

Scheme of Authorisation and Financial Responsibility

1. Introduction

- 1.1 This guidance has been produced in order to define the authority and responsibilities formally authorised by Executive Directors in respect of financial matters.
- 1.2 The objective is to ensure that effective, efficient and proper financial management is achieved through the work of a Scheme of Authorisation and Financial Responsibility by appropriate delegation of authority, but with corresponding accountability.
- 1.3 Appointment as a Responsible Budget Officer (RBO) carries with it the responsibility to ensure that associated budgets are managed in the most effective and efficient manner, in accordance with agreed plans, and existing financial controls contained within the County Council's Constitution, including Financial Regulations and Standing Orders, supported by the financial procedures.
- 1.4 In accordance with the Financial Regulations and detailed procedures, the following guidance provides an explanation of the Scheme of Authorisation and Financial Responsibility, and details where to find more information about the roles and responsibilities of Responsible Budget Officers.

2. Explanation of the Scheme of Authorisation and Financial Responsibility

- 2.1 The Council's Constitution sets out how the Council operates, how decisions are made and the procedures that are to be followed, to ensure that these are efficient, transparent and accountable to local people.
- 2.2 The management of the Council's financial affairs will be conducted in accordance with the Financial Regulations and detailed financial procedures. The financial procedures set out how the Financial Regulations will be implemented, are described in separate guidance and have the same status as the Financial Regulations. Both of these documents can be found on the Council's Intranet under the [Financial Regulations and procedures](#)¹.
- 2.3 The Financial Regulations and financial procedures apply to every elected member and officer of the Council. All elected members and staff have a general responsibility for taking reasonable action to provide for the security of the Council's assets under their control, and for ensuring that the use of these resources is legal, properly authorised, provides value for money and achieves best value. Executive Directors should maintain a record where decision-

¹ <https://intranet.norfolk.gov.uk/tasks/finance-and-budgets/policies-and-procedures/financial-regulations-and-procedures/financial-regulations>

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making authority has been granted to members of their staff, including seconded staff. It is the responsibility of the Executive Director to advise Finance when a budget no longer falls under the responsibility of an RBO and to ensure that another RBO is nominated. Finance will then amend records in the appropriate financial systems.

- 2.4 Contract Standing Orders apply to every procurement contract made by, or on behalf of, Norfolk County Council, with the exception of specific types of contracts. Other specific exceptions are possible. Further detailed information on this is available within the [NCC Procurement Guide](#)².

3. Explanation of powers of authorisation

- 3.1 In accordance with Financial Regulations and detailed financial procedures the Executive Director of each Directorate is responsible for the overall management of the approved budget. To assist them to deliver this they are also responsible for ensuring that a proper Scheme of Authorisation and Financial Responsibility has been established within the Directorate and that it is operating effectively. The Scheme of Authorisation and Financial Responsibility should specifically identify staff authorised to act on the Director's behalf, against specific budgets in respect of procurement, payments, contracts and purchasing and income collection.
- 3.2 The Scheme of Authorisation and Financial Responsibility should detail individuals' responsibilities for specific budgets in terms of the type of transactions that they are permitted to authorise against that budget.
- 3.3 Permissible types of transactions are defined as those that are in accordance with Departmental Services strategies, policies and priorities.
- 3.4 General conditions applying to all authorised powers (including financial) are detailed in Appendix 5 of the Constitution, "Scheme of delegated powers to Officers (Executive Function)".
- 3.5 Executive Directors can only act within delegated powers and these are exercisable subject to section 3 above. In addition to these constraints, there are exceptions to all Executive Directors' delegated powers. These are itemised in Appendix 5 of the Constitution. In particular there is no delegation to Executive Directors of approval to exceed the Revenue or Capital budget for their service responsibilities.
- 3.6 The Executive Director has a duty to ensure that effective, efficient and proper financial management is achieved. Segregation of duties within the Scheme of Authorisation and Financial Responsibility is crucial to ensure that the system minimises financial risk and maximises the scrutiny of financial transactions.

