ROLE OF THE CHIEF FINANCIAL OFFICER

1 SUMMARY

1.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) has updated its guidance on “the role of the Chief Financial Officer in Public Service Organisations”. The report recommends formal adoption of the Statement and invites member discussion and comment on the degree of compliance.

Recommendation that:

a Members adopt the CIPFA Statement on the role of the Chief Financial Officer in Public Service Organisations;

and

b Members request an internal audit on compliance with the guidance.

2 BACKGROUND

2.1 In this Authority the Chief Financial Officer (also known as the Section 151 Officer) is the Director of Corporate Services. This statutory role has a small number of direct legal requirements including:

- It is the officer responsible for the financial affairs of the Authority
- Must be a member of a specified accountancy body
- Must keep proper up to date accounting records, supporting information and control systems and report material amendments to the statement of accounts
- Must make arrangements for effective internal and external audit
- Must report if members have or are about to incur unlawful action or expenditure
- Must have a properly qualified nominated deputy
- Must have sufficient staff and resources to carry out the role

2.2 The role of a modern Chief Financial Officer is considerably more complex and far reaching than these narrow legal requirements and the breadth and significance of the role in strategic decision making is recognised by CIPFA in its Statement. The Statement incorporates the statutory and professional requirements of the role alongside the requirements for leadership, risk management, performance management and business partnering.

2.3 The guidance reflects that for the Chief Finance Officer to be successful, the governance of the organisation needs to be properly aligned to support them. Similarly, the core responsibilities of the Chief Finance Officer need to be clearly defined along the principles of the Statement and the individual in the role needs to have the right personal skills and adhere to proper professional standards.

2.4 The Statement was launched at the annual CIPFA Conference in June 2009 updates previous guidance. It takes effect formally from 2010/11. The statement is a helpful tool to allow organisational arrangements to be benchmarked against a clearly defined framework. Having considered and reviewed the Statement and guidance at Annex 1, I believe that we are compliant in all materials respects and recommend the formal adoption of the Statement to reflect our commitment to best practice. In the spirit of transparency and probity, I would welcome Members views and observations on our compliance and recommend that we ask Internal Audit to consider our compliance and to make any recommendations for improvement.
3 POLICY CONTENT

3.1 The adoption of the Statement will form an important part of our overall governance arrangements and will be important to our annual review of governance and internal and external audit work.

4 OPTIONS

4.1 Members can adopt the CIPFA Statement or chose to wait until the outcome of an internal audit review.

5 PROPOSAL

5.1 Members are invited to adopt the CIPFA Statement as this sends a clear message that we are committed to its delivery. If internal audit identify areas for improvements to our arrangements these can be addressed as part of our normal audit procedures.

6 BEST VALUE IMPLICATIONS

6.1 The Statement supports the achievement of best value by setting out the key requirements for an effective Chief Financial Officer in a public service organisation.

7 FINANCIAL CONSIDERATIONS

7.1 There are no direct financial consequences arising out of this report.

8 RISK

8.1 An effective Chief Financial Officer assists with the management of financial and performance risk and supports effective governance in the organisation.

9 LEGAL CONSIDERATIONS

9.1 There are no direct legal considerations arising from this report.

10 HUMAN RESOURCES

10.1 There are no direct human resource issues arising from this report.

11 EQUALITY AND DIVERSITY

11.1 There are no direct equality and diversity issues arising from this report.

12 SUSTAINABILITY

12.1 There are no direct sustainability issues arising from this report.

Background papers
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ANNEX 1: ROLE OF THE CHIEF FINANCIAL OFFICER IN PUBLIC SERVICE ORGANISATIONS