

FOREWORD

Board members and business managers carry big responsibilities for the health and effectiveness of the organisations they lead and manage. The purpose of this resource pack is to help them understand, and find support for, the financial aspects of their role. Using money well means more and better public services. So managing finance is at the heart of what they want for their organisations. It is also at the heart of what the taxpayer, the service user and the public – often the same people – expect of them.

The CIPFA Financial Management Model¹ sets out some core principles: that financial management is the business of the whole organisation, not just finance staff, and that it requires a tone set from the top, sound processes, competent and motivated people and attention to the needs of stakeholders. Financial responsibilities can often be widely diffused. Board members are the focus of public accountability but they need managers to be financially literate and they need finance professionals to contribute challenge, interpretation and advice. Good financial management is therefore an organisational discipline, a key to value for money, and an enabler for service improvement.

This is also the message of the Audit Commission's discussion document *World Class Financial Management*,² which describes the three key groups with responsibility for financial management as:

- **Top management** – the Board or its equivalent. *“All members of the top management team, both executive and non-executive, need to accept individual and collective responsibility for the stewardship and use of resources and for financial accountability to external stakeholders.”*
- **Managers** – non-financial business managers. *“Managers remain accountable for the financial performance of their own service area – basic financial literacy and competencies are essential if managers are to understand the financial consequences of any decision they take.”*
- **Finance teams** – finance professionals. *“An excellent finance team is essential – the finance team has a role in supporting and advising managers on financial matters and robust quality assurance arrangements should cover all aspects of the work of the finance function.”*

When these three groups fulfil their financial management responsibilities successfully, they collectively create the financially literate organisation.

1. *The CIPFA FM Model: Statements of Good Practice in Public Financial Management*, CIPFA, 2007.
2. *World Class Financial Management*, Audit Commission, 2005.


This resource pack has been developed to support excellence in financial management for two of these groups: the Board, or its equivalent, and managers. There are two elements for each group:

- A **briefing**, so that individuals can test their understanding of their role in financial management and can identify development areas.
- A **competency framework** for financial management skills and knowledge for the organisation to use as one element of its overall competency suite.

Continuing personal development and competency for all staff and non-executive board members is part of the drive for improvement and excellence.

Clearly the finance function must itself be fit for purpose. The competencies for board members and managers have been developed with this as given. The finance function may be organised as a mix of centrally located staff, staff devolved across the organisation and some services outsourced. It will be led by a qualified professional who sits at the organisation's top table. Finance staff will demonstrate a range of expertise and may hold various qualifications. Professional staff will have undergone examination and hold membership of an accountancy body, and be subject to mandatory continuous professional development; codes of ethics and professional standards, underpinned by disciplinary process and regulation. CIPFA and other professional accountancy bodies all have such frameworks.

We hope that this pack will offer organisations the resources they need to address the key organisational discipline of financial management and to develop financial literacy throughout the organisation.



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