

PART 4

SECTION 10

IPSWICH BOROUGH COUNCIL

FINANCIAL STANDING ORDERS

Financial Standing Orders

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1. Status of Financial Standing Orders

- 1.1 Financial Standing Orders provide the framework for managing the Council's financial affairs and are part of the Council's constitution. They apply to every Member and officer of the Council, and anyone acting on its behalf. The Council's detailed financial procedures set out how the regulations will be implemented.
- 1.2 The regulations identify the financial responsibilities of the Council, its Councillors, the Head of Paid Service, the Monitoring Officer, and the Chief Finance Officer.
- 1.3 All Councillors and officers have a general responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of the resources is legal, is properly authorised, provides value for money, achieves best value and is reported as appropriate.
- 1.4 The Chief Finance Officer is responsible for maintaining a continuous review of the Financial Standing Orders and for submitting any additions or changes necessary to the Council for approval. The Chief Finance Officer is also responsible for reporting, where appropriate, breaches of the financial regulations to the Council and/or to the Executive and Portfolio Holders.
- 1.5 The Chief Finance Officer is responsible for issuing financial procedures (and other advice on the application of the Financial Standing Orders) that Councillors, officers and others acting on behalf of the Council are required to follow.

2. Financial Management

- 2.1 Financial management covers all financial accountabilities in relation to the running of the Council, including the policy framework and budget.

The Executive

- 2.2 The Executive is responsible for proposing the financial policy framework and budget to the Council, and for discharging executive functions in accordance with the policy framework and budget.
- 2.3 Executive decisions can be delegated to a committee of Executive Members, an officer or a joint committee.

Head of Paid Service

- 2.4 The Head of Paid Service for the purposes of the Local Government Act 1989 is responsible for the corporate and overall strategic management of the Council as a whole. The Head of Paid Service must report to and provide information for the Council, the Executive, Strategic Overview & Scrutiny and other committees.
- 2.5 The Head of Paid Service is responsible for establishing a framework for management direction, style and standards and for monitoring the performance of the organisation. The Head of Paid Service is also responsible, together with the Monitoring Officer, for the system of record keeping in relation to all the Council's decisions.

The Monitoring Officer

- 2.6 The Monitoring Officer is responsible for promoting and maintaining high standards of conduct. The Monitoring Officer is also responsible for reporting any actual or potential breaches of the law or maladministration to the Council and/or to the Executive or Audit and Governance Committee.
- 2.7 The Monitoring Officer is responsible for advising all Members and officers about who has authority to take a particular decision.

The Chief Finance Officer

- 2.8 The Chief Finance Officer is the responsible financial officer and has statutory duties in relation to the financial administration and stewardship of the Council. This statutory responsibility cannot be overridden. The statutory duties arise from:
- (a) Section 151 of the Local Government Act 1972;
 - (b) The Local Government Finance Act 1988;
 - (c) The Accounts and Audit Regulations 2016

- 2.9 The Chief Finance Officer is responsible for:
- (a) The proper administration of the Council's financial affairs;
 - (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 and banking
- 2.10 The Chief Finance Officer (together with the Monitoring Officer) is responsible for advising Executive or Council about whether a decision is likely to be considered contrary to or not wholly in accordance with the budget. Such actions include:
- (a) Initiating a new policy;
 - (b) Committing expenditure in future years to above the budget level;
 - (c) Incurring transfers above virement limits;
 - (d) Causing the total net expenditure - financed from retained NNDR, Council Tax, grants and corporately held reserves to increase..
 - (e) setting up trading companies
- 2.11 Section 114 of the Local Government Finance Act 1988 requires the Chief Finance Officer to report to the Council, the Executive and external auditor if the Council or one of its officers:
- (a) Has made, or is about to make, a decision which involves incurring unlawful expenditure
 - (b) Has taken, or is about to take, an unlawful action which has resulted or would result in a loss or deficiency to the Council
 - (c) Is about to make, or has made, an unlawful entry in the Council's accounts.
- 2.12 The Chief Finance Officer must also make a report under this section if it appears that the expenditure of the authority (including expenditure it is proposing to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to meet that expenditure. Section 114 of the 1988 Act also requires:
- (a) The Chief Finance Officer to nominate a properly qualified member of his staff to deputise should he or she be unable to perform the duties under section 114 personally
 - (b) The Council to provide the Chief Finance Officer with sufficient staff, accommodation and other resources, including legal advice where this is necessary, to carry out the duties under section 114

Accounting Policies

- 2.13 The Chief Finance Officer is responsible for selecting accounting policies and ensuring that they are applied consistently.

Accounting Records and returns

2.14 The Chief Finance Officer is responsible for determining the accounting procedures and records for the Council

Annual Statement of Accounts

2.15 The Chief Finance Officer is responsible for ensuring that the annual statement of accounts is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom based on International Financial Reporting Standards.

3. Financial Planning

- 3.1 The Council is responsible for agreeing the policy framework and budget, which will be proposed by the Executive. In terms of financial planning, the key elements are:
- (a) the Medium Term Financial Plan
 - (b) the annual budget
 - (c) the capital programme
- 3.2 The Head of Paid Service is responsible for proposing a Corporate Plan to the Executive for consideration before its submission to the Council for approval.

