

EAST HERTFORDSHIRE DISTRICT COUNCIL

CHIEF FINANCE OFFICER (SECTION 151 OFFICER) PROTOCOL

A GENERAL INTRODUCTION TO STATUTORY RESPONSIBILITIES

- 1 The Chief Finance Officer is a statutory appointment pursuant to section 151 of the Local Government Act 1972. This Protocol provides some general information on how those statutory requirements will be discharged in East Hertfordshire District Council.
- 2 The current responsibilities of the Chief Finance Officer role rest with the Assistant Director (Financial Services), who undertakes to discharge these statutory responsibilities in a positive way and in a manner that enhances the overall reputation of the Council. In doing so, the Chief Finance Officer will also safeguard, so far as is possible, Members and Officers, whilst acting in their official capacities, from financial difficulties.
- 3 A summary list of the statutory responsibilities appears in the table annexed to this document. In general terms, the Chief Finance Officer's ability to discharge these duties and responsibilities will depend, to a large extent, on Members and Officers:-
 - a) complying with the Council's financial procedures;
 - b) making lawful payments;
 - c) not taking action that would result in unlawful payments or unlawful action.

B WORKING ARRANGEMENTS

- 4 According to the Chartered Institute of Public Finance and Accountancy (CIPFA) there are five key roles that are critical to the achievement of a Chief Finance Officer's statutory responsibilities:
 - maintaining strong financial management underpinned by effective financial controls

- contributing to corporate management and leadership
- supporting and advising democratically elected representatives
- supporting and advising officers in their operational roles
- leading and managing an effective and responsive financial service.

The key activities for each of these roles are set out in Annex 2.

- 5 Having excellent working relations with Members and Officers will assist in the discharge of the statutory responsibilities of the Chief Finance Officer. Equally, a speedy flow of relevant information and access to debate (particularly at the early stages of any decision-making by the Council) will assist in fulfilling those responsibilities. Members and Officers should, therefore, work with the Chief Finance Officer to discharge the Council's statutory and discretionary responsibilities.

- 6 The following arrangements and understandings between the Chief Finance Officer, Members and Assistant Directors are designed to ensure the effective discharge of the Council's business and functions. The Chief Finance Officer will:-
 - a) be alerted by Members and officers to any issue(s) that may become of concern to the Council, including, in particular issues around financial management, accounts and audit regulations, proposed expenditure or proposed actions which might lead to a loss or deficit;

 - b) have advance notice (including receiving Agendas, Minutes, Reports and related papers) of all relevant meetings of the Council at which a decision may be made (including a failure to take a decision where one should have been taken) at or before the Council, Executive, Committee meetings and Sub-Committee meetings (or equivalent arrangements);

 - c) have the right to attend any meeting of the Council (including the right to be heard and report to the Executive) before any decision is taken (including a failure to take a decision where one should have been taken) at or before the Council, Executive, Committee meetings and Sub-Committee meetings (or equivalent arrangements);

- d) in carrying out any investigation(s) and exercising any fiduciary duties have unqualified access to any information held by the Council and to any Officer who can assist in the discharge of his functions;
- e) ensure the other statutory officers (Head of Paid Service and the Monitoring Officer) are kept up-to-date with relevant information regarding any financial management, accounts and audit regulations, proposed expenditure or proposed actions which might lead to a loss or deficit;
- f) meet regularly with the Head of Paid Service and the Monitoring Officer to consider and recommend action in connection with Corporate Governance issues and other matters of concern regarding any financial management, accounts and audit regulations, proposed expenditure or proposed actions which might lead to a loss or deficit;
- g) report to the Council, from time to time, on the Financial Regulations and any necessary or desirable changes following consultation, in particular, with the Head of Paid Service and Monitoring Officer;
- h) as per the statutory requirements, make a report to the Council, as necessary on the staff, accommodation and resources required to discharge his statutory functions;
- i) have a special relationship of respect and trust with the Leader, Deputy Leader and the Chairmen of the Standards, Regulatory and Overview and Scrutiny Committees with a view to ensuring the effective and efficient discharge of Council business;
- j) develop effective working liaison and relationship with the External Auditor (including having the authority, on behalf of the Council, to complain to the same, refer any breaches to the same or give and receive any relevant information, whether confidential or otherwise, through appropriate protocols, if necessary);
- k) in consultation, as necessary, with the Chairman of the Council, the Executive and the External Auditor, defer the making of a formal report under Section 114, 114A, 115 and 116 of the Local Government and Finance Act 1988 where another

investigative body is involved;

