



**Agenda item: 13**

**Summary**

<b>Report for:</b>	<b>Cabinet</b>
<b>Date of meeting:</b>	<b>24 June 2014</b>
<b>Part:</b>	<b>1</b>
If Part II, reason:	

<b>Title of report:</b>	Financial Regulations
Contact:	Cllr Nicholas Tiley, Portfolio Holder for Finance and Resources James Deane, Assistant Director (Finance & Resources)
Purpose of report:	To seek approval of the proposed changes to the Council's Financial Regulations.
Recommendations	That Cabinet recommends to Council approval of the amendments to the Financial Regulations, as outlined in this report.
Corporate objectives:	The efficacy of the Financial Regulations supports all of the Council's objectives.
Implications:	<u>Financial</u> Robust and relevant Financial Regulations underpin the Council's ability to function effectively both financially and operationally.
'Value For Money Implications'	<u>Value for Money</u> See above.
Monitoring Officer/S.151 Officer Comments	<b>Deputy Monitoring Officer:</b>  No comments to add to the report.  <b>Deputy S.151 Officer</b>  My comments are contained within the body of the report.
Consultees:	Corporate Management Team

	Finance & Resources OSC (4 June 2014)  Audit Committee (17 June 2014)
Background papers:	Proposed version of Financial Regulations, in full (version 3): <a href="http://www.dacorum.gov.uk/docs/default-source/council-democracy/resources-14-06-04-item-12--financial-regulations-appendix-a.pdf?sfvrsn=0">http://www.dacorum.gov.uk/docs/default-source/council-democracy/resources-14-06-04-item-12--financial-regulations-appendix-a.pdf?sfvrsn=0</a>  Current version of Financial Regulations, in full (version 2): <a href="http://web.dacorum.gov.uk/docs/default-source/council-democracy/dbc-financial-regulations-291111.pdf?Status=Master&amp;sfvrsn=0">http://web.dacorum.gov.uk/docs/default-source/council-democracy/dbc-financial-regulations-291111.pdf?Status=Master&amp;sfvrsn=0</a>

### Introduction

1. The Financial Regulations provide the framework for managing the financial affairs of the Council. They are approved by the Council and they apply to every Member and employee of the Council and to anyone acting on its behalf.
2. In accordance with good practice, the Financial Regulations are reviewed periodically to ensure that they remain relevant throughout any structural or operational changes within the Council.
3. All sections of the Regulations have been reviewed, and in addition to the general updates relating to job titles and links to other documents, the following substantial amendments are proposed.
4. Members please note that due to the size of the document, hard copies of the revised Financial Regulations have not been made distributed to individual members of the committee. Instead, hard copies have been placed in the Majority and Minority rooms, and an electronic copy is available at the following link:

<http://www.dacorum.gov.uk/docs/default-source/council-democracy/resources-14-06-04-item-12--financial-regulations-appendix-a.pdf?sfvrsn=0>

### Finance & Resources Overview and Scrutiny Feedback

5. The proposed amendments to the Regulations were considered by the above committee at its meeting of 4 June 2014. Following a lengthy debate over the changes proposed to the Scheme of Delegation, as outlined in paragraph 7 of this report, the Committee voted to support the Officer recommendation by 7 votes to 3. Full minutes of the Scrutiny meeting are available on the Council's website.

### Proposed updates

6. **Annex B, Regulation B.11, clause 3.m** has been removed from the Regulations. The clause read as follows:

*'The Section 151 Officer shall include in his/her quarterly financial performance report details of virements carried out since the previous report.'*

The majority of virements are effectively ‘tidying up’ exercises and relate to low value changes made to assist Officers in managing their budgets at a detailed level. It is proposed that the best use of Member time is to request overview only of material virements, as defined by the Schedule of Authorisations, Annex H, Item 1.

7. **Annex D, Schemes of Delegation, Regulation D.4** – pre-revision did not specify approval levels by postholder, and gave scope for differing delegation levels across the Council. In practice, this proved difficult to control, and since the last edition of the Regulations the Council has moved to a more consistent scheme of delegation, which has been maintained by Financial Services.

It is proposed that this revised edition of the Regulations includes the following Scheme of Delegations:

Postholder	Authorisation Level	
	Contract Letting	Agresso Approval
Chief Executive	£500,000	£10,000,000
Section 151 Officer	£500,000	£10,000,000
Corporate Director	£500,000	£1,000,000
Assistant Director	£250,000	£250,000
Group Manager	£50,000	£50,000
Team Leader	£10,000	£10,000

The recommended authorisation levels have been set in conjunction with the Procurement Standing Orders to ensure that the Council has an efficient purchasing process.

8. **Annex H, Schedules of Authorisations, Item 1. Virement policy – hierarchy of authorisations**

The November 2011 Regulations contained the following two types of transaction within the hierarchy of authorisations, which should be removed from this section of the Regulations in the revised edition.

Type	Applies to transfers between	Sanctioning Authority
1	Between General Fund and Housing Revenue Account	Council
2	Supplementary budgets funded from corporate and service-based reserves and balances	Council

‘Virement’ is a term that refers to the transfer of budgets *within* a currently approved total budget. The two transfer types listed above both result in *changes* to the currently approved total budget, and should therefore be managed through Financial Regulation A.12 c) Supplementary estimates:

- Type 1 – the HRA is ringfenced from the General Fund and therefore transactions between the two will always result in changes to the total budget of both accounts.

- Type 2 – a supplementary budget, by definition, refers to a change in the currently approved total budget.

Virement Type 7 in the November 2011 Regulations contained the following conditions, which, if met would require all virement types to have Cabinet approval:

<b>Type</b>	<b>Applies to transfers between</b>	<b>Sanctioning Authority</b>
7	For items where the amount to be vired is at least <ul style="list-style-type: none"> <li>• £10,000</li> </ul> And <ul style="list-style-type: none"> <li>• 10% of the transferring budget</li> </ul>	Cabinet

It is proposed that the monetary value within this condition is increased to £50,000, as below:

<b>Type</b>	<b>Applies to transfers between</b>	<b>Sanctioning Authority</b>
5	For items where the amount to be vired is at least <ul style="list-style-type: none"> <li>• £50,000</li> </ul> And <ul style="list-style-type: none"> <li>• 10% of the transferring budget</li> </ul>	Cabinet

The basis for this proposal is that the Sanctioning Authority for the first four virement types is robust, and that Members need only scrutinise virements of higher value.

**9. Annex H, Schedules of Authorisations, Item 14. Exceptions to advance payments regulations**

The list of standing exceptions has been update to include those areas that for operational reasons require the Council to make payments in advance of the receipt of goods or services. These exceptions are:

- Software Support and Maintenance
- Software Licences
- Artist/Performer Fees