

## **STATEMENT OF FINANCIAL PRINCIPLES**

### **Statutory Requirements**

1. Good financial management is paramount, to which some statutory requirements are relevant. Within these, the Treasurer of the Nottinghamshire and City of Nottingham Fire and Rescue Authority (Fire Authority) is responsible for ensuring arrangements for the proper administration of the Authority's financial affairs (Sec. 151 Local Government Act 1972) and has a personal duty to report on unlawful expenditure or action on unbalanced budgets (Sec. 114, Local Government Finance Act 1988).

### **Scheme of Financial Management**

2. The formal framework for discharging statutory requirements is through the overall Scheme of Financial Management. This comprises.
  - (i) Statement of Financial Principles
  - (ii) Statement of Delegated Responsibilities (Delegation Profiles)
  - (iii) Financial Regulations
  - (iv) Relevant Codes of Practice
  - (v) Financial Procedures
  - (vi) Approved Local Schemes
3. The Scheme will apply to all activities unless specifically exempted. Exemptions shall only come under alternative schemes, approved by the Treasurer.

### **Financial Management Ethos**

4. The overall financial framework will provide managers with freedom and incentives to manage their activities efficiently and effectively, but taking into account the best interests of the Fire Authority as a whole.
5. Financial and management responsibilities will be aligned, so that managers are responsible for the financial consequences of their decisions.
6. Systems and procedures will exist to manage and monitor the discharge of financial and management responsibilities. This will include appraisal of performance against financial management/administration accountabilities.

### **Information Advice and Support**

7. The financial advice function will be located within the Finance Section at Service Headquarters.
8. All staff with financial responsibilities should have adequate and appropriate training to enable them to discharge these responsibilities effectively.

## **Systems**

9. The Chief Fire Officer will be responsible for the procurement, installation, maintenance and development of the necessary prime systems to provide sound, timely, well presented financial information and advice to budget holders. The prime systems will be the official accepted record of the Fire Authority's transactions and financial position. Local systems can only be installed with the approval of the Chief Fire Officer.
10. The Chief Fire Officer will determine the requirements for all key financial services and systems and must approve the provider of all such services. This will include the specification of standards for service management information systems which interface with financial systems.
11. The Treasurer is to be satisfied that the arrangements for financial systems are adequate to support both section 114 and section 151 responsibilities.
12. Principal Officers and budget holders will be expected to develop wider management systems which will contribute to the effective financial management of their activities. Information from other systems and sources which is used in financial decision making must be made available to the Treasurer as required.

## **Accounts**

13. The out-turn records on which all localised financial activities of the Fire Authority will be called to account (e.g. by the external auditor) will be those maintained by the Chief Fire Officer.
14. It is the responsibility of managers to ensure that there is reconciliation of any approved local accounting records on a regular basis to those maintained by the Chief Fire Officer.

## **Security of Data**

15. Accounting records and supporting documentation must be properly secured.

## **Internal Audit**

16. The Treasurer is responsible for maintaining an effective internal audit of all activities of the Authority.

## DELEGATION PROFILES

### 1. Chief Fire Officer

The Chief Fire Officer will be responsible for:-

- understanding the nature of reporting needed under section 151 and 114 and the delegation arrangements in place to ensure proper performance.
- establishing an effective monitoring and reporting framework to enable him/her to properly hold Principal Officers accountable for the discharge of their responsibilities.
- positively promoting a culture of probity and sound financial discipline and control as requirements of the organisation.
- installing, maintaining and development of the necessary prime financial systems.
- determining the requirements for all key financial services and systems and approving the provider of all such services.

### 2. Fire Authority Treasurer

The Fire Authority Treasurer shall discharge the responsibilities identified under Section 151 and 114.

- proper financial officer functions
- unlawful or unbudgeted expenditure

Discharge will be effected through the Assistant Chief Officer (ACO) Director of Finance and Resources but responsibility will be retained for:-

- dealing with exceptional items
- reporting as appropriate to the Chief Fire Officer
- raising significant issues of underperformance
- Reporting to the Fire Authority as appropriate on any items upon which he/she has a statutory duty to report

The Treasurer will:-

- ensure that a robust monitoring and reporting framework is in place to ensure the proper discharge of his/her section 151 functions
- receive reports from the ACO Director of Finance and Resources

- positively promote a culture of probity and sound financial discipline and control as requirements of the organisation

### 3. ACO Director of Finance and Resources

The ACO Director of Finance and Resources will act as Client Agent for the Chief Fire Officer over his responsibilities in respect of the following areas:

- i) Installing, maintaining and developing financial systems
- ii) Establishing an effective monitoring and reporting framework.

The ACO Director of Finance and Resources will also act as Client Agent for the Treasurer over his Section 151 and 114 responsibilities.

The Client Agent will be responsible for:-

- setting adequate standards, protocols for budgeting, accounting, systems, and reporting and to establish a framework of monitoring to ensure these requirements are met.
- positively promoting a culture of probity and sound financial discipline and control as requirements of the organisation.
- the review and approval of departmental schemes of delegation.
- advising officers on the issues and circumstances in which reporting is needed (on both "direct finance and head of profession" matters).
- accepting reports from Principal Officers on an exception basis.
- accepting routine reports from Finance Staff and other Managers.
- the introduction and maintenance of a structured scheme of financial training.
- entering into such transactions and arrangements that are necessary for compliance with the Fire Authority's Treasury Management policy such that this remains in compliance with the Prudential Code.
- reporting on an exception basis to the Treasurer.

