

# Scheme of Delegation for Financial Management

Effective from 10<sup>th</sup> February 2015



Essex County Council

# Contents

<b>1.</b>	<b>Introduction.....</b>	<b>2</b>
<b>2.</b>	<b>Principles of Delegation .....</b>	<b>2</b>
2.1	Introduction .....	2
2.2	Powers for delegation.....	3
<b>3.</b>	<b>Financial Delegations .....</b>	<b>5</b>
3.1	Control of Resources.....	5
3.2	Income and Expenditure.....	5
3.3	Pension Fund Arrangements.....	6
<b>4.</b>	<b>Guidance on roles and responsibilities .....</b>	<b>8</b>
4.1	Introduction .....	8
4.2	Budget Holders .....	8
4.3	Finance support .....	16
<b>5.</b>	<b>Authorised Signatory Process.....</b>	<b>16</b>

# Scheme of Delegation for Financial Management

## 1. Introduction

The purpose of the Financial Regulations is to set out the Council's financial policies and framework for managing the Council's financial affairs. The Regulations seek to ensure that the Council conducts its affairs in a way that complies with specific statutory provisions and best professional practice. All financial and accounting procedures and delegations must therefore be carried out in accordance with the Regulations and other corporate guidance.

This document is the scheme of delegations for financial management. It is approved by the Section 151 Officer from time to time under paragraph 15.1.1 of the Constitution. It sets out how financial decisions are delegated to officers within the Council.

## 2. Principles of Delegation

### 2.1 Introduction

The Financial Regulations are organised around seven themes of financial management as follows:

- (i) Financial planning (Section 3)
- (ii) Financial management (Section 4)
- (iii) Accounting records and financial systems (Section 5)
- (iv) Risk Management and Internal Control (Section 6)
- (v) Control of resources (Section 7)
- (vi) Income and expenditure (Section 8)
- (vii) External arrangements (Section 9)

For each of these themes, delegation arrangements are needed that support the efficient running of the Council, through appropriate allocation of tasks and responsibilities, and that contribute to an effective internal controls framework. This latter point is assessed on an annual basis through the self-assessment process that Executive Directors are asked to undertake and reported in the Annual Governance Statement.

The specific components of the internal controls framework are:

- Preventative controls (*i.e. segregation of duties, authorisation procedures, physical custody, access limitations*);
- Detective controls (*i.e. arithmetical and accounting checks, consistency checks, continuity checks*); and
- Directive controls (*i.e. written policies and procedures, reporting lines, supervision and management and training*).

# Scheme of Delegation for Financial Management

Compliance with Financial Regulations and the Scheme of Delegation for Financial Management not only enhances the Council's control environment but also protects employees against allegations of mismanagement, fraud and unprofessional conduct.

## 2.2 Powers for delegation

The Council operates a system of devolved financial management which is enshrined within its Constitution which states that any exercise of delegated powers shall be subject to:

- any statutory restrictions;
- Council Procedure Rules;
- Financial Procedure Rules;
- Procurement Policy and Procedures.

In exercising delegated powers:

- Cabinet Members and Officers shall not go beyond the provision made in the revenue or capital budgets for their service except to the extent permitted by financial procedure rules and Procurement Policy and Procedures.
- The delegated authority to Officers includes management of the human and material resources made available for the service areas and the functions concerned.
- In each case the delegated authority excludes the determination of policy, exceptions to policy and budgets by the Cabinet Member or Officer concerned.

Decisions which an officer takes under delegated powers must:

- Only implement a policy or decision previously approved or taken by the Cabinet or Cabinet Member;
- Facilitate or be conducive or incidental to the implementation of a policy or decision previously taken by the Cabinet or Cabinet Member; or
- Relate to the management of the human, material and financial resources made available for the functions for which they are responsible.

Officers do not have the power to:

- Make changes to policies relating to fees, charges or concessions;
- Make decisions on the use of permanent savings in a budget;
- Approve the making of an order for the compulsory acquisition of land; or
- Approve the acquisition of land in advance of requirements.



