ROLES AND RESPONSIBILITIES OF THE CHIEF FINANCE OFFICER (S151 OFFICER)

1 STATUTORY RESPONSIBILITIES OF THE COUNCIL

1.1 The Council recognises its responsibilities under Section 151 of the Local Government Act 1972 (LGA; this imposes a requirement on every local authority in England and Wales to **'make arrangements for the proper administration of their financial affairs and to secure that one of their officers has responsibility for the administration of those affairs'.** This role is referred to as the Chief Finance Officer (CFO).

1.2 Section 114 of the Local Government Finance Act 1988 in England and Wales significantly extended the duties of the CFO, requiring that officer to report to all elected members of the local authority, in consultation with the Monitoring Officer, any unlawful expenditure incurred or to be incurred or an unbalanced budget.

1.3 The Council recognises its responsibilities under Section 113 of the Local Government Finance Act 1988 in England and Wales (LGFA) that requires **that the officer with the designated responsibility for financial administration (i.e. the CFO) be a member of a specified accountancy body.** The Council will therefore delegate the duties of the CFO to a member of one of the professional accountancy bodies identified in section 113 of the LGFA 1988.

1.4 The Accounts and Audit Regulations places the responsibility for maintaining an adequate and effective system of internal audit with the authority. The Council will delegate the discharge of this responsibility to the S151 Officer.

1.5 The Local Government Act 2000 places the responsibility for advising the Council whether particular decisions are likely to be contrary to the policy framework jointly with the CFO and Monitoring Officer.

1.6 The Local Government Act 2003 imposes a statutory responsibility on the Council to set and arrange its affairs to remain within prudential limits for borrowing and capital investment. The CFO will be given additional powers to ensure that the legal requirements are complied with in discharging their responsibilities for capital finance.

1.7 The Act also requires the CFO to report to the Council, at the time the budget is considered and the council tax set, on the robustness of the budget estimates and adequacy of financial reserves. The Council recognises the independent responsibility of the CFO to report in a public forum on these specific issues and will adopt the relevant professional Codes of Practice in relation to the management of these functions.

2. FINANCIAL ADMINISTRATION AND STEWARDSHIP ROLE FOR THE SECTION 151 OFFICER

2.1 The Council recognises that it is the trustee of the local tax-payers' money, and the CFO has a prime duty of stewardship on behalf of the general public to ensure that the local authority's resources are properly managed.

2.2 It also recognises that this responsibility extends into partnerships, joint ventures and controlled companies that the local authority is engaged in.

2.3 In ensuring proper financial administration and stewardship of the Council's affairs, the following duties are vested in the Section 151 Officer:

- **Securing effective systems of financial administration** to meet the requirements of the law and of other authorities.

- **Securing effective arrangements for treasury management** of the cash flows, borrowing and investments of the Council's own funds, ensuring effective management of risk together with pursuit of optimum performance

- **Ensuring financial management arrangements are in line with broad policy objectives** by providing advice on implementing effective financial management arrangements within changing service delivery arrangements.

- **Advising on effective systems of internal control** which provide assurance of effective and efficient operations, internal financial controls and compliance with laws and regulations

- **Ensuring effective systems of internal financial control are in place** which encompass budgetary systems, accounting procedures, information systems, segregation of duties, authorisation processes, physical safeguards, management reviews.

- **Ensuring anti-fraud and anti-corruption strategies are adopted** to deter, prevent, detect and investigate allegations of fraud and corruption by external parties or from within the Council.

- **Advising on corporate risk management and profiling, including safeguarding assets, risk avoidance and insurance** by assisting the Council to develop an appropriate risk strategy and procedures

- **Preparation of statutory and other accounts and grant claims** ensuring compliance with the law, appropriate regulations and approved accounting standards

- **Ensuring there is an effective internal audit function** which has sufficient authority to undertake duties in accordance with professional standards

- **Advising management in providing effective arrangements for financial scrutiny**

- **Ensuring a prudential financial framework is in place** that ensures the Council maintains its commitments in balance with available resources.

2.4 In addition to these responsibilities, the Council requires the Chief Finance Officer:

- To support the democratic process by providing impartial advice to all councillors as individuals, to all political groups, and to both executive and scrutiny functions, maintaining the confidentiality of that advice where appropriate.

- To contribute to corporate management by assisting the Council to put in place appropriate corporate governance arrangements, appropriate codes of conduct and an ethical framework which define the standards of behaviour to which all councillors and employees subscribe

3. ROLE OF THE RESPONSIBLE CHIEF FINANCE OFFICER UNDER SECTION 114 OF THE LGFA 1988

3.1 The Council acknowledges the statutory responsibilities of the CFO within section 114 of the LGFA 1988 and will provide the designated officer with such staff, accommodation and other resources as are in his opinion sufficient to allow his duties under this Act to be performed.

3.2 The Council acknowledges that the CFO will make a report under this section if it appears to them that the Council, a committee or officer of the Council, or a joint committee on which the Council is represented:

(a) has made or is about to make a decision which involves the Council incurring expenditure which is unlawful;

(b) has taken or is about to take a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency on the part of the Council;

(c) is about to enter an item of account, the entry of which is unlawful, or

(d) has incurred or proposes to incur expenditure in a financial year which is likely to exceed the resources (including sums borrowed) available to meet that expenditure.

3.3 The Council acknowledges that the report prepared by the CFO under Section 114 will not be subject to approval by the Executive or called in under the Council's scrutiny arrangements and will be sent to the Council's external auditor and every member of the Council at that time.

4 ROLE OF THE CFO AND MONITORING OFFICER UNDER THE LOCAL GOVERNMENT ACT 2000

4.1 The Council recognises the need to ensure that the CFO and Monitoring Officer have access as necessary to meetings and papers and that members must consult these officers regularly.

4.2 The Council acknowledges the mandatory standing order by the Secretary of State, to provide statutory protection in relation to the dismissal of the CFO.

4.3 To ensure the CFO is able to fully undertake the statutory functions delegated by the Council, and particularly to ensure the legality of all financial transactions, the CFO will be entitled to receive copies of all reports prepared by officers or members which contain any financial implications for the current or future years. This will be provided in sufficient time (as to be determined by the CFO) to enable proper consultation with the Council's Monitoring Officer and advice to be formulated for the Executive or Council.