

Report of **Principal Financial Manager**

Report to **Chief Finance Officer**

Date: **3rd April 2017**

Subject: **New Financial Regulations**

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| Are specific electoral wards affected? If yes, name(s) of ward(s): | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Are there implications for equality and diversity and cohesion and integration? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Is the decision eligible for call-in? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number: | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |

Summary of main issues

1. The Council's Financial Regulations are incorporated within its Constitution. Following the appointment from 1st April 2017 of the Chief Officer (Financial Services) as the new Chief Finance Officer (the Section 151 Officer appointed under the Local Government Act 1972), it is necessary to amend Financial Regulations to take account of this change. Under the 1972 Act, the Section 151 Officer has the responsibility to make arrangements for the proper administration of the council's financial affairs, and Financial Regulations form one element of these arrangements.
2. In addition to updating the Financial Regulations to reflect the new governance structure, the report recommends that the Chief Finance Officer also clarifies and strengthens a number of regulations in order to improve the financial control environment.

Recommendations

1. The Chief Finance Officer is recommended to approve the attached new version of Financial Regulations.

1. Purpose of this report

- 1.1 This report requests the approval of the Chief Finance Officer for the new version of Financial Regulations, which are to be included in the constitution.

2. Background information

- 2.1 The Council's Financial Regulations are incorporated within Part 4 of its Constitution.
- 2.2 Under the 1972 Act, the Chief Finance Officer, known as the Section 151 Officer, has the responsibility to make arrangements for the proper administration of the council's financial affairs, and Financial Regulations form one element of these arrangements.

3. Main issues

- 3.1 Following the appointment from 1st April 2017 of the Chief Officer (Financial Services) as the new Chief Finance Officer (the Section 151 Officer, appointed under the Local Government Act 1972), it is necessary to amend Financial Regulations to take account of this change.
- 3.2 Accordingly, the new version of Financial Regulations identifies the Chief Finance Officer as the overall owner of the Regulations, with the authority to amend them. The ownership of some individual regulations within the document has also been amended from the Chief Officer (Corporate Financial Management) to the Head of Corporate Finance.
- 3.3 In addition to updating the Financial Regulations to reflect the new governance structure, the new version of the Regulations has also clarified and strengthened a number of individual regulations in order to improve the financial control environment. In summary, these changes are :
- 'Purchase and payment for goods and services' is now covered in a separate regulation from making 'Other payments'.
 - 'Budget Setting', 'Accounting for the council's financial affairs', and 'Entering into financial commitments' are now included as three separate regulations, where previously they were combined into one.
 - The regulations on 'Income', 'Bank accounts', 'Petty Cash', 'Security of physical assets' and 'Stocks and stores' have been strengthened to include details which were previously covered in the implementation guidance for these regulations.
 - Clarifications to the requirements and the responsibility for implementing them have been made to a number of other regulations.
- 3.4 The new Financial Recommendations are attached as an appendix to this report.

4. Corporate considerations

4.1 Consultation and engagement

- 4.1.1 The approval of a new version of Financial Regulations does not raise any issues requiring consultation or engagement with the public, ward members or Councillors.

4.2 Equality and diversity / cohesion and integration

4.2.1 There are no implications for equality and diversity.

4.3 Council policies and best council plan

4.3.1 Financial Regulations form part of the overall governance framework which enables the council to work towards achieving its priorities as set out in the Best council plan.

4.4 Resources and value for money

4.4.1 These Financial Regulations are part of the overall framework of internal controls which is designed to ensure that the council can achieve value for money in its use of resources.

4.5 Legal implications, access to information, and call-in

4.5.1 Under Section 151 of the Local Government Act 1972, the appointed chief finance officer has responsibility for the arrangements for the proper administration of the council's financial affairs. Financial Regulations are one element of those arrangements.

4.5.2 This report recommends a significant operational decision, and is not subject to call-in.

4.6 Risk management

4.6.1 Financial Regulations identify key risks involved in a number of aspects of the council's financial affairs, and set out key rules to address those risks.

5. Conclusions

5.1 The appointment of the Chief Officer (Financial Services) as the new Chief Finance Officer means that a new version of Financial Regulations is required to take account of the change in the overall responsibility for the council's financial affairs.

5.2 The new version of Financial Regulations also clarifies and strengthens a number of individual regulations in order to improve the financial control environment.

6. Recommendations

6.1 The Chief Finance Officer is recommended to approve the attached new version of Financial Regulations.

7. Background documents¹

7.1 None.

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

