



Role of the Section 151 Officer in respect of the Greater Lincolnshire LEP

Summary:

The Section 151 Officer has financial and governance oversight of decisions made by all the Greater Lincolnshire LEP decision making Boards, on behalf of the Accountable Body. The Section 151 Officer is the Executive Director of Resources at Lincolnshire County Council, and the Accountable Body is provided by Lincolnshire County Councils Enterprise Service Area.

Background:

CIPFA have developed guidance on the role of the S151 Officer (<https://www.cipfa.org/policy-and-guidance/reports/principles-for-Section-151-officers-working-with-leps>). All LEP's and Accountable Bodies should ensure they meet the standards set out in the guidance.

- Enshrining a corporate position for the Section 151 Officer in LEP Assurance
- Creating a formal /structured mandate for the Section 151 Officer
- Embedding good governance into decision making
- Ensuring effective review of governance and
- Ensuring appropriate skills and resourcing

Role:

The Section 151 Officer should ensure that their oversight of the proper administration of financial affairs with the LEP is carried out throughout the year. In addition to providing an assurance statement as part of the annual performance review by 28th February 2018 each years', the Section 151 officer is required to submit a letter to MHCLG Accounting Officer, which should include

- Details of the checks that the S151 Officer or deputies has taken to assure themselves that the LEP has in place the process that ensure proper administration of the financial affairs of the LEP

- A statement outlining whether, having considered all the relevant information, the Section 151 Officer is of the opinion that the financial affairs of the LEP are being properly administered and;
- if not, information about the main concerns and recommendations about the arrangements which need to be implemented in order to get the LEP to be properly administered.

Principles

Enshrining a corporate position for the Section 151 Officer in LEP Assurance
The Chair and Chief Executive of the LEP shall work with the Section 151 Officer to agree an effective responsibility arrangement. This will include both parties agreeing to work together to seek a mutually agreeable resolution where disputes arise. The shared responsibility should be agreed and set out in the Local Assurance Framework, ahead of the Section 151 officer writing to the accounting officer of MHCLG as required in the National Assurance Framework.

The Section 151 Officer must also provide an Annual Assurance Statement on their work for the LEP over the last twelve months and their opinion with a specific requirement to identify any issues of concern on governance and transparency as part of the LEP's Annual Conversation with government - beyond this, they are free to delegate.

The Section 151 officer shall be supported by the LEP and the accountable body to carry out such checks as are necessary to independently ensure the proper administration of financial affairs in the LEP.

Where the Section 151 Officer raises concerns or makes recommendations about changes required to ensure the proper administration of financial affairs, these shall be acted upon promptly by the LEP.

The Section 151 officer and Chief Executive/ chair acknowledge that proper administration of financial affairs continues throughout the year. Any improvements required should be clearly set out in the Local Assurance Framework action plan and monitored appropriately for delivery. Both have a role in identifying staff training needs to ensure compliant spend of funds and that all staff understand the governance and financial controls.

Creating a formal/structured mandate for the Section 151 officer

The LEP Board, and its supporting governance structure (where there are appropriate schemes of delegation), is the strategic body responsible for taking decisions on LEP business and LEP programme activity. Where concerns or

improper financial administration are identified the Section 151 officer shall provide recommendations for improvements to be made. The LEP board shall be responsible for making changes to address the concerns in line with the recommendations following local discussion with the Section 151 officer in line with the agreed responsibility arrangement. Where the Board does not agree with the recommendations and no agreement on the way forward can be reached with the Section 151 officer, the matter shall be referred to MHCLG who will escalate as appropriate.

The Section 151 officer shall have the right to record an opinion if required on the financial implication and assessment of risk (such as delivery risks and cost overrun risks) in every board paper. The LEP board do not have to follow the Section 151 officer's advice above, but where they decide on a course of action which goes against that advice, the Board should indicate and record the rationale for not following it.

Section 151 officers (or their delegated representatives) should also be invited to attend all board meetings and board agenda setting meetings, but shall not be entitled to vote or otherwise make LEP decisions.

The LEP shall recognise that treasury management and borrowing is part of the role of the accountable body.

The Section 151 officer should ensure that there are the correct, established financial processes in place leading up to board decisions such that financial delegations are respected.

Where there are concerns about systemic financial problems this shall be raised with the Cities and Local Growth Unit. The Section 151 officer will work with the LEP to improve financial standards, and progress shall become a standing item in the board meetings until the Section 151 officer is satisfied that the issue has been resolved.

The 151 officer and the LEP should agree appropriate arrangements over the discharge of the functions of an Audit committee.

