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To: Governance and Audit Committee – 1 February 2024

Subject: Updated Financial Regulations and Scheme of Delegation

Classification: Unrestricted

Summary: This report summarises the updated Scheme of Delegation and Financial Regulations, prior to approval by County Council.

Recommendation: The Governance and Audit Committee are asked to approve the revised Financial Regulations (attached as Annex A) and Scheme of Delegation (attached as Annex B) and recommend that they are presented to County Council for adoption

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 KCC Scheme of Delegation has been reviewed and updated. Whilst there has been no major re-write or change to the format, amendments have been made to reflect changes in structures and working practices.
- 1.3. In line with the terms of reference of this Committee, the revised Scheme of Delegation and updated Financial Regulations need to be proposed and agreed to County Council.

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. Also, Internal Audit's report on compliance with Financial Regulations in September 2023 highlighted a lack of knowledge and understanding of the regulations and the External Auditors have commented on this too.

- 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.

3. Main Amendments to the Scheme of Delegation

- 3.1 The amendments made to the Scheme of Delegation can be seen in detail at Annex B, as they are presented showing all tracked changes.
- 3.2 The main areas of change to highlight are:
 - 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.

Background Documents

Annex A - Proposed new Financial Regulations

Annex B - Proposed new Scheme of Delegation

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