

| GLOSSARY OF FINANCIAL TERMS | |
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| Aggregate External Finance (AEF) | Aggregate external finance (AEF) represents the support for local revenue spending from the Welsh Government and is made up of formula grant. Formula grant includes the revenue support grant (RSG), and the distributable part of non-domestic rates (NDR). Amounts are determined annually and in advance of each new financial year as part of the Local Government Financial Settlement. |
| Annual Report & Accounts | The document that contains a summary of the purpose of the local authority, its activities and performance for the year, as well as the annual accounts. |
| Anti Canvassing | A declaration that a supplier, provider or contractor has not been party to canvassing or lobbying Council staff or Members either directly or indirectly to gain preferential treatment in competitive tendering processes. |
| Anti Collusive | A declaration that a supplier, provider or contractor has not been party to possibly fraudulent arrangements between two or more of them whereby prices or service requirements are manipulated to get round competitive tendering. |
| Assets | Any item of value owned by an entity (e.g. buildings, vehicles). Assets can be classed as Non-current or capital assets where the asset has a useful life of more than one year (e.g. buildings, vehicles), or a current asset which includes cash or other assets which can reasonably be expected to be converted to cash in the normal course of business including stocks, debtors etc. |
| Audit Certificate | The document that contains the opinion of the external auditor regarding an organisation's accounts, systems and standards. |
| Audit Committee | Audit Committees monitor and review the risk, control and governance processes that have been established in an organisation and the associated assurance processes to ensure that internal control systems are effective and that activities are within the law and governing regulations. This is done through a process of constructive challenge. |
| Audit Plan | Internal audit identification of the work that they intend carrying out over the audit planning period (up to a year) and the resources needed for that work. |
| Barnett Formula | The formula used to allocate a population based share of changes in planned expenditure on comparable services by Departments of the UK Government to the devolved administrations of Wales, Scotland and Northern Ireland. The Barnett Formula calculates the size of change to the assigned budget rather than the total assigned budget. |
| Benchmarking | A method for councils to work out how well they are doing, by comparing their performance with other, similar councils, and with performance indicators. |
| Best value | A statutory duty owed by local authorities to their local community, requiring them to make continuous improvements in the way they carry out their functions having regard to a combination of economy, efficiency and effectiveness. |

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| Block Grant | The Block Grant is the sum of money voted by parliament to the Secretary of State for Wales. It constitutes the assigned element of the Welsh Governments' Departmental Expenditure Limit and is calculated from the existing baseline using the Barnett Formula. |
| Budget | A statement expressing the Council's policies and service levels in financial terms for a particular financial year. In its broadest sense it includes both the revenue budget and the capital programme and any authorised amendments to them. |
| Budget Book | The publication in which the Council sets out its budget for a particular financial year. |
| Budget Head | For a particular service activity, the level of detail at which revenue or capital budgets are approved by the Council, whether in the Budget Book, the latest approved capital programme or as a result of supplementary estimates approved for the budget year. |
| Budgetary Control | The continual review of expenditure and income, both revenue and capital, against planned levels of expenditure and income to help ensure that service objectives are achieved and the overall resources of the Council are not over or under spent. This process is aided by the use of budget profiles. |
| Capital Programme | The Council's financial plan covering capital schemes and expenditure proposals for the current year and a number of future years. It also includes estimates of the capital resources available to finance the programme. |
| Capital Charges | A calculation of the annual costs, included within the revenue accounts of using capital assets. This includes, where appropriate depreciation. |
| Capital Expenditure | Spending on non-current assets (buildings, equipment and land) intended to benefit future accounting periods or spending that increases the capacity, economy, efficiency or lifespan of an existing asset. |
| CIPFA | Chartered Institute of Public Finance and Accountancy |
| Code of Corporate Governance | The part of the Council's constitution which sets out the systems and processes, and cultures and values necessary for achieving and demonstrating good corporate governance. |
| Codes of Conduct | The protocols within which Members and Officers will work as set out in the Constitution. |
| Codes of Practice | Guidance issued by professional bodies in relation to standards which are not regulated by statute, or by the Council itself. |
| Collaborative Arrangement | A contract or agreement established in conjunction with one or more other organisations. |
| Collaboration/ Consortium | The process of procurement shared between different Councils or other public sector organisations. |
| Construction Industry Scheme 2007 | Legislation designed to ensure that all payments to contractors are made in accordance with HMRC legislation. |
| Consultant | A person (not an employee), agency or firm engaged for a limited period of time on a fee basis to carry out a specific task or tasks. A consultant provides subject matter expertise and/or experience to the Council either because it does not possess the skills or resource in- |

