

TEESDALE DISTRICT COUNCIL

**Report To: AUDIT AND GOVERNANCE COMMITTEE
28 July 2008**

From: Chief Finance Officer

Ward Member: All

Subject: BUDGETARY CONTROL UPDATE

1.0 SUMMARY

1.1 The budget management framework requires budget managers to provide details of their expected outturn for income and expenditure and any variances against budget each month to accountancy. This is used to produce monthly budget management reports to corporate management team and to update the medium term financial plan for the Executive Committee. This report provides details of managers' performance in completing returns.

2.0 RECOMMENDATION(S)

2.1 It is recommended that

2.1.1 The rate of return of budgetary control information for the period ended 30 June 2008 is noted.

3.0 LINK TO CORPORATE KEY PRIORITIES/AMBITIONS

3.1 Priority: Improvement Programme

3.2 Ambition: Maximising Resources

3.3 Outcome: The monitoring process identifies potential variances against budget in a timely manner.

4.0 BACKGROUND

4.1 The budget management framework is based on regular budget projections throughout the year that are used to indicate the overall financial position. Returns must be made on time by budget managers for the information to be included in reports to departmental management teams and corporate management team.

4.2 The draft final accounts memorandum was considered at a previous meeting of the Audit and Governance Committee. This referred to the

unexpected surplus at the end of 2006/07 and reported that not all budget holders completed their returns regularly.

- 4.3 Members requested regular reports to future meetings providing details of the returns made to ensure that budgets are being monitored regularly and effectively. This is just one of a number of measures being taken to ensure that managers complete budget monitoring returns; all budgets have now been risk assessed to determine the frequency of monitoring and reduce the burden on managers, and the Overview and Scrutiny Finance Panel will be challenging the quality and accuracy of the returns.

5.0 BUDGETARY CONTROL RETURNS

- 5.1 Performance against the budget management framework is recorded each month. Details for the first quarter of 2008/09 are attached at Appendix A (**circulated to members of the Committee only**).
- 5.2 The average percentage of returns made on time had improved from an average of 50% for the three months ending on 31 December, to an average of 85% for the three months ending on 31 March following the report to the Audit and Governance Committee in January. Performance for the quarter ended 30 June 2008 has declined to 73%.

6.0 STATUTORY CONSIDERATIONS

- 6.1 Financial Implications: None

- 6.2 Risk:

Risk	Category	Implications
There is a risk that overspending may not be identified if budgets are not regularly monitored.	Financial	Reserves may be reduced to an unacceptable level.
There is a risk that underspending may not be identified if budgets are not regularly monitored.	Service delivery	The Councils priorities may not be achieved.

- 6.3 Equality and Diversity: None

- 6.4 Human Resources: None

- 6.5 Community Safety: None

- 6.6 Legal Issues: None

Background papers:

1. Budget Management Framework – Corporate Strategy Committee 18 April 2005
2. Final Accounts Memorandum 2006/07 – Audit Commission

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