of all proposals and that the financial implications have previously been agreed by the Chief Financial Officer.
- (b) Signing contracts on behalf of the authority subject to Contracts Standing Orders.
- (c) Consulting with the Chief Financial Officer and seeking prior approval on any matter liable to affect the Council's finances materially before any commitments are incurred.



## **4.7 Key Decisions**

A key decision means a decision made in the exercise of an executive function by any person (including officers) or body which meets one or more of the following conditions:

- (a) The decision is likely to result in the council incurring expenditure or the making of savings in excess of £125,000. Excluded from this are all loans to banks or other financial institutions made in accordance with the Treasury Management Strategy.
- (b) In relation to letting contracts the key decision is the proposal to let a contract for a particular type of work. The subsequent decision to award the contract to a specific contractor will not be a key decision provided the value of the contract does not vary above the estimated amount by more than 10% or £125,000, whichever is the lower. In all cases, appropriate budget approval will need to be sought before the letting and award of any contract.
- (c) The decision is likely to be significant in terms of its effects on communities living or working in any ward in the borough.

## **5. Council budget preparation**

### **5.1 Role of the Chief Financial Officer**

The Chief Financial Officer shall each year:

- (a) Ensure there is a coherent and robust process in place to enable the preparation of budgets by officers for the following financial year.
- (b) Report to Cabinet detailing draft revenue and capital budget requirements for the following financial year:
  - (i) for each portfolio;
  - (ii) for corporate budget requirements including any possible use of reserves;
  - (iii) in overall summary form; and
  - (iv) subsequently any recommendations of groups after they have considered and reviewed the appropriate draft portfolio budgets.
- (c) Report to Cabinet during the year summarizing total draft revenue and capital budgets for a further three financial years.
- (d) Report to the Council before the end of February detailing Housing Revenue Account budgets and capital budgets for housing activities together with any recommended changes for council house rents for the following financial year.

- (e) Report to the Council before the end of March recommending approval of a summary of the General Fund revenue and capital estimate requirements together with the level of Council Tax for the following financial year.
- (f) Issue the annual budget and resources book produced after the Council has approved:
  - (i) all council capital and revenue budgets;
  - (ii) the level of Council Tax; and
  - (iii) the level of housing rents.
- (g) Declare the estimated total surplus or deficit on the Council Tax Collection Fund before 15 January of each financial year.

## **5.2 Role of Leadership Team**

Leadership Team shall ensure that Budget Officers prepare detailed draft budgets for the following financial year for all services under their control in liaison with the Chief Officer for Finance and Performance and following detailed instructions or other guidance provided.

## **5.3 Role of the Council**

The Council shall each year:

- (a) approve before the end of February the Housing Revenue Account revenue and capital budgets for housing activities together with any recommended changes for council house rents and service charges for the following financial year; and
- (b) approve before the end of March a summary of General Fund revenue and non-Housing Revenue Account capital budgets together with the level of Council Tax for the following financial year.

## **5.4 Role of Cabinet**

Cabinet shall each year:

- (a) Provide general direction for the preparation of revenue and capital budgets.
- (b) Declare the council tax base and national non-domestic rate tax base for the following financial year.
- (c) Consider reports summarizing overall total draft revenue and capital budgets for portfolios together with other corporate budget requirements for the following financial year.
- (d) Consider any recommendations made by the Groups on budgets for portfolios for the following financial year.

- (e) Recommend to the Council for approval before the end of February a summary of the Housing Revenue Account budgets and capital budgets for housing activities together with the levels of council house rents and service charges for the following financial year.
- (f) Recommend to the Council for approval before the end of March of each year a summary of the General Fund revenue and capital budget requirements together with the level of Council Tax for the following financial year.

## **6. Revenue and capital budgetary control and monitoring**

### **6.1 Role of the Chief Officer for Finance and Performance**

The Chief Officer for Finance and Performance shall:

- (a) Be responsible for providing appropriate financial information to Budget Officers to enable budgets to be monitored effectively.
- (b) Be responsible, in conjunction with Leadership Team, for submitting periodic reports to Cabinet and the Council during the year, indicating the anticipated financial position compared to original revenue and capital budgets indicating where expenditure is anticipated to exceed or income fall short of the budgeted amount by the margins agreed corporately for the purpose of budget monitoring.
- (c) Issue and update, as required, Financial Instructions or other guidance relating to all aspects of capital activity.
- (d) May carry out any investigations during the course of, and after the completion of, any capital scheme.

