

FMS01 INTRODUCTION TO FINANCIAL MANAGEMENT STANDARDS

What are Financial Management Standards?

1. Financial Management Standards support the Council's Financial Procedure Rules set out in the Council's Constitution. Financial Procedure Rules provide the overall high level framework for managing the Council's financial affairs and Financial Management Standards set out in more detail how these procedures will be implemented to embed sound financial management across the Council.

Why are they important?

2. Good, sound financial management is a key element of the Council's Corporate Governance framework which helps to ensure that the Council is doing the right things in the right way for the right people in a timely, open and accountable manner.
3. All staff and members have a duty to abide by the highest standards of probity in dealing with financial issues. This is facilitated by ensuring that everyone is clear about the standards to which they are working and the controls that are in place to ensure that these standards are met.
4. Financial Management Standards set out the key controls and roles and responsibilities for each area of financial activity identified in the Financial Procedure Rules and will be supplemented by more detailed documented businesses processes.

Key Controls

5. The key controls and control objectives for Financial Management Standards are:
 - the promotion of these standards throughout the Council;
 - a performance management system to review compliance with financial standards and regular comparisons of performance indicators and benchmark standards that are reported to Cabinet;
 - regular reviews of the Financial Procedure Rules and the Financial Management Standards to ensure they remain fit for purpose.

Responsibilities of the Chief Finance Officer (S151 Officer)

6. The Chief Finance Officer is responsible for:
 - ensuring the proper administration of the financial affairs of the Council
 - establishing the Financial Management Standards and monitoring compliance with them
 - reviewing the Financial Management Standards regularly to ensure they remain fit for purpose
 - ensuring that proper professional practices, standards, and ethics are adhered to

- advising on the key strategic controls necessary to secure sound financial management
- ensuring that financial staffing resources are adequate to maintain adherence to these standards
- establishing a framework of documented business processes that support these financial management standards and ensuring that they are reviewed regularly

Responsibilities of Chief Officers

7. To promote the financial management standards set by the Chief Finance Officer within their service area and to monitor adherence to those standards and practices, liaising as necessary with the Chief Finance Officer.
8. To promote sound financial practices in relation to the standards, performance and development of staff in their service area.
9. To support the Chief Finance Officer by promoting proper professional practices, standards, and ethics.
10. Ensuring that all staff are properly managed, developed, and trained and have adequate support to carry out their financial duties effectively.

List of Financial Management Standards

- 1** Introduction to Financial Management Standards
- 2** Budget Preparation & Medium Term Financial Planning
- 3** Budget Monitoring and Reporting
- 4** Accounting Policies
- 5** Accounting Records and Returns
- 6** Preparation and Monitoring of the Capital Programme
- 7** Annual Statement of Accounts
- 9** Maintenance of Reserves
- 10** Risk Management
- 11** Audit Requirements
- 12** Internal Control
- 14** Insurance
- 15** Treasury Management
- 16** Banking
- 17** Income Collection
- 18** Debt recovery
- 20** Corporate Procurement Cards
- 21** Payroll and Personnel requirements
- 22** Taxation
- 24** Ordering and paying for works, goods & services
- 25** Partnerships
- 26** Grants and External Funding
- 29** Voluntary Funds and Trust Funds