² <http://inet.norfolk.gov.uk/services/Procurement/index.htm>

Version 6 – March 2022**5. Budget allocation**

- 5.1 Budgets are calculated to represent the cost of planned service delivery for a financial year. **An RBO is not permitted to exceed the net annual budget allocated for that service that has been formally assigned to that RBO.** It is the RBO's responsibility to ensure that they have sufficient understanding and control of the budgets within their authority to enable them to deliver the planned level of service within the allocated budget as they will be required to explain any deviation from this planned level of expenditure and/or income through the Scheme of Authorisation hierarchy (the budget monitoring process).
- 5.2 Careful consideration must be given to the nature of expenditure that is committed within the Scheme of Authorisation. Recurrent expenditure is not permitted to be funded from non-recurrent funding. Revenue expenditure should not be funded from capital budgets. This means that any long-term commitments should only be entered into after adequate funding arrangements have been put into place. Liaison with the Finance Department is advised.
- 5.3 There may be financial transactions with partner organisations, within the Scheme of Authorisation and Financial Responsibility. The RBO has the responsibility to ensure that adequate financial administration arrangements are in place and the same requirements for financial responsibility and accountability apply to partner organisations.
- 5.4 In some cases, through the performance of duties, it may be necessary to manage budgets belonging to the partner organisation, where services have been integrated. In such instances, the RBO is responsible for ensuring that they understand and satisfy the requirements and obligations of the financial authorities and procedures of both organisations.
- 5.5 Some service, schemes and projects are funded through specific funding streams that have exclusive and defined application criteria. Where such funding streams are in place, it is within the Responsible Budget Officer's financial responsibility to ensure that there is an understanding of the nature of the spending requirements that qualify for funding, and to ensure that adequate financial administration is in place to satisfy such criteria.

6. Exceeding budget allocations or authorised financial limit

- 6.1 **Budgetary allocations represent an expenditure limit for the year which must not be exceeded.** Authorised financial responsibility requires the RBO to ensure that expenditure is committed or incurred only within the limits of their financial authority. Care must be taken to ensure that they do not commit any expenditure against budgets outside of their remit without prior consultation and permission of those RBOs.

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- 6.2 As a matter of good practice, RBOs are advised to consult on all significant expenditure proposals and specifically where there is a potential impact outside of their own remit. Where proposals could potentially exceed their financial limits, the RBO must not proceed without permission from their Executive Director.
- 6.3 Whilst the RBO is not permitted to exceed the services' net budget, they are allowed to identify and transfer uncommitted budget between services within their remit, or to negotiate a budget transfer from other authorised RBOs. This is known as "budget movement" or virement. Budget movement does not increase the overall funding available to the Department.
- 6.4 The effect of a budget movement is to change planned costs of service delivery and is therefore managed by the rules for movement of budget. These are set out in Annex A of the Financial Regulations.
- 6.5 Agreement of all budget movements is subject to consultation with the Executive Director of Finance and Commercial Services through the appropriate Finance Officer, and the thresholds for Cabinet approval set out in the Financial Regulations. For capital budgets it may be necessary to move budgets between years to reflect the expected profile of expenditure.
- 6.6 All potential overspends and/or reductions in income situations resulting from unavoidable financial commitments should be identified as early as possible. These should be communicated as soon as possible using Budget Manager, to enable appropriate financial action to be taken.
- 6.7 The [Financial Regulations](#) set out details of the budgetary controls intended to prohibit overspends and confirm that:
- It is the responsibility of Executive Directors to control income and expenditure within their area in accordance with the approved budget and to monitor performance.
 - Executive Directors are responsible for alerting the Executive Director of Finance and Commercial Services and the relevant Cabinet Portfolio Holder, Leader or Deputy Leader, to any overspendings or shortfalls in income and for identifying strategies and options for containing spend within the budget approved by the County Council.

7. Accounting processes

- 7.1 The accuracy and timeliness of the information on the accounting system is dependent on timely and accurate coding and processing of invoices, recharges, expenditure apportionment, time sheets and expense claims. As an authoriser the RBO is influential in maintaining the integrity of the accounting administrative process.

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- 7.2 Financial procedures are in place to assist with the administration of the finance system. Information on procedures is available from the Finance Department or is contained in the NCC [Financial procedures](#)³.

8. Recording commitments

- 8.1 Budgetary control is exercised at the point at which expenditure is committed. Control means ensuring proper processes are in place and are being followed. A wide range of goods and services are purchased across the Council and all transactions result in the committing of expenditure against a budget.
- 8.2 An estimated value of every transaction should be recorded as a commitment until it is reflected on the accounting system against the relevant budget. It is the RBO's responsibility to ensure that all commitments are captured within the financial end of year forecast in Budget Manager.
- 8.3 Commitments can be one off or recurring. The full year value should be recorded in Budget Manager and the estimated outstanding balance of the remaining commitment should also be recorded in Budget Manager and revised regularly for changes in value. Budget management and monitoring requires information on the full value of a transaction as well as the cost of service contracted for but yet to be received.
- 8.4 The accounting system (MyOracle) is the primary financial information system. All other recording systems used to manage the budgets must be reconciled to the MyOracle system on a regular basis. This process will help to ensure accuracy of the recording systems as well as identifying errors on MyOracle.

