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To: County Council – 28 March 2024

Subject: Updated Financial Regulations and Scheme of Delegation

Classification: Unrestricted

Summary: This report summarises the updated Scheme of Delegation and Financial Regulations, which the Governance and Audit Committee recommend for adoption.

Recommendation County Council is asked to adopt the revised Financial Regulations (attached as Annex A) and Scheme of Delegation (attached as Annex B).

1. Introduction

- 1.1. A Governance & Audit Subgroup, comprising Members and Officers, has reviewed and updated the Financial Regulations, with the intention of creating a more concise, easy to follow document whilst retaining the required content.
- 1.2. The output of that work was considered at Governance and Audit Committee on 1 February 2024, with a recommendation that County Council approved the new Financial Regulations. The updated Scheme of Delegation was also reviewed and is recommended for adoption.

2. Main Amendments to the Financial Regulations

- 2.1 The Council has a responsibility to ensure it establishes strong internal control procedures so that activities are conducted in an efficient, effective and well-ordered manner. Part of this includes devising and maintaining Financial Regulations, which are designed to detail the responsibilities, procedures and working practices adopted by the Council and provide essential instruction, guidance and advice in relation to day-to-day financial administration.
- 2.2 In KCC, the Financial Regulations have been updated annually for things like changes in legislation and structural and HR changes and have served their purpose well. However, eventually the document becomes unwieldy and more difficult to understand. So, given the financial challenges facing the Council, it was an opportune time to strengthen and clarify financial accountabilities within the Regulations.
- 2.3 The proposed new Financial Regulations can be seen in full in Annex A. The current version of the Financial Regulations is on KNet [here](#).

- 2.4 The proposed new document is much shorter compared to the previous version (24 pages compared to 38), increasing usability whilst retaining the required content. This should begin to address the issue of staff understanding and will be reinforced by a communication strategy and a training offer, alongside comprehensive guidance documentation on Knet.
- 2.5 The overall approach has been only to detail what must be done (rather than list general accountabilities or what is expected). The structure has also been amended to reflect the normal annual financial cycle (budget setting, monitoring and decision making, final accounts). But it was acknowledged that the Regulations also need sections on financial administration, systems and processes and external arrangements.
- 2.6 There is also a new section on the key accountabilities of major posts and Member bodies right at the start (section 2), including a new section on the responsibilities of Directors. There is also a new matrix style page summarising 'who does what' that allows user to quickly navigate to their relevant sections, depending on their role in the Council.
- 2.7 Maintained schools are also subject to these Financial Regulations, insofar as they are consistent with the provisions of the Scheme for the Financing of Schools, under Section 48 of the School Standards and Framework Act 1998. Once approved, a version of the Regulations that reflects roles in schools will be published.
- 2.8 It is proposed that the Corporate Director – Finance reviews the Financial Regulations in two years time and reports to Governance & Audit on any proposed amendments at that time.

3. Main Amendments to the Scheme of Delegation

- 3.1 The main areas of change to the scheme of delegation reflect new structures and procurement processes and are as follows:
- the name of the former 'Strategic Commissioning Service' has been changed to 'Commercial and Procurement Division',
 - the new role of 'Commercial & Procurement Officer/Senior Buyer' within the revised Commercial and Procurement Division structure has been added,
 - the section title 'Procurement & Invoice Approval Process' has been changed to 'Procurement & Payment Approval Process' to include the use of purchase cards for making some payments when invoicing is not an option.
 - 'Purchase Card Payment' and the associated note 19 have been added, as the use of purchase cards when appropriate is established practice.
 - note 20 has been added to reflect the accepted practice of Responsible Managers formally delegating authority to Nominated Managers and Additional Approvers to authorise expenditure.

- Titles have been updated in the notes section to reflect the current roles and service structures.
- Clarification on CMT requisition or budget expenditure approval levels

Background Documents

Annex A - Proposed new Financial Regulations

Annex B - Proposed new Scheme of Delegation

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