

SECTION D - FINANCIAL STANDING ORDERS

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GLOSSARY

FINANCIAL STANDING ORDERS

INTRODUCTION

These Financial Standing Orders reflect the changes in the Authority since it ceased to be a direct service provider.

The Authority prepares both its revenue and capital accounts on an accruals basis, and monitors accounting commitments on both revenue and capital budgets. All references to income and expenditure in the Financial Standing Orders and Financial Regulations include accrued income and expenditure in addition to cash receipts and payments. A short glossary of other terms is appended to the Financial Standing Orders for ease of reference.

1 FINANCIAL ADMINISTRATION

(a) Financial Adviser

- (i) The Financial Adviser is the officer appointed by the Authority in accordance with Section 73 of the Local Government Act 1985, the Accounts and Audit Regulations 1996, ~~and~~ Section 114 of the Local Government Finance Act 1988 and Section 27 of the Local Government Act 2003. The postholder must ensure that the Authority's financial affairs are administered in a proper manner, in compliance with all relevant professional codes of practice, and all statutory obligations;
- (ii) All matters connected with the financial administration of the Authority's affairs are the delegated responsibility of the Financial Adviser, except any matters which are delegated to other officers or reserved to committees of Authority Members or to the Authority itself. The Financial Adviser may authorise other officers to carry out matters delegated to him/her except the statutory responsibilities.

(b) Officers (See Glossary)

Officers must maintain financial controls and secure the accuracy and integrity of financial information and systems operating for the benefit of the NLWA. Officers must ensure compliance with procedural instructions on financial administration issued by the Financial Adviser.

(c) Financial Advice to Authority/Committees

The Financial Adviser will provide financial advice to the Authority and its committees.

(d) Financial Regulations

Staff working for the Authority must comply with the Financial Regulations of their employing boroughs.

(e) Fees and Charges

Changes in all fees and charges and the introduction of new fees and charges, require Authority approval.

(f) Debt Write Offs

The Financial Adviser may write off bad debts, and must report action taken to the Authority at least twice a year.

(g) Internal Audit

(i) The Financial Adviser is responsible for:

- Determining the annual internal audit plan;
- The content and distribution of internal audit reports; and
- The form and frequency of reports which may be made to the Authority arising from internal audit activity;

(ii) It is the responsibility of all officers working for the Authority to provide, upon the request of the Financial Adviser or a person nominated by him or her for this purpose, any information, explanation or document under the control of the officer concerned which is required for the purposes of or in connection with an internal audit inquiry, project, or investigation; and

(iii) The Financial Adviser will report to the Authority any serious breach of Financial Standing Orders.

2 FINANCIAL PLANNING

(a) Planning Process

The Financial Adviser will report to the Authority each July a three year forecast and update the forecast for the following year in December.

3 PREPARATION OF THE REVENUE BUDGET

(a) Financial Adviser Responsibilities

The Financial Adviser is responsible for the overall co-ordination of the budget process and for obtaining the Authority's approval of the budget.

The Financial Adviser is responsible for monitoring and reporting on the adequacy of the Authority's reserves under the terms of Section 27 of the Local Government Act 2003.

(b) Officer Responsibilities

Officers (see Glossary) are responsible for preparing the revenue budget for his/her functions having regard to the Authority's strategy and previous decisions.

(c) Budget Working Papers and Final Estimates

- (i) All working papers and final estimates must be prepared in accordance with procedural instructions issued by the relevant employing authority. The instructions will include information in respect of inflation, capital financing costs and other variables outside the control of service departments.
- (ii) The revenue estimates must include forecast expenditure and income for the year.

(d) Budget Timetable

As part of the Authority's arrangements for medium-term financial planning and budget preparation, the Authority may, from time to time, give guidance on the budget timetable to be adopted and the resource constraints within which service plans and budget estimates must be prepared.

4 SETTING THE ANNUAL BUDGET AND THE LEVY AND CHARGES

- (i) The Financial Adviser will make recommendations to the Authority regarding the annual budget for the following financial year and the levy and charges required to finance it; and
- (ii) At a meeting on or before 14 February each year, the Authority will approve the budget and set the levy and charges for non-household waste for the following financial year.

5 MONITORING AND CONTROL OF THE REVENUE BUDGET

(a) Budget Spending

Following approval by the Authority of the annual revenue estimates, Officers are free to spend within the agreed budget for their functions. They must ensure that the net expenditure for their functions does not exceed the approved budget.

(b) Monitoring

- (i) Officers shall make arrangements to ensure that in each month they are aware of, and can report on, the actual expenditure and income for their functions under each budget heading, and the projected outturn for the financial year, having regard to any contingent liabilities for which financial provision may be required. Officers advise the Financial Adviser of up to date summary projections each month;
- (ii) The Financial Adviser will report on the overall financial position to the Authority as required, but not less than four times a year. This report will include any concerns he or she may have about the budget projections being made by Officers or about financial controls affecting the Authority's finances; and
- (iii) The Financial Adviser will report to the Authority, not later than July of each year, on the financial outturn for the previous financial year.

(c) Virements

Officers are free to vire budget provision between budget headings within their functions for the Authority, subject to the following:

- (i) The authority for all virements must comply with each employing borough's scheme of delegation;
- (ii) Officers must report virements made to the Authority at least twice a year.

