

Budget Monitoring Policy 2017-18



February 2017

Version History			
Version	Date	Detail	Author
0.1	24/01/2017	Draft	Paul Stone
1.0	24/01/2017	Final version	Paul Stone

This document has been prepared using the following ISO27001:2013 standard controls as reference:

ISO Control	Description
A.8.2	Information classification
A.7.2.2	Information security awareness, education and training
A.18.1.1	Identification of applicable legislation and contractual requirements
A.18.1.3	Protection of records
A.18.1.4	Privacy and protection of personally identifiable information

Objectives and Importance of Budget Monitoring

The Director of Finance is responsible for providing appropriate financial information to enable budgets to be monitored effectively by budget holders, and to report to Cabinet and Council on variances.

It is the responsibility of the Director of Finance to ensure that each Strategic Director is given timely information on each budget heading for which they are responsible, to enable them to fulfil their budgetary responsibilities and manage expenditure/income. Budget Monitoring ensures that relevant managers are made accountable for their elements of the overall budget, and resources are used for their intended and agreed purpose.

It is the responsibility of each Strategic Director to keep within their overall budget; it is the responsibility of finance staff under the direction (either directly or indirectly) of the Director of Finance to monitor these budgets, and to supply this information to departmental senior officers to assist in the management of their budget.

It is important that variances against budgetary targets are identified and explained. The Council can then identify changes in trends and resource requirements.

Budget monitoring is a means of identifying and managing possible over and underspends and will include a forecast for the year. This will enable corrective action to be taken for any problem areas during the year.

Frequency of Budget Monitoring

This note sets out the procedure for the monitoring process. Monitoring ideally should be done monthly, the first one being at period 3 (June).

If it is not possible to complete a full departmental monitoring process within any one month then a statement of assurance should be produced (see Appendix One). This will mean that significant or problem areas within your department have, at the very least, been monitored, with a revised forecast, or an assurance that the forecast remains the same as previously reported.

A departmental monitoring statement should be completed within 10 working days of the period end after actual to plan and plan to plan have been copied over to the new period. A series of meetings has been arranged, with the Director of Finance, to briefly discuss the latest budget monitoring position following each period end. A report should be drafted outlining the controllable departmental budget position, together with brief details of the main variances. A copy of the report should be forwarded to the Director of Finance (copy to Paul Stone), prior to the meeting. The following table gives guidance as to when these meetings should take place.

Monitoring Period	Meetings with Director of Finance
P3 – June 2017	w/c 24 July 2017
P4 – July 2017	w/c 28 Aug 2017
P5 – Aug 2017	w/c 25 Sept 2017
P6 – Sept 2017	w/c 30 Oct 2017
P7 – Oct 2017	w/c 27 Nov 2017
P8 – Nov 2017	w/c 1 Jan 2018
P9 – Dec 2017	w/c 27 Jan 2018
P10 – Jan 2018	Not required
P11 – Feb 2018	Not required
Outturn	tbc

The Strategic Director for each department also has a regular 'One to One' monthly meeting with the Director of Finance and the Assistant Chief Executive to discuss variances, with particular reference to proposed budget cuts.

Meetings have not been arranged with the Director of Finance for periods 10 and 11 as the position is unlikely to have moved significantly from that reported at period 9, however, if there has been a significant movement in the forecast position from period 9, a meeting with the Director of Finance should be arranged. Portfolio monitoring statements are expected to be reported regularly to the appropriate Cabinet Member after consultation with the relevant budget holders at periods 3, 5, 7 and 9.

Monitoring should be based on controllable budgets using the ZRCON hierarchy. It should be agreed and balanced to the controllable budget on the ledger (plan version 'C').

A full summarised Council revenue monitoring report will be submitted to Cabinet. This will occur 4 times a year and will normally report at periods 3, 5, 7 and 9, in addition to the year end outturn. The timetable for this is as follows:

Monitoring Period	Complete By	Report to Cabinet Member	Summarised Report to Cabinet
3 - June 2017	End July 2017	Within August 2017	12 September 2017
5 - August 2017	End September 2017	Within October 2017	14 November 2017

Monitoring Period	Complete By	Report to Cabinet Member	Summarised Report to Cabinet
7 - October 2017	End November 2017	Within December 2017	23 January 2018
9 - December 2017	End January 2018	Within February 2018	13 March 2018
12 + Special Periods Outturn	May 2018	tbc	tbc

All reports to the Cabinet Member will be in the format set out in Appendix Two.