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| | house or which requires an independent evaluation/assessment to be made. |
| Contract | An agreement to be supplied with goods, works, services or supplies on mutually agreed and binding terms, often in writing. |
| Contractor/ Supplier/ Provider | The successful 'other party' with whom a contract is formed to provide the specified requirement. |
| Corporate Contracts | A contract which has been procured by Flintshire County Council or a Consortium for the potential use of, and on behalf of, the whole of Flintshire. |
| Corporate Governance | The system by which organisations are directed and controlled. The framework that ensures that an organisation fulfils its overall purpose, achieves its intended outcomes for residents of Flintshire and service users, and operates in an effective, efficient and ethical manner. |
| Council Fund | The fund to which all the Council's revenue expenditure is charged |
| Council Tax | A local tax based on the capital value of residential properties. |
| Council Tax Base | The estimated number of chargeable properties, expressed as the equivalent number of 'Band D' properties in the Council's area. The Council is required to annually advise the Welsh Government of its Council Tax Base (as at 31 st October), which they use in the Local Government Financial Settlement, and to allow the County Council, North Wales Police Authority and Town / Community Councils to calculate the following year's Council Tax charges. |
| Council's Constitution | The Constitution sets out how Flintshire County Council operates, how decisions are made and the procedures which are followed to ensure that the Council is efficient, transparent and accountable to local people. |
| Council's Monitoring Officer | The Officer designated by the Council as its Statutory Monitoring Officer. |
| Creditors | A person or body to whom the Council owes money. |
| Debtors | A person or body who owes the Council money. The debt may derive from a number of sources such as Council Tax or rent arrears, rechargeable works or where an account has been rendered for a service provided by the Council. |
| E procurement | The effective use of ICT to communicate and transact Council business with suppliers etc. |
| E tender | The effective use of ICT to undertake tenders. |
| Estimated Outturn | Estimates of the expenditure to the end of the financial year, made on the basis of actual expenditure incurred to date. |
| External Audit | External auditors provide an independent check that the annual accounts of a body properly reflect the financial year, funds were spent in accordance with relevant regulations or directions, and that the body achieves the best possible value for public money. External audit may also carry out value for money or other reviews of services. |
| Financial Regulations | That part of the Council's Constitution which provides an approved framework for the proper financial management of the authority. |
| Financial year | The period of twelve months commencing on 1 April |
| Framework Agreements | An arrangement under which a contracting Authority establishes with a provider of goods, works or services, the terms under which contracts |

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| | subsequently can be entered into, or 'called-off' (within the limits of the agreement) when particular needs arise. |
| Fraud | Fraud is an intentional deception made for personal gain or to damage another individual. Good internal controls and governance arrangements are essential to minimise the risk of fraud. When council suffer fraud or theft it is often the case that the perpetrator has prepared false documents to disguise or to cover up the theft or fraud. In many cases the false documents include invoices and minutes |
| Goods | Tangible, moveable commodities (e.g. furniture and equipment etc) |
| Housing Revenue Account | The Housing Revenue Account (HRA) is a local authority account showing current income and expenditure on housing services related to its own housing stock. The account is separate from the council fund and trading accounts and is funded primarily from rents and government subsidy. Rent increases and the Housing Revenue Account Subsidy (HRAS) are approved annually under Standing Order 29, by the Welsh Government, through the <i>(Wales) General Determination of the Item 8 Credit and Item 8 Debit</i> and the <i>Housing Revenue Account Subsidy (Wales) Determination</i> . |
| Hypothecated Funding | Ring-fenced funding, which must be spent on particular services or initiatives |
| Indicator Based Assessments (IBAs) | Service specific Indicator Based Assessments (IBAs) are combined to generate total Standard Spending Assessments (SSAs, see further on) which are used by the Welsh Government to distribute the Revenue Support Grant funding to Local Authorities. IBAs are for use in calculating total SSAs and are not intended for use in determining individual authorities' budgeted expenditure on particular services. |
| Investment Income | Income form interest receipts on investments held by the council |
| Indemnity | Protection against future loss, or legal exemption from liability for damages |
| Insurance | Insurance is one of the ways that the councils manage the risk of losses |
| Internal Audit | Internal audit provides an objective appraisal service within an organisation, to improve the organisation's risk management, control and governance procedures, and to provide assurance to the accountable officer and the audit committee on these matters. |
| Internal control | The systems an organisation has in place to manage and mitigate risk. |
| Inventory | A detailed listing of all goods, materials, furniture and equipment in the ownership or use of a particular service, other than those held in stocks and stores records. They are also subject to periodic physical checks. Inventories are normally maintained in sufficient detail as to description, location, age, value etc. to enable any material loss arising from a fire, theft or other event to be identified and to support any insurance claim. |
| Land Terrier | Records of land owned by the Council |
| Liabilities | Items that are owed by the entity such as loans, leases, etc. |
| Liquidated Damages | A prior estimate of a justifiable financial loss in the event of a failure to complete by the specified date(s). |