(d) Transferred Functions

Where responsibility for a function is transferred from one borough or contractor to another, the Financial Adviser will consult interested parties and advise the Authority of the financial implications.

(e) Budget Adjustments

The Authority may at any time during a financial year, having considered a report of the Financial Adviser, vary the budget limits either:

- (i) To require mid-year savings to compensate for a projected overspend;
- (ii) To allocate sums included within corporate provisions or budgets; or

(iii) Following transfer of service(s).

(f) Carry Forward of Underspends

The Financial Adviser may, on consideration of the overall financial position of the Authority at the end of a financial year, recommend to the Authority that underspends by relevant officers should be made available for specific projects or carried forward to the subsequent financial year.

(g) Accuracy of Accounts

It is the responsibility of Officers, having regard to any guidance which may be issued by the Financial Adviser, to ensure that all items are correctly coded and only expenditure classified as revenue expenditure in accordance with proper accounting practices or as defined as such under the Local Government and Housing Act 1989 is charged to revenue.

6 PREPARATION OF THE CAPITAL PROGRAMME

(a) Capital Programme

The Authority will, on consideration of reports from the Financial Adviser, which will be at least annual to coincide with the setting of the Revenue Budget, make decisions in respect of the capital programme. The Financial Adviser will make recommendations to the Authority regarding the capital programme. The reports from the Financial Adviser will consider the capital resources available to the Authority in the context of the CIPFA Prudential Code for Capital Finance in Local Authorities, the revenue implications of the proposed capital expenditure, and any other relevant information. The Authority will, on the advice of the Financial Adviser, set and monitor the Authority's Prudential Indicators.

(b) Financing of Schemes

Within the overall approved capital programme, the Financial Adviser will decide the method by which any particular scheme will be financed.

(c) Budget Working Papers

All working papers must be prepared in accordance with issued procedural instructions.

7 MONITORING AND CONTROL OF THE CAPITAL PROGRAMME

(a) Control

Officers must ensure that their total capital spending on the Authority's functions in any financial year does not exceed the relevant provision within the capital programme, except where approved by the Financial Adviser.

(b) Reporting Requirements

- (i) The Financial Adviser must report four times each year to the Authority on capital expenditure incurred to date in the financial year and the projected outturn for the financial year compared to budget. This report will include details of the projected outturn for the financial year and the total capital resources available to the Authority with which to finance such expenditure.
- (ii) The Financial Adviser must report to the Authority each July on the actual capital expenditure incurred in the previous financial year compared to budget together with a comparison between the approved total cost and the projected total cost for each scheme.

(c) Variations to the Capital Programme

Officers may vary the budget for individual schemes or block provisions and may add schemes from the reserve list subject to any increase in budget being met by virements or additional resources and subject to the agreement of the Financial Adviser. They must report such variations to the Authority at the earliest opportunity.

(d) Major Overspends

Officers must report to the Authority on any schemes in progress which are forecast to overspend by 25% or more compared to the contract sum unless the overspending amounts to less than £75,000. The report must give the reasons for the overspending.

(e) Accuracy of Accounts

It is the responsibility of Officers, having regard to any guidance which may be issued by the Financial Adviser, to ensure that all items are correctly coded and only expenditure classified as capital expenditure in accordance with proper

accounting practices or as defined as such under the Local Government and Housing Act 1989 is charged to capital.

8 LEASES

(a) Inclusion in Capital Accounts

The taking or granting of a lease on any asset may form part of the Authority's capital expenditure or receipts, and must, therefore, be provided for.

(b) Financial Adviser's consent

The taking or granting of a lease on any asset, other than short term leases on property, will be subject to the consent of the Financial Adviser

9 TREASURY MANAGEMENT

(a) CIPFA Code of Practice

The Financial Adviser will ensure that all Authority borrowings and investments are conducted in accordance with the CIPFA Code of Practice on Treasury Management in the Public Services. To this end, all money in the hands of the Authority will be aggregated for the purposes of treasury management and will be under the control of the Financial Adviser, referred to in the Code as the "Chief Financial Officer".

(b) Decisions on Borrowing

Executive decisions on borrowing, investment or financing are delegated to the Financial Adviser.

(c) Treasury Management Policy

Unless otherwise agreed by the Authority treasury management arrangements will mirror the strategy and borrowing limits approved from time to time by the Financial Adviser's employing borough.

(d) Pooling of investments

The Financial Adviser will make arrangements for any surplus funds to be pooled with funds belonging to his/her employing borough and invested and for interest to be allocated to the Authority on an equitable basis.

GLOSSARY

Capital Programme

The capital programme is a medium term statement of the Authority's proposals for capital expenditure, including leasing, having regard to the likely level of resources.

Prudential Code

The key objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent, sustainable, and in accordance with good professional practice – or, in exceptional cases, to demonstrate that there is a danger of not ensuring this, so that the Authority can take timely remedial action.

Officers

- Clerk
- Deputy Clerk
- Legal Adviser
- Financial Adviser
- Finance Officer
- Technical Adviser
- Valuation Adviser
- Head of Waste Strategy and Contracts

Treasury Management

In order to maximise the return on temporary surplus cash balances and minimise the cost of short-term borrowing, the Authority pools any surplus funds with those belonging to the London borough of Camden, which are then invested in accordance with the CIPFA Code of Practice on Treasury Management in Public Authorities.

Virements

A virement is an agreed re-allocation of budgetary provision which has been approved for one purpose to another designated budget.