In addition the ACO Director of Finance and Resources shall be responsible for the following statutory and non-statutory functions:-

### Statutory

- maintain accurate accounting records throughout the year
- prepare final accounts on a “true and fair” basis, in compliance with Accounting Code of Practice and instructions from the Treasurer.
- complete government returns on out-turn information
- ensure safe, efficient and effective arrangements exist for the payment of staff and suppliers and the collection and banking of income.
- provide precept information to Council Tax collecting authorities in accordance with agreed timescales.
- provide information to external auditors.

### Corporate (Fire Authority) Level

- attend Agenda meetings, meetings of Committees, meetings of the Fire Authority, as appropriate, representing the Chief Fire Officer.
- provide budget monitoring reports on an agreed, scheduled basis, both to the Treasurer and to the Chief Fire Officer for presentation to the Fire Authority and/or appropriate committees.
- prepare budget reports for the Chief Fire Officer to present to the Fire Authority or committees.
- prepare final accounts reports for the Chief Fire Officer to present to the Fire Authority.
- provide financial advice and information requested by Members, the Chief Fire Officer and the Treasurer.
- ensure the inclusion of all relevant Financial Implications on all reports to the Authority.
- support the operation of all financial systems and provide advice on their improvement.
- ensure the framework for collecting accounting and budgeting information is properly maintained.
- ensure that the financial consequences of all proposed variations in policies and priorities are considered and evaluated, and reported to the Chief Fire Officer and, where appropriate, the Treasurer.

- complete all grant claims in a timely and accurate manner.
- complete statistical returns and provide financial information for performance indicators.
- take an active role in the training and development of staff with financial responsibilities.
- informing the Treasurer at the earliest opportunity if any significant problems seem likely to arise in a department's finances.
- Enter into contracts on behalf of the Fire Authority.

#### Departmental (Service level)

- provide financial advice to the Chief Fire Officer and other staff in the organisation, including the financial aspects of the business planning process.
- provide management accounting information on a regular basis to assist budget holders to control their budgets.
- to be consulted on all departmental finance matters before decisions are taken. This will exclude the day to day management of devolved budgets over which budget holders have discretion.
- to ensure that any departmental financial systems are compatible, as required by the ACO Director of Finance, with corporate financial systems.
- to ensure that regular and timely reconciliations take place within all financial records.
- to issue guidance to ensure that accounting records and supporting documentation kept outside the finance section are properly secured, and periodically monitor compliance with the retention of records policy.
- to manage the Finance Department in an effective, efficient and economic manner.

#### 4. Principal Officers

Principal Officers will be responsible for:-

- positively promoting a culture of probity and sound financial discipline and control as requirements of the organisation.
- understanding the nature of the reporting needed for their services under Section 151 and 114. (The ACO Director of Finance and Resources will provide background information and advice as necessary).

- establishing an effective monitoring and reporting framework to ensure a proper awareness of significant issues.
- reporting as required to the Chief Fire Officer (and as appropriate to the Treasurer) on any significant issues relating to their area of responsibility.
- ensuring staff throughout their departments are aware of their responsibilities and are capable to discharge them.
- ensuring adequate standards of internal control within their departments and in particular through their management structures to ensure the proper identification of risk and the introduction of cost effective systems of control to reduce risk to an acceptable level.
- identifying the individual Officers responsible for ensuring proper control for particular services (including corporate controls such as the register of interests).
- provide exception reports to the Chief Fire Officer and the ACO Director of Finance and Resources

## 5. Budget Holders

Budget holders are responsible for:-

- positively promoting a culture of probity and sound financial discipline and control as requirements of the organisation.
- understanding the nature of internal control and the requirements of standing orders, financial regulations and control standards and other corporate financial standards, rules and protocols.
- complying with departmental schemes of delegation
- timely implementation of agreed audit recommendations.
- the introduction and maintenance of adequate and cost effective systems of internal control within their area of responsibility.
- initiating exception reports where necessary for the ACO Director of Finance and Resources.
- reporting, to an agreed schedule, to appropriate Principal Officers on budget performance.
- reporting any potential overspending to their line manager as soon as this becomes apparent

## 8. Internal Audit

Internal Audit will carry out their role in compliance with CIPFA's Code of Practice for Internal Audit in Local Government in the UK.

In particular, they are responsible for the independent audit of control systems within the authority to assess their adequacy to ensure:-

- reliable financial and other management information and reporting
- compliance with laws, regulations, policies, rules etc.
- properly safeguarded assets and interests.
- efficient and effective operations.
- recommending and seeking acceptance of improvements to systems of internal control identified as necessary during the course of audits.
- reporting to the ACO Director of Finance and Resources and Principal Officers as appropriate on main control issues, improvements agreed, and improvements made.
- initiating on an exception basis such reports that are necessary for the Treasurer and/or Chief Fire Officer.
- positively promoting a culture of probity and sound financial discipline and control as requirements of the organisation.
- providing advice on the nature of internal control, the potential consequences of poor control and the control options available to reduce or limit risk.