



**AGENDA ITEM:  
SUMMARY**

<b>Report for:</b>	<b>Audit Committee</b>
<b>Date of meeting:</b>	<b>20 November 2019</b>
<b>PART:</b>	<b>1</b>
If Part II, reason:	

<b>Title of report:</b>	<b>Review of Financial Regulations</b>
Contact:	Cllr Graeme Elliot, Portfolio Holder for Finance and Resources Nigel Howcutt, Assistant Director (Finance and Resources) Fiona Jump, Group Manager (Financial Services)
Purpose of report:	To provide Committee the opportunity to scrutinise the updated Financial Regulations.
Recommendations	That Committee note the contents of the report and provide feedback to Cabinet to consider when recommended to approve the revised Financial Regulations 2019.
Corporate objectives:	Delivering an efficient and modern council.
Implications:	<u>Financial</u> Contained within the body of the report.  <u>Value for Money</u> Contained within the body of the report
Risk Implications	Contained within the body of the report.
Community Impact Assessment	The content of this report does not require a Community Impact Assessment to be undertaken.
Health And Safety Implications	There are no Health and Safety implications arising from this report.
Consultees	The position reported within this report has been reviewed and discussed with relevant Council Officers.
Glossary of acronyms and any other abbreviations used in this report:	None.

## 1. Introduction

- 1.1 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.
- 1.2 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, as well as legislative changes and relevant best practice guidance.
- 1.3 All sections of the Regulations have been reviewed, and the following substantive amendments are proposed. The fully revised Financial Regulations, including the recommended amendments, are attached at Appendix A.
- 1.4 Other minor amendments have been made to the Regulations to ensure they reflect current legislation, role titles and best practice guidance.

## 2. Recommended update relating to supplementary budgets

- 2.1 **Annex B Regulation B.12 Scheme of supplementary budgets.** Supplementary budgets are an in- year mechanism for formally determining and seeking agreement to the increase of a Council budget heading, to be wholly funded by a specified funding source. These sources are commonly contingency provisions, developer contributions (s106 and Community Infrastructure Levy receipts) or grant income. Virements differ from supplementary budgets in that they involve the transfer of existing approved funds between budget lines, whereas a supplementary budget increases the overall funding for a budget, to be paid for by a specified source.
- 2.2 It is proposed to introduce the following scheme of supplementary budgets within the Financial Regulations:

Type	Applies to supplementary budget wholly funded by	Sanctioning Authority
1	Reserve balances held	Cabinet, to recommend to Council
2	Grant income	S151 Officer, Director and Group Manager
3	For item 2 above where the amount is greater than £100k	Cabinet, to recommend to Council
4	S106 income or CIL income	S151 Officer, Director and Group Manager

**3. Recommended update relating to Unit 4 Business World Authorisations levels**

**3.1 Annex D Regulation D.4. Schemes of Delegation.** The Regulations provide a scheme of delegation identifying the relevant authorisation limits of officers in respect of transactions relating to the Council's financial information management system, Unit 4 Business World. In response to a recent internal audit report recommendation, the authorisation level of the Council's Chief Executive and S151 has been reviewed, with a proposed increased from £10m to £20m.

**3.2** It is also proposed to increase contract letting and financial system approval thresholds for Group Managers and Team Leaders to £75k and £25k respectively to align them with revised procurement standing orders. These limits are currently £50k and £10k respectively.

**3.3** It is proposed that these changes are reflected in the table as follows:

Postholder	Authorisation Level	
	Contract Letting	Unit 4 Business World Approval
Chief Executive	£500,000	£20,000,000
Section 151 Officer	£500,000	£20,000,000
Corporate Director	£500,000	£1,000,000
Assistant Director	£250,000	£250,000
Group Manager	£75,000	£75,000
Team Leader	£25,000	£25,000

**4. Recommended update relating to disposal authorisations levels for assets other than land**

**4.1 Annex F Regulation D.24 Disposal of assets.** The Regulations provide a scheme of delegation identifying the relevant authorisation limits of officers in respect of transactions relating to the disposal of Council assets.

**4.2** It is proposed to introduce an intermediary level of authorisation for the disposal of assets other than land. 'Land' is defined as 'land of which the Council owns the freehold or leasehold interest and interests such as restrictive covenants of which the Council has the benefit'. This definition of land covers land and buildings, leases, easements and other rights of way.

**4.3** Current approvals authorisation levels for non- land disposals are as follows:

- Up to and including £50k- Group Manager
- Over £50k- Cabinet

**4.4** The following authorisation levels for non- land disposals are proposed:

- Up to and including £50k- Group Manager
- Greater than £50k and less than £100k- relevant Corporate Director and s151 Officer
- Over £100k- Cabinet

**4.5** The proposed change would mean that what are operational disposal decisions concerning for example, the disposal of plant, are made at officer level and that Cabinet disposal decisions are focused on larger value assets.

**5. Governance**

**5.1** The recommendations have been considered by Finance and Resources Overview and Scrutiny Committee and will also be presented to Cabinet in December.

**6. Conclusions and recommendations**

**6.1** Committee are asked to review the minor changes to the Finance Regulations and provide feedback.