### **6.2 Role of Leadership Team**

Leadership Team shall be responsible for:

- (a) Ensuring strict management and monitoring of revenue and capital budgets is carried out by Budget Officers within their services and appropriate remedial action is taken immediately when it is identified that potential overspendings or reductions in income compared to approved budgets are likely to occur.
- (b) Taking practical steps to alleviate any potential variations where possible with the agreement of the Chief Officer for Finance and Performance.
- (c) Seeking approval for virement from the Chief Officer for Finance and Performance subject to financial limits.

- (d) Reporting to Cabinet, in conjunction with the Chief Officer for Finance and Performance, requesting that approval for virement for amounts over £20,000 or if not possible, approval for a supplementary budget, be sought from Cabinet and the Council as appropriate.
- (e) Ensuring that all appropriate officers and external organizations are fully aware and follow the council's Standing Orders relating to contracts and relevant Financial Standing Orders, Financial Instructions or other guidance.
- (f) Ensuring that in the event of any anticipated overspending on an approved capital budget provision less than £20,000:
  - (i) Seek approval for virement from the Chief Officer for Finance and Performance under delegated responsibility, indicating the source of such virement and confirming such funds are available and that service provision would not be adversely affected by such a transfer; or
  - (ii) If it is not possible to identify possible virement, or if the overspending is greater than £20,000 but up to £50,000 then a report shall be made to Cabinet seeking approval for a supplementary budget.
  - (iii) If the overspending is greater than £50,000, then a report shall be made to Cabinet, recommending that approval be sought from the Council for a supplementary budget.

### **6.3 Role of Cabinet**

Cabinet shall:

- (a) Receive reports during the year indicating the anticipated financial position compared to original revenue and capital budgets, indicating where expenditure is anticipated to exceed or income fall short of the budgeted amount by the margins agreed corporately for the purpose of budget monitoring.
- (b) Receive reports and approve any proposed virement of budget amounts over £20,000 and up to £50,000.
- (c) Receive reports and approve requests for supplementary budgets up to £50,000.
- (d) Receive reports requesting the Council approval of virement of budget amounts over £50,000 or supplementary budgets over £50,000.
- (e) Consider reports and recommend to the Council any proposed change in expenditure or income before a commitment has been made where it is anticipated this will result in additional net expenditure of more than £50,000 on any new activity or budget head in the following financial years.

## **6.4 Role of the Council**

The Council shall:

- (a) Receive reports from Cabinet during the year, if necessary, indicating where expenditure is anticipated to exceed or income fall short of the budgeted amount by the margins agreed corporately for the purpose of budget monitoring.
- (b) Receive reports from Cabinet requesting approval of virement of budget amounts over £50,000.
- (c) Receive reports from Cabinet requesting approval of any supplementary budget over £50,000.
- (d) Receive reports from Cabinet detailing and seeking approval for any proposed change in expenditure or income before a commitment has been made where it is anticipated this will result in additional net expenditure of more than £50,000 on any new activity or budget head in the following financial years.

## **6.5 Proposed new one-off activities**

Should Leadership Team consider it necessary to spend additional amounts on any new one-off activity or budget head not included in revenue or capital budgets then:

- (a) If the amount is less than £20,000 they shall seek approval for virement from the Chief Officer for Finance and Performance under delegated responsibility, indicating the source of such virement and confirming such funds are available and that service provision would not be adversely affected by such a transfer.
- (b) If the amount is more than £20,000 but up to £50,000 then, after consulting with the Chief Officer for Finance and Performance, a report shall be prepared for Cabinet requesting:
  - (i) Approval for virement or failing that
  - (ii) Approval for a supplementary budget

All such variances shall be reported as part of the normal budget monitoring process.

- (c) If the amount is more than £50,000 then after consulting with the Chief Officer for Finance and Performance, a report shall be prepared for the Council requesting:
  - (i) Approval for virement, or failing that
  - (ii) Approval for a supplementary budget

## **6.6 Future year financial commitments**

Leadership Team shall, after consultation with the Chief Officer for Finance and Performance, submit a report to Cabinet and the Council before any commitment has been made where it is anticipated that additional net expenditure of more than £20,000 on any new activity or budget head will be incurred in the following financial years.

## **7. Systems and procedures**

### **7.1 General**

The Chief Financial Officer is responsible for:

- (a) The operation of the council's accounting systems, the form of accounts and the supporting financial records.
- (b) Agreeing any changes requested by Leadership Team to the existing financial systems or the establishment of new systems.

Leadership Team are responsible for:

- (a) The proper operation of financial processes in their own services.
- (b) Ensuring that their staff receive relevant financial training that has been approved by the Chief Financial Officer.
- (c) Ensuring that, where appropriate, computer and other systems are registered in accordance with data protection legislation.
- (d) Ensuring that staff are aware of their responsibilities under freedom of information legislation.