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| Materiality | An expression of the relative significance of a particular matter in the context of the financial statements as a whole |
| Members Allowances | A scheme of payments to elected Members of the Council in recognition of their duties and responsibilities in accordance with the relevant Regulations. |
| Medium Term Financial Strategy | The approved strategic process by which the council expects to finance its activities in the medium term. |
| Outturn | Expenditure actually incurred |
| Overspend | When referring to expenditure the actual expenditure incurred is greater than the budget. Shown as a +ve When referring to income the actual income achieved is less than the budget. Shown as a +ve. |
| PAYE | Tax deductions from salaries and wages payments made by the Council in accordance with HMRC legislation. |
| Petty Cash/Imprest Account | A small amount of cash kept on hand by a service for incidental expenses |
| Precept | This is the Council Tax collected by the Council on behalf of the Community Councils and the North Wales Police Authority |
| Procurement | Procurement is the process of obtaining supplies, services and works spanning the life cycle of the asset or service contract. It has a wider meaning than traditional terms such as purchasing, buying or commissioning. It is about securing services and products which best meet the needs of all stakeholders; anyone who can or might be affected by the services and products involved. |
| Reserves | These are balances in hand that have accumulated over previous years and are held for defined (earmarked reserves) and general (general reserves) purposes. Councils are required to regularly review the level and purpose of their reserves and to take account of the advice of the Chief Finance Officer. |
| Revenue | A term used to describe the day-to-day costs of running Council services and income deriving from those services. It also includes however charges for the repayment of debt, including interest, and may include direct financing of capital expenditure. |
| Revenue Support Grant (RSG) | <p>The Revenue Support Grant (RSG) represents the major element in the support for local revenue spending that the Council receives from the Welsh Government, as required by section 78(1) of the <i>Local Government Finance Act 1988</i>. Amounts are determined annually and in advance of each new financial year as part of the Local Government Financial Settlement, and form a part of the Aggregate External Finance (AEF).</p> <p>The objective of the revenue support grant system is to enable authorities to provide a common level of service consistent with an aggregate figure of total standard spending (as assessed by Welsh Government using Standard Spending Assessments, see below). Its aim is to compensate for differences in the levels at which authorities need to spend and at which they can raise council tax in order to provide a common level of service. This objective is met by calculating the revenue support grant for each authority as the difference between its standard spending assessment and the sum of its re-distributed</p> |

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| | non-domestic rate income and council tax (as calculated by the Welsh Government for standard spending purposes.) |
| Risk Management | A planned and systematic approach, involving culture, structure and processes, to provide assurance that the Council's significant risks are identified, evaluated and managed effectively |
| Risk Management Policy | An agreed policy which sets out how and why the Council will manage risk of all types across all of its activities |
| Scheme of Delegation | The framework by which budgetary control and financial monitoring are exercised at a local level. |
| Section 151 Officer | Section 151 of the Local Government Act 1972 requires every local authority to make arrangements for the proper administration of their financial affairs and requires one officer to be nominated to take responsibility for the administration of those affairs. In Flintshire, this responsibility is vested in the Head of Finance. |
| Select List | A list of suitably qualified contractors, suppliers or providers that has been drawn up and assessed through an advertising and short-listing exercise for a particular contract or procurement activity. |
| Services | Intangible commodities (e.g. agency staff, consultants etc). It can also mean support to individuals or groups. |
| Standard Spending Assessments (SSAs) | <p>Standard Spending Assessments (SSAs) are notional assessments of each council's need to spend on revenue services, calculated each year by the Welsh Government for use in the distribution of the Revenue Support Grant (RSG). SSAs are calculated prior to the year to which they relate using principles established by the Welsh Government, which encompass the demographic, physical and social characteristics of each area, as reflected by a range of indicators. SSAs include the need to spend on the current element of revenue expenditure and the need to spend on the capital charges element of revenue expenditure. The distribution of the current element between local authorities is based on the distribution of, such as pupil numbers, population and measures of deprivation and rurality. The distribution of the capital charges element between local authorities is based on the latest available credit ceiling figure for each authority (which is essentially the level of unpaid debt) together with estimates of how this will change in the year to which the SSAs relate.</p> <p>SSAs are intended to reflect variations in the need to spend which might be expected if all authorities responded in a similar way to the demand for services in their area, and as this is the mechanism for distributing the RSG to local authorities this would enable all authorities in Wales to charge the same level of council tax for the provision of a similar standard of service.</p> <p>An authority's SSA is derived as a funding mechanism to distribute the RSG, it is not and should not be viewed as a target level of expenditure for an authority. The RSG funding is unencumbered, SSAs are not meant to be prescriptive in any way, and therefore authorities will spend at levels above and below their SSA according to decisions that have been made locally.</p> |