Resource Allocation

- 3.3 The Chief Finance Officer is responsible for developing, maintaining, and reporting on a resource allocation process that ensures due consideration of the Council's policy framework.

Revenue budget format

- 3.4 The general format of the budget will be proposed by the Executive on the advice of the Chief Finance Officer and approved by the Council. The draft budget should include allocations to different services and projects, proposed taxation levels and contingency funds, where appropriate.

Revenue budget preparation

- 3.5 The Chief Finance Officer is responsible for ensuring that a revenue budget on an annual basis and a medium term financial plan covering at least three years are prepared for consideration by the Executive, before submission to the Council. The Executive shall, after considering the effect on the Council's finances and any directives from central government, submit to the Council:
- (a) Recommended budgetary requirements
 - (b) Recommended revenue estimates (incorporating any amendments)
 - (c) A report thereon
 - (d) The council tax base for the year
 - (e) A recommendation as to the Council tax to be levied for the following financial year
 - (f) The calculation of the Non-domestic rating income
- 3.6 The Council may amend the budget or ask the Executive to reconsider it before approving.
- 3.7 It is the responsibility of the Corporate Management Team to ensure that budget estimates reflect agreed service plans, and that these are submitted to the Executive and prepared in line with

guidance issued by the Chief Finance Officer.

Preparation of the capital programme

- 3.8 The Chief Finance Officer is responsible for ensuring that a Capital Programme is prepared on an annual basis for consideration by the Executive before submission to the Council.

Monitoring and control of the revenue budget and capital programme

- 3.9 The Chief Finance Officer is responsible for providing appropriate financial information to enable budgets to be monitored effectively. He or she must monitor and control expenditure and income against budget allocations and report to the Executive on the overall position on a regular basis.
- 3.10 It is the responsibility of the Corporate Management Team to control income and expenditure and to monitor performance, taking account of the financial information provided by the Chief Finance Officer. Variances within service areas should be reported to the Chief Finance Officer, and any action necessary to avoid exceeding the budget allocation should be taken.

Transfer of budgets (Virement)

- 3.11 The Chief Finance Officer is responsible for agreeing procedures for transferring (virement) of expenditure between budget headings.
- 3.12 The Executive (with the advice of the Chief Finance Officer) is responsible for determining the use of balances to fund expenditure not covered elsewhere in the budget.
- 3.13 The Chief Finance Officer is responsible for approving any virement of revenue budgets where it is for the release of earmarked reserves or contingency budgets.
- 3.14 The Chief Executive or Chief Operating Officer (in consultation with the Leader and the Resources Portfolio Holder) may exercise the virement powers of the Executive where a matter is urgent.

Treatment of year end balances

- 3.15 The Chief Finance Officer is responsible for agreeing procedures for carrying forward under and overspending within Service Areas, which will be approved by the Executive.

Maintenance of Reserves

- 3.16 It is the responsibility of the Chief Finance Officer to advise the Executive on prudent levels of reserves for approval by Council.

4. Risk management and control of reserves

- 4.1 Robust, integrated systems are developed and maintained for identifying and evaluating all significant risks to the Council. This should include the proactive participation of all those associated with planning and delivering services.

Risk Management

- 4.2 The Audit and Governance Committee is responsible for reviewing the Council's Risk Management strategy and for reviewing the effectiveness of risk management. The Chief Finance Officer is responsible for ensuring that proper insurance exists where appropriate.
- 4.3 The Head of Internal Audit is responsible for preparing the Council's risk management strategy and for promoting it throughout the Council.

Internal Control

- 4.4 Internal control refers to the systems of control devised by management to help ensure that the Council's objectives are achieved in a manner that promotes economic, efficient and effective use of resources and that the Council's assets and interests are safeguarded.
- 4.5 The Head of Internal Audit is responsible for advising on effective systems of internal control. These arrangements need to ensure compliance with applicable statutes and regulations, and other relevant statements of best practice. They should ensure that public funds are properly safeguarded and used economically, efficiently, and in accordance with the statutory and other authorities that govern their use.

Audit requirements

- 4.6 The Accounts and Audit Regulations 2016 requires that a relevant authority must ensure that it has a sound system of internal control which:
- (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;
 - (b) ensures that the financial and operational management of the authority is effective; and
 - (c) includes effective arrangements for the management of risk.
- 4.7 A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance
- 4.8 Any officer or member of a relevant authority must, if required to do so for the purposes of the internal audit:

- (a) make available such documents and records: and
- (b) supply such information and explanations as are considered necessary by those conducting the internal audit.

In this regulation “documents and records” includes information recorded in an electronic form.