9. Monitoring process

- 9.1 Monitoring is an important step in managing budgets. Expenditure and income are monitored against budgets on a calendar month basis. Budget statements are available for every RBO on a monthly basis through Budget Manager.
- 9.2 RBOs are responsible for checking that expenditure and income against their budgets is correct, reasonable and as expected.
- 9.3 RBOs should liaise with the appropriate Finance Officer for additional information, budget changes and expenditure/income coding corrections.

10. Forecasting

- 10.1 Forecasting is a monthly requirement and the method used to produce an estimate of spend/income against budget at the end of the financial year. It is the responsibility of RBOs to produce income and expenditure estimates that will

³ <https://intranet.norfolk.gov.uk/tasks/finance-and-budgets/policies-and-procedures/financial-regulations-and-procedures/financial-procedures-all-sections>

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allow them to assess any likely under or overspends at the end of the financial year for revenue budgets. Capital budget forecasts should be submitted for the current and future years.

- 10.2 Forecasts should be made by collating information on Budget Manager (after being reviewed for correctness with expenditure commitments). Additional information should also be factored into the forecasts to account for known and planned changes. Again, these should be identified as either recurring or one-off commitments.
- 10.3 Forecast differences on budget must be reported and justified to the line manager and appropriate Finance Officer for inclusion in the overall financial monitoring process via Budget Manager. RBOs are responsible for evaluating the effect of differences on current and future year budgets, with the assistance of Finance.
- 10.4 Where there are potential differences, RBOs should consider the range of possible actions to ensure spending and income are brought back into budget. **It is the RBOs responsibility to consult and seek the necessary advice to enable an action plan to be devised and implemented to correct differences and to communicate this plan to the relevant people.**

11. Risk identification and management

- 11.1 Authorised financial responsibility includes the identification of the risks and opportunities to the achievement of service delivery within agreed budget. This requires a wider awareness of the environment within which the service is being delivered. Changes in legislation, government policy or County Council strategy and plans are examples of possible changes that could financially impact upon service delivery within budget.
- 11.2 Executive Directors, in conjunction with RBOs and the Finance and Commercial Services Department, are required to provide a financial evaluation of the nature and extent of identified risks. These are required at the earliest possible opportunity to enable plans to be developed to manage and address these risks. Communication of risks is very important to allow wider consideration.
- 11.3 Risks should be recorded in the Departmental Risk Registers where appropriate in accordance with the Risk management Framework

12. Annual budget setting

- 12.1 Each year the Council is required to produce a budget in accordance with Appendix 12 of the Constitution 'Budget and Policy Framework Procedure Rules'. The budget sets out the costs for the planned level of services in the form of a medium-term financial strategy and the annual budget. To achieve this, a budget timetable is prepared, setting out the key dates by which information must be prepared. As with most aspects of financial management,

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the budgeting process is achieved through a partnership between RBOs and Finance. The budget process is completed for approval by the County Council in February each year. The timetable will consider the need for the Cabinet to undertake a review of the budget proposals for any statutory and other consultation required on the budget proposals.

- 12.2 Each Directorate is required to contribute to the development of a medium-term plan that looks ahead for the next three years inclusive of next year's budget and is used to develop the annual budget. This plan is a financial quantification of service changes resulting from strategic service planning and local politically required changes to services. All service developments and cost pressures should be included initially in the medium-term plan for consideration prior to being incorporated into a detailed budget plan. Proposals for capital schemes to be funded from capital receipts and or borrowing should be accompanied by business plans and may be subject to a scored prioritisation process.
- 12.3 It is the Executive Directors' responsibility to ensure that this plan is communicated to RBOs, and it is the RBO's responsibility to ensure that all known future commitments are included in the budget and to ensure that budget estimates are adequate and realistic for planned service delivery.
- 12.4 Budgets are rolled out in the new financial year on MyOracle and this is reflected in Budget Manager. The RBO must check that the budgets are allocated correctly to the services in line with the final estimates, service plans and strategies for the coming year. **By submitting the allocated budget in Budget Manager at the time of Budget sign off, the RBO is accepting the terms of this document, the Scheme of Authorisation and Financial Responsibility.**

13. Annual accounts close down

- 13.1 At the end of each financial year the Executive Director of Finance and Commercial Services is responsible for producing a Statement of Accounts for that financial year. The County Council's financial year runs from 1 April to 31 March, and our accounts must contain all transactions relating to goods and services supplied and received in that period, even though the paperwork for transactions may not actually be raised or received until after 31 March.
- 13.2 Accounts preparation procedures must, therefore, take into consideration the income and expenditure incurred around the year end and allocate this to the correct accounting year. In order to achieve this, every year before the end of the financial year accounts closure guidance and a timetable are circulated. These set out key dates and tasks that are required to close the accounts.
- 13.3 Accounts closure is a team effort between Finance and the RBOs. Guidance will be communicated with instructions of RBO requirements by Finance.
- 13.4 The RBO is responsible for providing the relevant Finance Officer with accounting estimates for transaction values for goods and services received or

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provided that have not already been processed on the ledger, as well as for ensuring that income and expenditure is charged correctly to budgets.