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| Statement of Accounts | <p>The Statement of Accounts provides details of the Council's financial position over the previous financial year. Its purpose is to give electors, those subject to locally levied taxes and charges, members of the authority, employees and other interested parties clear information about the authority's finances. Statements of Accounts across all local authorities should reflect a common pattern of presentation, although this does not require them to be in an identical format.</p> <p>The Statement of Accounts is produced in accordance with the requirements of the Code of Practice on Local Authority Accounting in the UK (the code). The code is updated annually and in 2010/11 the code was based on International Financial Reporting Standards (IFRS) issued by CIPFA for the first time.</p> |
| Sub-contractors | A subcontractor is a legal person appointed by a contractor to get the contract, part of the contract or any section of the contract assigned to him to be executed. |
| Supplies | Consumables (e.g. paper, stationery, foodstuffs etc). |
| Tender List | Drawn from a previously determined select list, the list of suppliers, providers or contractors actually invited to tender |
| Tenderer | A potential supplier or provider or contractor. |
| Third Sector | Third Sector Organisations are key partners in the delivery of services on behalf of the people of Flintshire |
| Treasury Management | The management of the authority's cash flows, its borrowings and its investments, the management of the associated risks, and the pursuit of the optimum performance or return consistent with those risks. |
| Treasury Management Strategy | The strategy for the Treasury Management activities to be adopted for a particular financial year. The strategy needs to be flexible enough to allow the Head of Finance to respond appropriately to changing circumstances during the course of the year to the best advantage of the Council. |
| Underspend | When referring to expenditure the actual expenditure incurred is less than the budget. Shown as a –ve. When referring to income the actual income achieved exceeds the budget. Shown as a -ve. |
| Unhypothecated Funding | Funding allocated without restrictions on how it should be spent. |
| Unhypothecated Supported Borrowing | A source of funding from the Welsh Government to finance general capital expenditure. Allocations are issued annually to each local authority as part of the Local Government Financial Settlement. The Welsh Government includes an element within the Revenue Support Grant to fund the cumulative costs of this borrowing that is classed as supported borrowing. |
| Unsupported (Prudential) Borrowing | Borrowing to fund capital expenditure which exceeds Welsh Government support in the Revenue Support Grant. Councils can choose to fund capital expenditure through Unsupported (Prudential) Borrowing so long as they demonstrate that borrowing is prudent, sustainable and affordable, as the ongoing revenue costs of |

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| | unsupported borrowing will still need to be met from available resources. |
| Value for Money | <p>Broadly value for money is the extent to which objectives are achieved in relation to costs. It is about achieving the optimum combination of costs and benefits to an organisation.</p> <p>Value for money is more formally defined as the relationship between economy, efficiency and effectiveness.</p> <p>Economy is the price paid for what goes into providing a service</p> <p>Efficiency is a measure of productivity – how much you get out in relation to what is put in</p> <p>Effectiveness is a measure of the impact achieved and can be quantitative or qualitative. Outcomes should be equitable across communities, so effectiveness measures should include aspects of equity.</p> |
| Variance | <p>Difference between latest budget and actual income or expenditure. Can be to date if reflecting the current or most up to date position or projected for example projected to the end of the month or financial year.</p> |
| Virement | <p>The transfer of budget provision from one budget head to another. Virement decisions apply to both revenue and capital expenditure heads, and between expenditure and income, and may include transfers from contingency provisions. Virements may not however be approved between capital and revenue budget heads.</p> |