Embedding good governance into decision making

The Section 151 Officer working with the LEP Chair and Chief Executive should ensure that the LEP and accountable body has procedures in place to consider the financial implications of decisions before and during the decision making process rather than reviewing decisions afterwards.

LEPs and the Section 151 officer should agree the budget risks facing the LEP at the outset of the financial year, and review them on a frequent basis. The risk appetite should be understood by both the LEP and the Section 151 officer. The LEP shall provide the risk register to the Section 151 officer on each occasion that it is revised.

At the beginning of the budget year, the Section 151 officer should be entitled to comment on the adequacy of the budget plan. This should be provided by the LEP Chief Executive at the beginning of each financial year.

In addition, the LEP should set out their scrutiny arrangements in their Local Assurance Framework to make sure there is strong governance in place, and appropriate scrutiny procedures to support that governance.

If the dual role of the Section 151 officer results in a potential conflict of interest impartial advice should be sought to ensure transparency.

Ensuring effective review of governance

An internal audit plan should be agreed for the year, this plan should include a risk-based audit plan of LEP activity that will provide assurance to the Section 151 officer and the LEP board at appropriate points through the year. LEPs should ensure that there are arrangements for funding the internal audit activity.

The internal auditors of the accountable body may provide assurances to both the LEP Board and the Section 151 officer. Guidance on internal audit sets out the assurances to be provided and the reporting relationships to maintain audit independence.

Following a completed audit (by either internal or external audit) where there are comments that relate to the LEP they should be reported back to the board by the Section 151 officer and Chief Executive or their representatives and provided to the Cities and Local Growth Unit.

Where serious concerns are encountered during the year for example repeated non-compliance with financial requirements or fraud then the Section 151 officer shall promptly raise these with the Cities and Local Growth Unit. Local resolution should be the first mechanism to resolve disputes, if this has been unsuccessful it should be raised with the Cities and Local Growth Unit.

Appropriate skills and resourcing

The Section 151 officer shall be given appropriate resources to carry out its functions in respect of the LEP, including audit where appropriate. LEPs and accountable bodies should frequently review resource needs, and consider if they are being appropriately met.

Underpinning good governance in the LEP model is an expectation of mutual support between the LEP and its accountable body.

There should be a culture of working that respects the Section 151 officer role of ensuring appropriate procedures are in place for scrutiny and financial rigour.

Arrangements in the Greater Lincolnshire LEP

Access to Information

The Section 151 Officer is provided with full access to all LEP documents and decisions in a timely manner to enact the responsibilities listed and ensure they are provided with the opportunity to raise questions and concerns. The S151 Officer or deputy, is an observer at the LEP Board, the Investment Board and the Finance and Audit Committee. Copies of all decision-making Board papers that include detailed performance reporting across all the LEP's activities are forwarded to senior management within the Accountable Body as a matter of course.

The S151 has delegated responsibility for overseeing and working with the LEP on day to day activities although the final sign-off of any documentation pertaining to the LEP rests solely with the Section 151 Officer.

The Accountable Body ensures, through the role of the Section 151 Officer, that LEP resources are subject to the usual local authority checks and balances which include the financial duties and roles imposed on Councils. All key finance decisions made on expenditure within a period will be reported to the LEP Board. This will be included in the Board papers and, as such, the Section 151 Officer will be able to view and provide comment on to the LEP Board.

The LEP also works closely with the Accountable Body on the financial due diligence of project investments, providing an additional layer of assurance to the Section 151 Officer and ensuring the LEP Board is appropriately advised in its independent decision-making process. The Accountable Body can exercise the power of veto over a LEP decision where this decision has the potential to expose them to legal or financial risk.

The Section 151 Officer submits a letter to the Ministry of Housing, Communities and Local Government (MHCLG) by the 28th February each year outlining that they

are assured the LEP follows its Assurance Framework processes and procedures and is compliant with such as laid out. The levels of assurance to provide this are built up in -year through the mechanisms above, audits undertaken and regular meetings with LEP Officers.

The Section 151 Officer also provides a statement during the Annual Conversation review with Government opining on the governance and transparency of the LEP and outlining whether the affairs of the LEP are being properly administered. In the unlikely event that the Section 151 Officer is not of this view however, then they will provide information about the concerns together with recommendations and timescales about the arrangements that need to be implemented in order to rectify. This can be undertaken at any time during the year.

Policy 12: Role of S151 Officer
Reviewed: March 2019
Policy Lead Officer: Linsay HillPritchard