- l) have sufficient resources to address any matters concerning his Chief Finance Officer functions; and
 - m) nominate a suitably qualified deputy and keep the deputy briefed on any relevant issues that the deputy may be required to deal with in the absence of the Chief Finance Officer. Appoint an appropriate external adviser in cases where the Chief Financial Officer is precluded from offering advice and the deputy is unable to advise.
- 7 To ensure the effective and efficient discharge of the arrangements set out in paragraph 5 above, Members and Officers will report any breaches of statutory duty or Council policies or procedures and other legal or constitutional concerns to the Chief Finance Officer, as soon as practicable.
 - 8 The Chief Finance Officer is also available for Members and Officers to consult on any issues of the Council's financial powers, possible unlawful payments, or general advice on the financial arrangements.
 - 9 To ensure the effective and efficient discharge of this Protocol, the Chief Finance Officer will ensure adequate insurance and indemnity arrangements are in place for the same to protect and safeguard the interests of the Council and the proper discharge of the Chief Finance Officer role.
 - 10 The Chief Finance Officer or deputy will record details of any advice given.

ANNEX 1

SUMMARY OF CHIEF FINANCE OFFICER FUNCTIONS

	Description	Source
1	Report on decisions incurring unlawful expenditure, unlawful loss or deficiency or unlawful item of account.	Section 114, 114a, 115, 116 Local Government and Finance Act 1988
2	Appointment of Deputy.	Section 114 Local Government and Finance Act 1988.
3	Report on resources.	Section 114 Local Government and Finance Act 1988.
4	Responsibility for the administration of financial affairs.	Section 151 Local Government Act 1972
5	Borrowing, investment accounts and financial administration.	Local Government Act 2003 Sections 1-92
6	Responsibility to determine the form of the Council's accounts and records, provide internal audit and statement of accounts.	The Accounts and Audit Regulations 2003 Local Authorities (Capital Finance and Accounting) (England) Regulations 2003

KEY ROLES OF THE CHIEF FINANCE OFFICER

1.0 **MAINTAINING STRONG FINANCIAL MANAGEMENT
UNDERPINNED BY EFFECTIVE FINANCIAL CONTROLS**

- 1.1 Advising on corporate risk profiling and management, including safeguarding assets, risk avoidance and insurance.
- 1.2 Advising on effective systems of internal control.
- 1.3 Ensuring there is an effective system of internal financial control.
- 1.4 Ensuring that financial management arrangements are sound and effective.
- 1.5 Ensuring a prudential financial framework is in place.
- 1.6 Ensuring that any partnership arrangements (or other innovative structures for service delivery) are underpinned by clear and well documented internal financial controls.
- 1.7 Securing effective arrangements for prudential borrowing, treasury management, pensions and trust funds.
- 1.8 Ensuring there is an effective internal audit function and assisting management in providing effective arrangements for financial scrutiny.
- 1.9 Advising on anti-fraud and anti-corruption strategies and measures.
- 1.10 Securing effective systems of financial administration.
- 1.11 Ensuring that statutory and other accounts and associated claims and returns in respect of grant are prepared.
- 1.12 Contributing to the management of the authority.

1.13 Ensuring that the authority's financial resources are well managed.

1.14 Contributing to cross-authority issues and to the development of the authority.

2.0 CONTRIBUTING TO CORPORATE MANAGEMENT AND LEADERSHIP

2.1 Contributing to the effective leadership of the authority.

3.0 SUPPORTING AND ADVISING DEMOCRATICALLY ELECTED REPRESENTATIVES

3.1 Advising on protocols setting out the respective roles and responsibilities of Councillors and officers for financial management.

3.2 Providing advice to Councillors on developing an overall financial strategy that serves policy and service objectives.

3.3 Helping Councillors to identify priorities, prepare the annual funding plan/budget and identify how resources will be used.

3.4 Helping Councillors to monitor financial performance against the annual funding plan/budget.

3.5 Ensuring that all 'branches' of the authority (including the full Council, Executive and Scrutiny functions where such arrangements exist, administration and opposition groups and individual Councillors) receive advice and information.

4.0 SUPPORTING AND ADVISING OFFICERS IN THEIR OPERATIONAL ROLES

4.1 Ensuring that there is an effective approach to financial management.

4.2 Ensuring that financial strategies serve policy and service objectives.

- 4.3 Ensuring that the authority's resources are well managed.
- 4.4 Ensuring that budgets are properly managed.
- 4.5 Ensuring that financial advice and information is provided.
- 4.6 Advising on performance management and measurement.

5.0 LEADING AND MANAGING AN EFFECTIVE AND RESPONSIVE FINANCIAL SERVICE

- 5.1 Securing high standards of performance and service to the public.
- 5.2 Demonstrating accountability to members of the public and the community by providing robust financial and performance information.
- 5.3 Establishing a good, professional working relationship with external auditors, inspectors and other statutory agencies.
- 5.4 Ensuring that the services provided by the finance function are in line with the expectations and needs of its internal stakeholders.
- 5.5 Ensuring there are high standards of performance throughout the finance function.
- 5.6 Leading and managing the finance function.
- 5.7 Acting as head of profession for all finance staff in the authority.