### **7.2 Income**

- (a) The Chief Financial Officer shall:
  - (i) Determine how money due to the Council shall be billed, collected, recorded and banked.
  - (ii) Issue such Financial Instructions and/or Best Practice Statements relating to financial activities as they consider necessary to ensure safe and efficient arrangements are in place.
  - (iii) After consulting the Chief Executive or the Deputy Chief Executive or the appropriate chief officer, be authorized to write-off sums not exceeding £2,000 in respect of any debtor.
  - (iv) Delegate to appropriate senior members of the Finance and Performance service the authority to write off:

- business rates, Council Tax and sundry income debts not exceeding £2,000 and any court costs associated with such debts; and
  - rent arrears and arrears of housing benefit which together do not exceed £2,000 of former council house tenants under arrangements approved by the Chief Financial Officer.
- (b) The Chief Officer for Regulation and Safety shall be authorized to write-off car park excess charges and associated costs under arrangements approved by the Chief Financial Officer.
- (c) Cabinet shall approve the write-off of all irrecoverable debts, except for the activities detailed above.

### **7.3 Orders and payments**

The Chief Financial Officer shall:

- (a) Issue Financial Instructions detailing:
- (i) the manner in which orders shall be placed for goods, work or services;
  - (ii) the procedures to be followed for the processing and certification of invoices; and
  - (iii) the control and recording of petty cash transactions.
- (b) Arrange for the provision of such petty cash imprest accounts as he or she considers appropriate and shall issue Financial Instructions covering the control and recording of petty cash transactions.

Leadership Team shall ensure that all orders issued from their departments conform with any directions of the council with respect to central processing.

### **7.4 Taxation**

The Chief Financial Officer shall be:

- (a) Responsible for advising Leadership Team, in the light of guidance issued by appropriate bodies and relevant legislation as it applies, on all taxation issues that affect the council.
- (b) Responsible for maintaining the Council Tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

### **7.5 Salaries and wages**

- (a) The Chief Financial Officer shall determine arrangements:
- (i) for the payment of all salaries, wages and other remuneration to councillors, employees or former employees of the council; and

- (ii) to account for income tax, national insurance, pensions or any other deductions from remuneration.
- (b) The Chief Officer for Finance and Performance shall be responsible for the administration of those arrangements. Referred to in 7.5 (a)(i) and (ii) above.
- (c) Leadership Team shall:
  - (i) notify the Chief Officer for Finance and Performance as soon as possible and in the form that he or she prescribes, of all matters affecting staff remuneration and in particular:
    - appointments, resignations, dismissals, suspensions, secondments and transfers;
    - absences from duty for sickness or other reasons apart from approved paid leave;
    - changes in remuneration other than normal increments, pay awards or other agreements of general application; and
    - information necessary to maintain records of service for pensions, income tax, national insurance and any other deductions.
  - (ii) ensure that their relevant Budget Officers regularly monitor the salaries of staff within their services against approved budgets.

## **7.6 Trading Accounts**

The Chief Financial Officer shall advise on the establishment and operation of trading accounts and business units wherever considered necessary or appropriate.

## **8. Risk management and control of resources**

### **8.1 Risk management and insurance**

- (a) Cabinet shall be responsible for:
  - (i) Approving the council's risk management policy statement and strategy and for reviewing the effectiveness of risk management.
  - (ii) Ensuring that proper insurance exists where appropriate.
- (c) The Chief Executive shall establish and maintain appropriate arrangements for risk management.
- (d) The Chief Officer for Finance and Performance is responsible for preparing the council's risk management policy statement and for promoting it throughout the council.
- (e) The Chief Officer for Finance and Performance is responsible for advising Cabinet on proper insurance cover where appropriate.



- (f) The Chief Officer for Finance and Performance, after consulting the Chief Executive and other members of Leadership Team, is responsible for establishing and maintaining appropriate arrangements for insurances, including the negotiation and maintenance of such insurance cover as they consider necessary and shall make and negotiate all claims arising.
- (g) Leadership Team shall:
  - (i) Provide the Chief Officer for Finance and Performance with prompt notification of any matters which might require changes to existing insurance policies.
  - (ii) Provide the Chief Officer for Finance and Performance with prompt and accurate written notification of any loss, liability or damage or any event likely to lead to a claim and shall provide any required information promptly including the completion of insurance claim forms where required.
  - (iii) Be responsible for maintaining proper security at all times for all buildings, stocks, stores, furniture, equipment, cash and computerized data under their control in accordance with any requirements of the council's insurers and of the Financial Instructions issued by the Chief Financial Officer.
  - (iv) Consult the Chief Officer for Finance and Performance in respect of the terms of any indemnity which the council is requested to give.
  - (v) Inform the Chief Officer for Finance and Performance of any significant risks that may be faced by the council.
  - (vi) Be responsible for ensuring that they and their staff are fully aware of their responsibilities for Risk Management.

