

## CONSTITUTION COMMITTEE

8 MARCH 2010

### ADOPTION OF REVISED TREASURY MANAGEMENT CODE AND PRUDENTIAL INDICATORS - Consequential amendments to the Constitution

#### REPORT OF THE ASSISTANT DIRECTOR OF LAW AND ADMINISTRATION

On the 24 February 2010, full Council approved the Council's Medium Term Financial Strategy which included at Annex 11 approval to the adoption of clauses on treasury management recommended by CIPFA. A copy of Annex 11 can be found via this link. <http://www.gloucestershire.gov.uk/index.cfm?articleid=1109>

Members will have received a copy with their Council papers.

The following consequential amendments to the Constitution should therefore be made. The Committee is asked to consider and recommend such amendments to full Council:

A. Amendment to the Terms of Reference of the Audit Committee:

Add: "To be responsible for the implementation and undertake regular monitoring of the Council's treasury management policies and practices".

B. Amendment to the delegated responsibilities of the Group Director of Business Management:

Add after "To determine arrangements for treasury management" the following:

"In accordance with the Council's policy statement and approved treasury management practices and where relevant CIPFA's Standard of Professional Practice on Treasury Management".

C. Amend Sections C12 to C19 of Financial Regulations as follows:

**C.12** The Chief Financial Officer is responsible for arranging the Council's banking arrangements including opening and closing of all accounts.

**C.13** All electronic transfers of funds will only be made by the Chief Financial Officer or his or her nominated signatory.

**C.14** All other payments made by the Council, with the exception of those made from imprest accounts, will be made by cheque or other payment instrument, bearing the manuscript or facsimile signature of the Chief Financial Officer or his or her nominee.

**C.15** The Authority has adopted CIPFA's Code of Practice for Treasury Management in Public Services. Under the code the following four clauses are adopted:

1. The Council will create and maintain, as the cornerstones for effective treasury management:
  - a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities
  - suitable treasury management practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives and prescribing how it will manage and control those activities.

The content of the policy statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of this organisation. Such amendments will not result in the organisation materially deviating from the Code's key principles.

2. The Council's Audit Committee will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.
3. The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Audit Committee and for the execution and administration of treasury management decisions to the Chief Financial Officer, who will act in accordance with the organisation's policy statement and TMPs and, if he/she is a CIPFA member, CIPFA's *Standard of Professional Practice on Treasury Management*.
4. The Council nominates the Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

**C.17** The Chief Financial Officer is responsible for reporting to the Cabinet, Leader of the Council or a Cabinet Member on the proposed treasury

management strategy for the coming financial year at or before the start of each financial year.

- C.18** All executive decisions on borrowing, investment or financing shall be delegated to the Chief Financial Officer, who is required to act in accordance with CIPFA's Code of Practice for Treasury Management in Public Services.

**IT IS RECOMMENDED THAT:**

The amendments to the Constitution set out above are approved and recommended to full Council.

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