# Scheme of Delegation for Financial Management

This framework reflects the Financial Regulations and allocates responsibilities to Executive Directors as follows:

- Putting in place appropriate budget management and delegation arrangements to ensure the effective use of resources, the safeguarding of assets and the operation of a system of appropriate internal controls.
- Promoting the financial management standards set by the **Section 151 Officer** within their Services, and monitoring adherence to the standards and practices, liaising as necessary with the **Section 151 Officer**, and ensuring that appropriate training is provided to those staff with financial management responsibilities.
- Promoting sound financial practices in relation to the standards, performance and development of staff in their services.
- Advising Cabinet Members of the financial implications of all proposals and ensuring that the financial implications have been agreed by the **Section 151 Officer**.
- Seeking approval on any matter liable to affect the Council's finances materially, before any commitments are incurred.
- Signing contracts on behalf of the Council (in accordance with the Council's Procurement Policy and Procedures).
- Consulting with, and obtaining the approval of, the **Section 151 Officer** before making any changes to accounting records or procedures.
- Complying with the following principles when allocating accounting duties:
  - Separating the duties of (i) providing information about sums due to or from the Council and calculating, checking (including reconciliations) and recording these sums, from (ii) the duty of collecting or disbursing them.
  - Employees with the duty of examining or checking the accounts of financial transactions must not themselves be engaged in these transactions.
- Ensuring that claims for funds, including grants and 'match funding', are made by the due date and that appropriate records are maintained, according to funding conditions.
- Contributing to the development of performance plans in line with statutory requirements.
- Contributing to the development of corporate and service targets, objectives and performance information.

### 3. Financial Delegations

Matter	Threshold	Delegation to	Ref to Fin Regs
<b>3.1 Control of Resources</b>			<b>Section 7</b>
Ensure that borrowing and investment activities are undertaken in accordance with the parameters and limits set by the Council.		<ul style="list-style-type: none"> <li>• <b>Section 151 Officer;</b></li> <li>• Director for Financial Services; and</li> <li>• Chief Accountant.</li> </ul>	7.3.2
Day to day management of the Council's treasury management activities, ensuring that temporarily surplus funds are invested until next needed or that funds are borrowed to cover temporary shortfalls of cash.		<ul style="list-style-type: none"> <li>• Chief Accountant; and</li> <li>• Authorised dealing officers.</li> </ul>	7.3.2
Operation of a petty cash imprest account.		Nominated Petty Cash Account Holders	7.3.5
Authorisation of petty cash disbursements per item		Heads of Service / Operational Budget Holders	7.3.5
<b>3.2 Income and Expenditure</b>			<b>Section 8</b>
Authorise the payment, to relevant government agencies and other bodies, of amounts either deducted from salaries, or related to officers' remuneration.		<ul style="list-style-type: none"> <li>• <b>Section 151 Officer;</b> or</li> <li>• Director for Corporate Operations</li> </ul>	8.5.1
Authority to authorise orders from Information Services' online catalogue	Orders for items individually up to <b>£200</b>	<ul style="list-style-type: none"> <li>• Self-certification by the person raising the order</li> </ul>	N/A
	Orders for items individually in excess of <b>£200</b>	<ul style="list-style-type: none"> <li>• Head of Service / Operational Budget Holder</li> </ul>	N/A

Matter	Threshold	Delegation to	Ref to Fin Regs
Authorise expense claims (incl. travel and subsistence)	Claims of up to <b>£100</b> (or 200 miles)	<ul style="list-style-type: none"> <li>Self-certification by claimant (<i>authorised by Payroll Manager when running payroll</i>).</li> </ul>	8.5.2
	Claims in excess of <b>£100</b> (or 200 miles) and up to <b>£1,000</b> (or 2,000 miles)	<ul style="list-style-type: none"> <li>Line manager</li> </ul>	8.5.2
	Claims in excess of <b>£1,000</b> (or 1,000 miles)	<ul style="list-style-type: none"> <li>Head of Service / Operational Budget Holder</li> </ul>	8.5.2
<b>3.3 Pension Fund Arrangements</b>			
To manage the Pension Fund including the power to seek professional advice and to devolve day to day handling of the fund to professional advisors within the scope of the Pension's Regulations.		Director for Essex Pension Fund ( <i>subject to Investment Steering Committee approval of the original appointment</i> )	N/A
Authorisation of: <ul style="list-style-type: none"> <li>custody agreements and variations</li> <li>Investment advisor agreements and variations</li> <li>Partnership agreements and variations</li> <li>Investment applications and related documentation</li> </ul>		Director for Essex Pension Fund ( <i>subject to Investment Steering Committee approval of the original appointment</i> )	N/A
Authorisation of : <ul style="list-style-type: none"> <li>Investment management agreements and variations</li> <li>Payment of capital calls on approved investments</li> <li>Instructions to the custodian to transfer funds and open/close accounts</li> <li>Applications to sovereign states and administrative areas</li> <li>Tax returns, applications and claims</li> </ul>		Director for Essex Pension Fund	N/A