- 4.9 External auditors must be appointed for each local authority. The basic duties of the external auditor are governed by the Local Audit and Accountability Act 2014.
- 4.10 A continuous internal audit, under the direction of the Head of Internal Audit, and in consultation with the Chief Finance Officer, shall be arranged to appraise and review:
 - (a) The completeness, reliability and integrity of information, both financial and operational;
 - (b) The systems established to ensure compliance with policies, plans, procedures, laws and regulations;
 - (c) The means of safeguarding assets;
 - (d) The economy, efficiency and effectiveness with which resources are employed;
 - (e) Whether operations are being carried out as planned and objectives and goals are being met.
- 4.11 It shall be the responsibility of internal audit to review, appraise and report findings to the Head of Paid Service and Chief Finance Officer:
 - (a) The extent to which the Council’s assets and interests are accounted for and safeguarded from losses of all kinds arising from:
 - (i) Fraud, error and other offences;
 - (ii) waste, extravagance and inefficient administration, poor value for money or other cause:
 - (b) the suitability and reliability of financial and other management data developed within the Council
- 4.10 The Head of Internal Audit will provide an annual opinion on the effectiveness of the internal control environment to the Audit and Governance committee, prior to reporting to Executive.
- 4.11 The Head of Internal Audit shall have sufficient independence in order to enable them to perform their duties in a manner which will allow their professional judgement and recommendations to be effective and impartial. This shall include the right to report directly to the Head of Paid Service, Monitoring Officer, Chief Finance Officer or Executive in appropriate circumstances.

Preventing Fraud and corruption

- 4.12 The Head of Internal Audit is responsible for the development and maintenance of an anti-fraud and anti-corruption policy, and reporting suspicious transactions to the appropriate enforcement agency.
- 4.13 It is the responsibility of the Head of Paid Service to maintain the internal control systems and to ensure that the Council's resources are properly applied in the manner and on the activities intended, including the prevention and detection of fraud and other illegal acts.

Treasury management and banking

- 4.14 The Council must have regard to the Chartered Institute of Public Finance Association's (CIPFA) Code of Practice for Treasury Management in Public Services.
- 4.15 The Council is responsible for approving the Treasury Management Policy Statement and Prudential indicators.
- 4.16 The Chief Finance Officer is responsible for decisions on borrowing, investment and financing, in accordance with the Code of Practice for Treasury Management in Public Services and the approved Treasury Management Policy Statement.
- 4.17 The Chief Finance Officer is responsible for reporting to the Audit and Governance Committee on the activities of the treasury management operation and on the exercise of his or her delegated treasury management powers. These reports will include an annual report on Treasury Management for presentation to the Council.
- 4.18 The Chief Finance Officer is responsible for the opening and closing of bank accounts in the name of the Council. All cheques drawn on the Council's bank accounts shall bear the facsimile signature of the Chief Finance Officer or be signed by the Chief Finance Officer, or such other officer as may be authorised under the scheme of delegation of the Council.

Staffing

- 4.19 The Head of Paid Service is responsible for providing overall management to staff. He or she is also responsible for ensuring that there is proper use of the evaluation or other agreed systems for determining the remuneration of a post.

Trust Funds

- 4.20 The Chief Finance Officer is responsible for ensuring that, whenever possible, all trust funds are held in the name of "Ipswich Borough Council". Where funds are held on behalf of third parties, the Chief Finance Officer is responsible for approving the arrangements for their secure administration.

5. Financial systems and procedures

- 5.1 Sound systems and procedures are essential to an effective framework of financial accountability and control. The Chief Finance Officer is responsible for the operation of the Council's accounting systems, the form of accounts and the supporting financial records. Any changes proposed to be made to the existing financial systems or the establishment of new systems must be approved by the Chief Finance Officer before they are implemented.
- 5.2 Any changes to agreed financial procedures to meet specific service needs shall be approved by the Chief Finance Officer, in liaison with the Head of Internal Audit.
- 5.3 The Chief Finance Officer shall ensure that staff receive relevant financial training.

Income and Expenditure

- 5.4 It is the responsibility of Heads of Service to ensure that a proper scheme of delegation has been established within their area and is operating effectively. The operational arrangements should identify staff authorised to act on the manager's behalf, or on behalf of the Executive, in respect of committing expenditure, payments and income collections, together with the limits of their authority.
- 5.5 The Chief Finance Officer is responsible for approving procedures for writing off debts as part of the overall control framework of accountability and control.

Payments to officers and Councillors

- 5.6 The Chief Finance Officer is responsible for approving the system of payments of salaries and expenses to all staff, including payments for overtime, and for payment of allowances and expenses to Councillors.

Taxation

- 5.7 The Chief Finance Officer is responsible for advising the Head of Paid Service, in the light of guidance issued by appropriate bodies and relevant legislation as it applies, on all taxation issues that affect the Council.
- 5.8 The Chief Finance Officer is responsible for maintaining the Council's Tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

Partnerships

- 5.10 Representation of the Council on partnerships and external bodies will be decided in accordance with the scheme of delegation.

5.11 The Chief Finance Officer must ensure that the accounting arrangements to be adopted relating to partnerships and joint ventures are satisfactory, including the verification of third party identities.

External Funding

5.12 The Chief Finance Officer is responsible for ensuring that all funding notified by external bodies is received and properly recorded in the Council's accounts.

6. Financial Procedures

- 6.1 The detailed Financial Procedures set out how the Financial Standing Orders shall be implemented. The Chief Finance Officer is responsible for maintaining and updating the Financial Procedures as required.