- 13.5 A variety of standard schedules and stationery are used in the closure process. Finance and Commercial Services Department are responsible for ensuring that the RBOs are fully briefed on their role, have the correct schedules and clearly explained instructions for their completion in a timely manner. It is the RBO's responsibility to provide Finance with as much co-operation and assistance as possible to meet the deadlines, produce accurate accounts and full explanations of all differences.
- 13.6 Carry forwards of any under or overspends at the year-end are the responsibility of the Executive Director of Finance and Commercial Services within the guidelines approved by the Full Council. Any balances required to be rolled forward should be discussed with the Executive Director of Finance and Commercial Services at the earliest opportunity before the year-end.

14. Procurement

- 14.1 Procurement relates to all methods of purchasing goods and services. The Council has a corporate strategy for procurement that is set out in Part 16 of the Constitution, 'Contract Standing Orders'. Every contract entered into on behalf of the Council must comply with the Contract Standing Orders.
- 14.2 Contract Standing Orders is very explicit in its application and written in a clear and concise manner. It is the RBO's responsibility to ensure that they have read the Standing Orders and understand their application to their role within the Directorate and Council.

15. Finance Training

- 15.1 The Executive Director of Finance and Commercial Services is responsible for ensuring that officers are sufficiently competent, trained and informed with regard to the financial affairs of the Council.
- 15.2 RBOs are responsible for ensuring that they receive adequate training in financial management to enable them to understand the processes, procedures and requirements. This also includes being responsible for ensuring that subordinate staff, with authorised financial responsibilities and finance related administrative duties, are also adequately trained and equipped to carry out their roles.
- 15.3 RBOs may need to access a variety of IT systems to assist in fulfilling their responsibilities and duties. They are responsible for ensuring that they have adequate access to appropriate IT systems, including appropriate system training.

16. Fraud and irregularity

- 16.1 The County Council has in place an anti-fraud and anti-corruption policy. Part of the employment conditions are that each employee must ensure they use Council time, resources, property and benefits honestly, responsibly and efficiently at all times, to ensure value for money.
- 16.2 Similarly, if RBOs become aware of impropriety, dishonesty or maladministration by another employee, they are expected to draw this to the attention of the Council's Statutory Monitoring Officer or other senior officer. The source of such information will be treated in the strictest confidence.
- 16.3 As a budget holder with authority and financial responsibility, there is a specific responsibility in respect of the prevention of fraud and irregularity through the Scheme of Authorisation and Financial Responsibility and approver process.
- 16.4 Protection of systems, access to accounting records, and use of, and access to, controlled stationery is important in minimising inappropriate use and risk exposure.

17. Joint arrangements with external organisations

- 17.1 Where the Council operates in a devolved environment or through a partnership or other arrangements, the Executive Director of Finance and Commercial Services must ensure that the roles and responsibilities for each of the activities and tasks in maintaining financial administration and stewardship are clearly defined, allocated and operated effectively.
- 17.2 The Executive Director of Finance and Commercial Services must ensure that the accounting and reporting arrangements to be adopted relating to partnerships and joint ventures are satisfactory. The Executive Director of Finance and Commercial Services and Chief Legal Officer (Norfolk Public Law) must also consider the overall corporate governance arrangements and legal issues when arranging contracts with external bodies. They must also ensure that the risks have been fully appraised before agreements are entered into with the external bodies.
- 17.3 Where such arrangements are in place within the RBO's remit they must ensure that they liaise with the Finance Department to fully understand the financial implications and processes of such arrangements in relation to their financial authority.

18. Absence, Conflicts of Interest

- 18.1 In this Scheme of Authorisation and Financial Responsibility, if an Officer to whom authority to exercise a delegated power is not in post or is absent, the

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duty or function shall be exercisable by the person covering that post under any interim arrangements.

- 18.2 In the case of a conflict of interest, the duty or function shall be exercisable by the relevant Executive Director authorised to do so under Article 11 (Officers) and Appendix 5 (Scheme of Delegated Powers to Officers) of the Constitution.