Matter	Threshold	Delegation to	Ref to Fin Regs
<ul style="list-style-type: none"><li>▪ Appointment of tax consultants, actuaries and other specialist advisers and consultants</li><li>▪ The payment of invoices for services supplied to the Pension Fund and refunds of contributions</li><li>▪ Instructions to the fund actuary</li></ul>			



# Scheme of Delegation for Financial Management

## 4. Guidance on roles and responsibilities

### 4.1 Introduction

The Council operates a system of devolved financial management which, in practice, means certain responsibilities are devolved to services, as follows:

- Ensuring that there is stewardship of public resources;
- Ensuring that statutory and regulatory standards are met;
- Ensuring value for money;
- Identifying, evaluating and managing risk;
- Supporting good decision making through the provision of financial information and advice to decision makers;
- Analysis of service activity costs and trends to feed into performance information;
- Aligning resource allocations with business objectives;
- Maximising income sources without being diverted from business priorities.

It is therefore important that there is clarity over roles and responsibilities within these areas of activity.

### 4.2 Budget Holders

The operation of financial management across the Council is carried out within a framework of budget holders, supported by Corporate Services.

The term 'budget holder' is used to cover a range of responsibilities and accountabilities starting from the Executive Director, who will oversee the overall delivery of a range of services, down to the operational budget holder who will be accountable for the day to running of a service and the management of the associated budget.

The default position is that the Director will be the operational budget holder. However, the Director may designate a Head of Service, or another officer, as the operational budget holder, where that officer has responsibility for a service area with a budget of at least **£1m**. Budgets of less than **£1m** are not permitted to be delegated without the approval of the Executive Director of Corporate Services.

There will usually be a series of delegations operating in support of the operational budget holder, whereby those with delegated authority are able to commit funds on the budget holder's behalf (*i.e. within parameters agreed by the operational budget holder*).

The role of each of these levels of 'budget holder', across the main themes in Financial Regulations, is summarised in the following pages.

Theme	Executive Director	Operational Budget Holder	Officers with delegated authority to sign
<b>Financial Planning</b>	<ul style="list-style-type: none"> <li>Provides the overall strategic direction, and oversees the preparation of the budget, for their set of services.</li> </ul>	<ul style="list-style-type: none"> <li>Ensures that new initiatives and legislative requirements are considered as appropriate.</li> <li>Prepares the detailed revenue and capital budgets, reflecting the strategic direction set by the Executive Director / Director.</li> </ul>	
<b>Financial Management</b>	<ul style="list-style-type: none"> <li>Assigns budget holder responsibility and ensures there are appropriate budgetary control processes in place.</li> <li>Receives regular reports on performance against budget from Directors.</li> <li>Where appropriate, approves virements within the financial limits set out with Financial Regulations, or seeks additional funding if necessary.</li> <li>Ensures budget provision is in place for any new policies.</li> </ul>	<ul style="list-style-type: none"> <li>Places orders and incurs expenditure for services in accordance with appropriate procurement advice and the approved budget.</li> <li>Records income and expenditure properly and maintains appropriate commitment records to aid with budget management.</li> <li>Prepares reports, with finance support on performance against budget.</li> <li>Where appropriate, approves virements within the financial limits set out with Financial Regulations, or refers to the Executive Director for action,</li> <li>Reviews regularly the value for</li> </ul>	<ul style="list-style-type: none"> <li>Places orders and incurs expenditure for services in accordance with appropriate procurement advice and the approved budget.</li> </ul>

Theme	Executive Director	Operational Budget Holder	Officers with delegated authority to sign
		money of the service delivery arrangements.	
<b>Accounting records and Financial Systems</b>	<ul style="list-style-type: none"> <li>Ensure <b>Section 151 Officer'</b> approval is obtained to operate or change a financial system (or any financial element of a non-financial system).</li> <li>Ensure that systems are backed up and disaster recovery and business continuity plans are maintained to allow information system processing to resume quickly in the event of interruption.</li> <li>Ensure adequate audit trail exists through computerised systems.</li> </ul>	<ul style="list-style-type: none"> <li>Ensures compliance with proper accounting guidance and practice by following advice and guidance from finance.</li> </ul>	<ul style="list-style-type: none"> <li>Complies with proper accounting practices and guidance issued from finance.</li> </ul>
<b>Risk Management and Control</b>	<ul style="list-style-type: none"> <li>Takes overall ownership of risk within their service areas, ensuring risk management is implemented in line with the overall risk management strategy.</li> <li>Reviews risks in their service areas and progress on mitigating actions at regular management</li> </ul>	<ul style="list-style-type: none"> <li>Ensures risk management within their area is implemented in line with the strategy.</li> <li>Reviews service risks and progress on mitigating actions at regular management meetings.</li> <li>Notifies the <b>Section 151 Officer</b> immediately of any loss, liability or damage that may lead to a</li> </ul>	