Including the formal monitoring process outlined above, as a minimum, the following should be undertaken:

Period 3	<ul style="list-style-type: none"> • Proper full monitoring including a statement of over/underspend • A reconciliation of budget to plan version 'C' • Controllable and uncontrollable totals agreed to ledger • All budget virements included to agree plan version 'C' with Council budget • All significant variances identified and explained • Report to Cabinet Member
Period 4	<ul style="list-style-type: none"> • Summary of monitoring e.g. problem areas • Statement of assurance that there is no deviation from the previously reported forecast
Period 5	<ul style="list-style-type: none"> • Proper full monitoring including a statement of over/underspend • A reconciliation of budget to plan version 'C' • Controllable and uncontrollable totals agreed to ledger • All budget virements included to agree plan version 'C' with Council budget • All significant variances identified and explained • Report to Cabinet Member
Period 6	<ul style="list-style-type: none"> • Summary of monitoring e.g. problem areas • Statement of assurance that there is no deviation from the previously reported forecast
Period 7	<ul style="list-style-type: none"> • Proper full monitoring including a statement of over/underspend

	<ul style="list-style-type: none"> • A reconciliation of budget to plan version 'C' • Controllable and uncontrollable totals agreed to ledger • All budget virements included to agree plan version 'C' with Council budget • All significant variances identified and explained • Report to Cabinet Member
Period 8	<ul style="list-style-type: none"> • Summary of monitoring e.g. problem areas • Statement of assurance that there is no deviation from the previously reported forecast
Period 9	<ul style="list-style-type: none"> • Proper full monitoring including a statement of over/underspend • A reconciliation of budget to plan version 'C' • Controllable and uncontrollable totals agreed to ledger • All budget virements included to agree plan version 'C' with Council budget • All significant variances identified and explained • Report to Cabinet Member
Period 10 & 11	<ul style="list-style-type: none"> • Summary of monitoring e.g. problem areas • Statement of assurance that there is no deviation from the previously reported forecast
Period 12	Outturn report based on Period 14

Budget Monitoring Statement of Assurance

Month/Period 10

Department	Budget	Y/E Forecast	Forecast Y/E over/(under) spend	Portfolio
Corporate	17,586,111	16,987,589	(598,522)	F & M

I have reviewed month **10** monitoring and can confirm that the forecast remains the same as reported previously at month **9** as summarised above.

OR

Month/Period 10

Department	Section	Budget	Y/E Forecast	Forecast Y/E over/(under) spend	Portfolio
Corporate	County Buildings	2,116,127	2,191,365	75,238	F & M
Corporate	Coroners	919,079	1,491,858	572,779	F & M

I have completed budget monitoring for the above area/s of the departmental budget. The revised forecast for the year is as follows:

Department	Budget	Y/E Forecast	Forecast Y/E over/(under) spend	Portfolio
Corporate	17,586,111	17,358,773	(227,338)	F & M

APPENDIX ONE

The main changes are:

County Buildings:

Unexpected rates invoice	100,000
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Coroners:

Post mortem fees due to increase in case numbers and complexity of cases	250,000
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Signed: Karen Howes Post Title: Principal Accountant,
Corporate Accountancy

Date: 20 February 2011

APPENDIX TWO

PUBLIC

Agenda Item xx

DERBYSHIRE COUNTY COUNCIL

(MEETING)

(Date)

Report of the (Strategic Director's/Director's title)

TITLE OF THE REPORT

(State which portfolio if a report to Cabinet)

1. Purpose of the Report

To provide the Cabinet Member with an update of the Revenue Budget position for 2014-15 up to the end of XXX (period X).

2. Information and Analysis

The Revenue Budget Monitoring Statement prepared at period X indicated that there was a projected year end overspend of £X.XXXm. The significant areas which make up this projection are shown in the table below:

	Controllable Budget £m	Actuals £m	Projected Outturn £m
Item 1 – Narrative to support this item	x.xxx	x.xxx	x.xxx
Item 2 – Narrative to support this item	x.xxx	x.xxx	x.xxx
Other minor balances	x.xxx	x.xxx	x.xxx
Total	X.XXX	X.XXX	X.XXX

Budget reductions totalling £XX.XXXm were allocated for the year. It is anticipated that £XX.XXXm of these will have been achieved by the year end. The table below shows performance against the target.

	Budget Reduction Amount £m	Achieved Amount £m	Not Achieved £m

APPENDIX TWO

Savings Target 1 – Brief narrative, reason for non-achievement.	x.xxx	x.xxx	x.xxx
Savings Target 2 – Brief narrative, reason for non-achievement.	x.xxx	x.xxx	x.xxx
Savings Target 3 – Brief narrative, reason for non-achievement.	x.xxx	x.xxx	x.xxx
Total	X.XXX	X.XXX	X.XXX

Earmarked reserves totalling £X.XXXm are currently held to support future expenditure. Details of these reserves are shown below:

	Amount £m
Reserve 1 – Narrative to support this reserve	x.xxx
Reserve 2 – Narrative to support this reserve	x.xxx
Reserve 3 – Narrative to support this reserve	x.xxx
Total Earmarked Reserves	X.XXX