

Report of the Assistant Director of Resources (Customer Service & Governance)

## **Draft Revised Financial Regulations**

### **Summary**

- 1 The purpose of this paper is to present to Audit & Governance Committee (A&G) for discussion and comment the draft revised Financial Regulations, for onward approval by Executive.

### **Background**

- 2 The council's current Financial Regulations were introduced in 2006 and formed supplementary guidance to the Constitution. The purpose of the regulations is to lay down the rules and guidelines to be followed by the organisation to ensure the integrity of its financial arrangements.
- 3 The current regulations have provided an effective regulatory framework that has allowed the organisation to operate with minimum risk. They were however more comprehensive than was required with substantial sections of the Constitution being repeated within the regulations with several layers of officer and member decision-making. To ensure it can react quicker, improve its customer service and become more efficient the current regulations have at times worked against this ethos.

### **The Regulations**

- 4 The purpose of the revised draft Financial Regulations (Annex A) is to provide a more flexible set of regulations maintaining the key principles of the current regulations but reflecting the more devolved decision making framework adopted by the council. The revised regulations also take out unnecessary repeated elements of the Constitution to try to provide a more concise user friendly document.
- 5 A second part of the current regulations is often referred to as the Procurement Regulations. In line with many other authorities this element has been separated into a devolved set of regulations and renamed as the Contract Procedure Rules (CPRs). The Financial Regulations along with the CPRs are underpinned by a set supplementary guidance documents to form a comprehensive set of financial procedures as shown at Table 1 below:

**Table 1**

<b>Financial Procedures</b>	
<b>Financial Regulations &amp; Contract Procedure Rules</b>	
Supporting supplementary guidance:	<ul style="list-style-type: none"><li>• Asset Disposal Policy</li><li>• Income Policy</li><li>• Corporate Procurement Guidance Manual</li><li>• Risk Management Policy &amp; Strategy</li><li>• External Funding/Grant Guidance Manual</li><li>• Petty Cash Rules</li></ul>

**6** In removing the elements of duplication between the Constitution and the Financial Regulations and providing proper indexing and summaries a readable track changed document is difficult to produce however the key changes to the regulations include:

- removing duplication of information already contained elsewhere in the Constitution;
- separating the contract procedure rules (CPRs) into a separate document;
- future proofing in terms of electronic solutions;
- providing greater discretion to the Chief Finance Officer (CFO) in terms of reporting regulatory breaches to members;
- updating of terminology to reflect current regulations, corporate policy and strategy;
- changes to the delegation thresholds with regards to virements and write-offs to bring them in line with other councils and speed up decision making;
- provision of a proper index and page numbering;
- reference to new supplementary guidance where appropriate;
- provision of a summary page showing all delegated thresholds.

- 7 The revised CPRs are at an early draft format and will come to A&G in September for consultation purposes prior to going to Executive for approval. The Income Policy and Corporate Procurement Guidance Manual have already been approved by Executive. The Asset Disposal Policy was approved by Audit & Governance Committee in March 2009. The External Funding/Grant Guidance Manual is at a very earlier stage but should be developed over the Summer and be brought to A&G in September along with the CPRs.
- 8 The regulations and supporting documentation will not be effective unless all relevant officers and members are aware of the changes and any new rules. It is intended that once approved by Executive a formal training programme will be delivered in the Autumn to help raise awareness and embed the regulations across the organisation.

### **Consultation**

- 9 The draft Financial Regulations have been issued to all finance managers for consultation purposes along with other key officers across the council. This report provides the opportunity for member consultation before the final draft is taken to Executive for approval.

### **Options**

- 10 This report is for consultation purposes so there are no specific options available other than to recommend that the existing regulations are kept.

### **Analysis**

- 11 Not applicable to this report.

### **Corporate priorities**

- 12 The implementation of effective financial control is critical in contributing to the delivery of an 'Effective Organisation' and helps to underpin and support all priorities that form the Corporate Strategy .

### **Implications**

- (a) **Financial** – Financial implications are contained within the Annex to the report.
- (b) **Human Resources (HR)** - There are no implications.
- (c) **Equalities** - There are no implications.
- (d) **Legal** - There are no implications.
- (e) **Crime and Disorder** - There are no implications.

(f) **Information Technology (IT)** - There are no implications.

(g) **Property** - There are no direct implications.

### **Risk Management**

13 The organisation is at risk if it does not have effective and appropriate financial regulations that provide for proper stewardship and integrity of its financial arrangements. The regulations also need to ensure that the council can operate efficiently in delivering its services and projects.

### **Recommendations**

14 A&G members are asked to comment on the format and content of the draft Financial Regulations attached to this report at Annex A and recommend that they are sent for approval at Executive.

#### Reason

*To seek A&G members' views as to whether the draft Financial Regulations are appropriate in maintaining the integrity of the council's financial arrangements.*

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Report  
Approved



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#### **Specialist Implications Officer(s)**

**Wards Affected** Not applicable

All

**For further information please contact the author of the report**

**Background Papers**

None

**Annexes**

Annex A – Draft Financial Regulations