Theme	Executive Director	Operational Budget Holder	Officers with delegated authority to sign
	<p>meetings.</p> <ul style="list-style-type: none"> <li>• Consults the <b>Section 151 Officer</b> and the <b>Monitoring Officer</b> on the terms of any indemnity.</li> <li>• Establishes sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness; and for achieving their financial performance targets.</li> <li>• Undertakes an annual self-assessment of the status of the systems of internal control within their service areas, as directed by the <b>Section 151 Officer</b>.</li> <li>• Supports Internal Audit in any review being undertaken within their area, nominates a sponsor responsible for taking forward audit issues, and responds to issues raised within audit reports</li> </ul>	<p>claim against the Council.</p> <ul style="list-style-type: none"> <li>• Notifies the <b>Section 151 Officer</b> promptly of all new risks, properties or vehicles that require insurance and of any alterations affecting existing insurances.</li> <li>• Responds to internal audit reports in writing, within a timescale agreed detailing the action intended to address any recommendations, and monitors implementation of agreed actions</li> <li>• Maintains a Hospitality Register and a Register of Interests within each service in which the acceptance of any hospitality or gifts is recorded</li> </ul>	

Theme	Executive Director	Operational Budget Holder	Officers with delegated authority to sign
	<p>within the agreed timescale</p> <ul style="list-style-type: none"> <li>Ensures that the anti-fraud and corruption policy is followed and that any appropriate action is taken.</li> </ul>		
<b>Control of resources</b>	<ul style="list-style-type: none"> <li>Ensures there are appropriate control procedures in place with regard to assets, stock and stores</li> </ul>	<ul style="list-style-type: none"> <li>Ensures the proper security of all buildings, vehicles, equipment, furniture, stock, stores and other property belonging to the Council and consults with the Director for Property, Facilities Management and Business Support in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.</li> <li>Ensures that keys to safes and similar receptacles are carried on the person of those responsible at all times; loss of such keys must be reported to the <b>Head of Internal Audit</b>.</li> <li>Provides the <b>Section 151 Officer</b> with the information required to maintain the asset register in</li> </ul>	<ul style="list-style-type: none"> <li>Employees operating an imprest account will make adequate arrangements for the safe custody of the account as set out in paragraph 7.3.4 of the Financial Regulations</li> </ul>

Theme	Executive Director	Operational Budget Holder	Officers with delegated authority to sign
		<p>relation to vehicles, plant and equipment (including IT)</p> <ul style="list-style-type: none"> <li>Maintains inventories of all furniture, fittings, equipment, plant and machinery, and carries out an annual check of all items on the inventory.</li> </ul>	
<b>Income and Expenditure</b>	<ul style="list-style-type: none"> <li>Establishes a charging policy for the supply of goods or services, and reviews it regularly, in line with corporate policies and annual budget setting timetables.</li> <li>Ensures there are adequate arrangements and delegations in place for ordering, authorising and receipting of goods and services.</li> <li>Maintains an up to date list of those staff who can order, authorise and receipt goods and services, and identifies in each case, any limits to an individual's authority.</li> <li>Ensures there is an appropriate</li> </ul>	<ul style="list-style-type: none"> <li>Implements the charging policies.</li> <li>Acts in accordance with the delegated limits applied to ordering, authorisation and receipt of goods and services.</li> <li>Has regard to value for money when considering procurement activities.</li> <li>Establishes and initiates appropriate recovery procedures, including legal action where necessary, for debts that are not paid promptly.</li> <li>Notifies the <b>Section 151 Officer</b> immediately of any expenditure to be incurred as a result of statute/court order where there</li> </ul>	<ul style="list-style-type: none"> <li>Raises invoices according to the agreed charging policies.</li> <li>Places orders for goods and services in accordance with the Council's Procurement Policy and Procedures (<i>and on the Council's e-procurement purchase to pay system</i>).</li> <li>Checks goods and services upon receipt to ensure they are in accordance with the order (<i>wherever possible, goods should not be received by the person who approved the order</i>).</li> <li>Records the receipt of goods on the Council's e-procurement purchase to pay system in order to provide an approval to pay for</li> </ul>