## **8.2 Financial control**

- (a) The Chief Financial Officer is responsible for advising the council on effective systems of internal control that:
  - (i) Ensure compliance with all applicable statutes and regulations.
  - (ii) Help ensure the council's objectives are achieved in a manner that promotes economical, efficient and effective use of resources.
  - (iii) Ensure that public funds are properly safeguarded and used economically and efficiently.
  - (iv) Ensure the council's assets and interests are safeguarded.
  - (v) Provide a framework for supporting the council's Counter Fraud and Corruption Strategy and the Internal Audit Plan.
  - (vi) Provide a framework for the financial aspects of corporate governance covering integrity and accountability.
- (b) The Chief Executive is responsible for:
  - (i) Establishing sound arrangements for planning, appraising, authorizing and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness.
  - (ii) For achieving their financial performance targets.

### **8.3 Internal Audit**

- (a) The Accounts and Audit (England) Regulations 2011 require every local authority to maintain an adequate and effective system of internal audit.
- (b) The mission of internal audit is to enhance and protect the council's organizational value by providing risk-based and objective assurance, advice and insight. The scope of internal audit encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the council's governance, risk management and internal control processes in relation to the council's goals and objectives.
- (c) The internal audit service operates in accordance with relevant professional standards including the mandatory guidance published by The Chartered Institute of Public Finance and Accountancy (CIPFA), the Chartered Institute of Internal Auditors (IIA), the Code of Ethics and the Public Sector Internal Audit Standards (PSIAS).
- (d) The council's internal audit service is managed by the Corporate Assurance Manager and Transformation Lead who reports directly to the Chief Officer for Finance and Performance. The Corporate Assurance Manager and Transformation Lead also functionally reports to and has unfettered access to the Chief Executive, the Deputy Chief Executive and the Audit and Ethics Committee. The Corporate Assurance Manager and Transformation Lead also has direct access to the chair of Audit and Ethics Committee and has the opportunity to meet with Audit and Ethics Committee in private.
- (e) The Corporate Assurance Manager and Transformation Lead submits to Audit and Ethics Committee, annually, a risk-based Annual Internal Audit Plan for review and approval.
- (f) The Corporate Assurance Manager and Transformation Lead produces an annual Internal Audit Opinion on the adequacy and effectiveness of the council's framework of governance, risk management and control. The Internal Audit Opinion contributes to the council's review of the effectiveness of its control environment as required under the Accounts and Audit Regulations.
- (g) The Chief Officer for Finance and Performance is responsible for monitoring performance, ensuring the adequacy of internal audit resources and ensuring the independence of the Corporate Assurance Manager and Transformation Lead.
- (h) The internal audit service, with strict accountability for confidentiality and safeguarding records and information, is authorised full, free, and unrestricted access to any and all of the council's records, physical properties, and personnel pertinent to carrying its work.

- (i) All internal audit activities remain free from undue influence by any element in the council, including matters of audit selection, scope, procedures, frequency, timing or report content.

#### **8.4 Preventing fraud and corruption**

The Corporate Assurance Manager and Transformation Lead, in consultation with the Monitoring Officer and the Chief Financial Officer, is responsible for the development and maintenance of an anti-fraud, bribery and corruption strategy and an associated response plan.

#### **8.5 External audit requirements**

- (a) The Local Audit and Accountability Act 2014 sets out the requirements for local authority external audit. Under this Act, the Secretary of State for Communities and Local Government has appointed Public Sector Audit Appointments Limited (a body set up by the Local Government Association) to appoint local authorities' external auditors.
- (b) The authority may, from time to time, be subject to an audit, inspection or investigation by external bodies such as HM Revenue and Customs, who have statutory rights of access.

#### **8.6 Assets**

Leadership Team should ensure that records and assets are properly maintained and securely held. They should also ensure that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place.

#### **8.7 Treasury Management**

- (a) The Council has adopted CIPFA's *Code of Practice for Treasury Management in Local Authorities*.
- (b) Cabinet is responsible for approving the treasury management policy statement setting out the matters detailed in paragraph 15 of CIPFA's *Code of Practice for Treasury Management in Local Authorities*.
- (c) The Chief Financial Officer has delegated responsibility for:
  - (i) Implementing and monitoring the statement.
  - (ii) All money in the hands of the authority for the purposes of Section 151 of the Local Government Act 1972.
  - (iii) Reporting to Cabinet a proposed treasury management strategy for the coming financial year at or before the start of each financial year and also a progress report during the year.
  - (iv) All decisions on borrowing, investment or financing and acting in accordance with CIPFA's *Code of Practice for Treasury Management in Local Authorities*.