

By: Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services – Peter Oakford  
Corporate Director of Finance – Zena Cooke

To: Governance and Audit Committee – 25 January 2022

Subject: Updated Financial Regulations

Classification: Unrestricted

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Summary: This report summarises the updated financial regulations, prior to approval by County Council.

## **FOR RECOMMENDATION**

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### **1. Introduction**

- 1.1 The Financial Regulations have been reviewed and updated. Whilst there has been no major re-write or change to the format of the regulations, amendments have been made to reflect changes in structures/working practices, to ensure our regulations reflect current best practice and strengthen areas where there were known gaps.
- 1.2. In line with the terms of reference of this Committee, the revised regulations need to be agreed before being submitted to County Council for approval as an amendment to the Constitution.
- 1.3 This review has been undertaken as part of a programme of work looking not only at the Financial Regulations but also the Constitution itself and the Delegation Matrix.

### **2. Main Amendments**

- 2.1 The process for conducting this review included:
  - Looking at the Constitution to ensure the Regulations comply with the Constitution;
  - Addressing concerns/gaps raised by staff;
  - Ensuring other relevant procedures/publications are still relevant and available on Knet.
- 2.2 The amendments made to the Regulations and Scheme of Delegation can be seen in detail at Appendices A and B, as they are presented showing all tracked changes.
- 2.3 The main areas of change to highlight are:

Within the Financial Regulations:

- The role of the full Council - has been amended to match the wording of the Constitution and to make clear the connection between Scrutiny and full Council. (Ref. Introduction, Para 2.2)
- Scrutiny Committee wording amended to make responsibilities clearer. (Ref. Introduction, Para 2.5)
- The Governance and Audit Committee responsibilities in relation to Counter Fraud have been expanded. (Ref. Introduction, Para 2.6 (ix, x, xi and xii))
- The Governance and Audit Committee responsibilities have been amended to include ensuring that the Council has appropriate governance arrangements in place to manage the relationship between the Council and the companies it has majority control of. (Ref. Introduction, Para 2.6 (xiii))
- The Governance and Audit Committee responsibilities have been amended to include ensuring the Council has appropriate arrangements in place to ensure commercial opportunities and risk presented through company ownership are managed effectively.
- The Corporate Director of Finance's particular responsibilities have been amended to include 'advising the Council on its overall financial resilience'. (Ref. Introduction, Para 2.12 (i))
- The Head of Paid Services, Monitoring Officer and Corporate Director of Finance common responsibility relating to providing advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and Budget and Policy Framework issues to all Members has been added into the regulations. (Ref. Introduction, Para 2.14 (i))
- Regulation relating to the medium-term budget and financial strategy – has been amended to reflect that the budget will cover an appropriate period rather than a specific period. (Ref. Section A.2)
- Regulation relating to Revenue budgeting – budget format – has been amended to state that the draft budget should include analysis of significant changes and policy choices included within the proposed budget. (Ref. Section A.7)
- Regulation relating to Revenue budgeting – budget preparation – has been amended reflect that the budget will be presented in an appropriate format that aligns with the structure and complexity of the Council. (Ref. Section A.10)
- Regulation relating to Revenue budgeting – Resource allocation – amendments made to the responsibilities of the Leader. (Ref. Section A.15)
- Regulation relating to Capital Programme and capital budgeting – addition to the Corporate Director of Finance responsibilities in relation to the revenue implications of debt costs from additional borrowing and surety of external funding. (Ref. Section A.22 (iv and v))
- Regulation relating to Capital Programme and capital budgeting – Corporate Director responsibilities amended to reflect the role of the Capital Officer Group, the approval process and to ensure VAT implications are considered. (Ref. Section A.23 (iii, iv, v and vi))
- Regulation relating to the maintenance of reserves and provisions – Corporate Director of Finance responsibilities expanded to include 'proposing the Council's Reserve Policy' and 'ensuring compliance with

- reserves policy and governance procedures relating to strategic priorities and general corporate reserves'. (Ref. Section A24 (i and vii))
- Regulation relating to Revenue Budget Monitoring and Control – amendments to Corporate Director responsibilities in respect of approval of new proposals. (Ref. Section B.3 (vii and viii))
  - Regulation relating to Virement – amendment to approval process to align with amendments in Section B.3. (Ref. Section B.7)
  - Regulations relating to Internal Control and Preventing fraud and corruption – have been revised and expanded. (Ref. Section C.6 (v) and Section C.12 and C.13)
  - Regulation relating to Audit Requirements – amended to reflect that the externally audit contract has been awarded to Grant Thornton. (Ref. Section C.8)
  - Regulation relating to Income – write off debts – amendments to type of debt the Corporate Director of Finance is authorised to write off. (Ref. Section D.6 (i, ii, iii, iv and vi))
  - Regulation relating to Ordering and Paying for Works, Goods and Services – the officer delegated authority to approve expenditure has increased to up to £1m and aligns with the Key Decision level set out in the Constitution. (Ref. Section D.15)
  - The regulation relating to Taxation – amended to include the delegation of taxation management to the Chief Accountant. (Ref. Section D.23).

Within the Scheme of Delegation:

- Note 6 has been amended to reflect that the writing off of irrecoverable debts should be in line with the Financial Regulations.

### 3. Recommendation

Members are asked to recommend the updated Financial Regulations, including the delegated authority matrix, to be put forward to County Council for approval.

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