Theme	Executive Director	Operational Budget Holder	Officers with delegated authority to sign
	<p>control arrangement in place relating to cash handling.</p> <ul style="list-style-type: none"> <li>Provides an up-to-date list of the names of officers authorised to sign records to the Head of Human Resources, together with specimen signatures,</li> <li>Ensures that appropriate arrangements are made for meeting the competitive requirements set out in the Financial Regulations.</li> </ul>	<p>is no budgetary provision.</p> <ul style="list-style-type: none"> <li>Ensures that adequate and effective systems and procedures are operated for payments to employees and for goods and services.</li> </ul>	<p>goods and services received by the authority.</p> <ul style="list-style-type: none"> <li>Ensures that the correct VAT liability is attached to all income due and that all VAT recoverable on purchases and expenses complies with HM Revenue and Customs regulations.</li> <li>Follows the guidance on VAT issued by the <b>Section 151 Officer</b>.</li> </ul>
<b>External arrangements</b>	<ul style="list-style-type: none"> <li>Ensures partnership arrangements meet corporate policies and strategies for working with other bodies.</li> <li>Ensures partnerships are governed by formal documented agreements.</li> <li>Undertakes a risk management appraisal of proposed new partnership arrangement.</li> <li>Ensures information on the partnership arrangements is provided to the <b>Section 151</b></li> </ul>	<ul style="list-style-type: none"> <li>Monitors partnership arrangements to ensure they are operating according to agreements.</li> <li>Measures the performance of partnerships to ensure that the overall arrangements represent best value for the people of Essex.</li> <li>Ensures that all funding notified by external bodies is received and properly recorded in the Council's accounts.</li> </ul>	

Theme	Executive Director	Operational Budget Holder	Officers with delegated authority to sign
	<p><b>Officer</b>, so that the appropriate disclosures can be made within the Council's annual statement of accounts.</p> <ul style="list-style-type: none"> <li>Approves the contractual arrangements for any work undertaken for third parties or external bodies.</li> </ul>		

# Scheme of Delegation for Financial Management

## 4.3 Finance support

The Council's system of devolved financial management means that services take decisions on their budgets, supported by Financial Services. The organisational model for finance is one that seeks to minimise transactional resource through the use of technology, allowing for a focus on value-added support to budget holders, backed up by specialist financial analysts and technical accountants where appropriate and when needed.

There is a Head of Finance assigned to each Executive Director, acting as key liaison point between the services covered by the Executive Director and Finance; the Senior Financial Analyst (Capital) undertakes this role in respect of capital projects. The Heads of Finance and the Senior Financial Analyst (Capital) report to the Director for Financial Services, who in turn reports to the **Section 151 Officer**. They are required to report regularly on any issues relating to possible non-compliance with any financial rules or agreed practices and on any financial pressures which may result in a failure to meet the budgets.

## 5. Authorised Signatory Process

In order to facilitate compliance with the Financial Regulations and Scheme of Delegation for Financial Management (SoDFM), the Council has an authorised signatory process. All posts have been assessed by their Executive Director to determine the extent of their delegated authority. Generally this is aligned to the management hierarchy, as follows:

- Chief Executive assigned to level **one**;
- Executive Director assigned to level **two**;
- Directors to level **three**;
- Heads of Service (when designated as the Operational Budget Holder) to level **four**;
- Officers with delegated authority to act on behalf of an operational budget holder to level **five**.
- All other staff to level **six**.

All staff within posts deemed to have delegated authority at levels one to five are required to complete an authorised signatory form. This sets out the extent of the individual's authority, requires them to confirm the cost centres they have authority against and requires them to provide a specimen signature. By signing this form, managers are confirming that they will abide by the rules and regulations set out both within the Financial Regulations and the SoDFM.

Details from this form, along with a scanned copy of the signature, are recorded in the Council's Authorised Signatory Database. This Database is then used to confirm that persons authorising transactions have the appropriate authority to do so. As such, the Database may also be used by Internal and External Audit to support their testing of the Council's internal controls framework.