

TITLE OF REPORT: AMENDMENTS TO THE COUNCIL'S FINANCIAL REGULATIONS
REPORT OF THE STRATEGIC DIRECTOR OF FINANCE, POLICY & GOVERNANCE

1. PURPOSE OF REPORT

- 1.1 This report sets out recommended changes to the Council's Financial Regulations for adoption by Council following the annual review by the Strategic Director of Finance, Policy & Governance. A full copy of the Financial Regulations, with amendments, is set out in Appendix A to this report.

2. FORWARD PLAN

- 2.1 This report does not contain a recommendation on a key decision and has not been referred to in the Forward Plan.

3. BACKGROUND

- 3.1 To conduct its business efficiently a local authority needs to ensure that it has sound financial management policies in place and that they are strictly adhered to. Part of this process is the establishment of financial regulations that set out the financial policies of the authority.
- 3.2 The financial regulations provide clarity about the financial accountabilities of individuals - cabinet members, the Head of Paid Service, the Section 151 Officer (hereinafter known as the Strategic Director Finance, Policy and Governance), the monitoring officer, the strategic directors and Heads of Service. Each of the financial regulations sets out the overarching financial responsibilities.
- 3.3 The Financial Regulations form part of the Constitution of North Hertfordshire District Council. They are written to follow CIPFA Guidelines and to support managers in fulfilling their duties regarding devolved financial responsibility and should be read in conjunction with the Scheme of Delegation in the Constitution. They aim to support the objectives of Corporate Business Planning, which requires that services achieve their objectives within the financial resources allocated to them in the budget setting process.

- 3.4 The Financial Regulations are an integral part of the District Council's control framework. They help to ensure that we make financial decisions in a consistent way across the Council. This supports us in our duties to ensure that we are transparent in all our actions and are clearly accountable for all the decisions we make. By ensuring these Regulations are applied, the Council can be confident that economic, efficient and effective financial management supports the achievement of its Priorities.
- 3.5 The Strategic Director of Finance, Policy and Governance Services reviews the Financial Regulations annually to ensure that they remain modern and relevant. The last time substantial changes were approved by Council was June 2008. When reviewed in 2009 no changes were deemed necessary.
- 3.6 No changes are proposed to the Contract Procurement rules at this time.

4. ISSUES

- 4.1 The main amendments to the Financial Regulations are detailed in table 1 below:

Table 1: Main Amendments to Financial Regulations

Reason for Change	Section	Description
New role titles following the Senior Management Restructure	Throughout the document	Strategic Director Finance and Regulatory Services replaced with Strategic Director Finance, Policy and Governance. Head of Legal and Democratic Services replaced with Corporate Legal Manager. Head of Human Resources replaced with Corporate Human Resources Manager. Head of Financial Services replaced with Head of Finance, Performance and Asset Management. Head of IT and Transformation replaced with Head of IT and Customer Services.
From 1 st April 2010 the Council is required to comply with the first Local Authority Accounting Code of Practice based on International Financial Reporting Standards (IFRSs).	Throughout the document	Deletion of the words 'statement of recommended practice' to reflect the replacement with the Code of Practice from 1st April 2010.
The Local Authority Accounting Code of practice now requires the Chief Finance officer to sign and date the statement of accounts, stating that it gives a true and fair view of the financial position of the authority.	Page 13 (11.2.1 and 12.1.1) and Page 17 (14.3.4)	Replacement of the words 'presents fairly' with 'true and fair view'.
The contact list has been updated following leavers and starters in the last year.	Appendix 1	Officer's names in the contact list are now up-to-date.
Since the last update to the regulations the Council has fully implemented an electronic marketplace system for placing and authorising orders.	Page 51 (3.6.8)	This section now reflects the requirement to raise and authorise an order electronically and replaces the manual paper process previously required.
The introduction of purchase cards has resulted in a reduction in the number and demand for petty cash accounts. Expenditure paid through petty cash should now be very minor in nature.	Page 55 (4.1.2)	Reduction of the limit of a single item of petty cash expenditure from £20 to £10.
The working practices of Audit and Consultancy Services with regard to audit planning now reflect the requirements of the Code of Practice for Internal Audit in Local Government in the United Kingdom 2006.	Page 38 (6.1)	Replacement of the words: "for preparing and maintaining a three-year strategic risk-based audit plan. Prior to the commencement of a new financial year, an annual audit plan detailing areas of audit coverage is to be prepared from the strategic plan and presented to Corporate Management Team and the Audit & Risk Panel in its capacity as the Council's Audit Committee." With the words: "the preparation and maintenance of an annual risk-based audit plan. This contains details of the work to be undertaken in a financial year

		and includes a contingency for unseen responsive work. This plan is presented to the Audit and Risk Sub Committee for approval.”
The working practices of Audit and Consultancy Services with regard to planning now reflect the requirements of the Code of Practice for Internal Audit in Local Government in the United Kingdom 2006.	Page 38 (6.2)	New paragraph: The Audit Manager is responsible for planning ahead and documenting as many known risks to the Council as possible. This is achieved by maintaining a document which details all auditable areas across the Council along with any relevant risk information. This document is formally updated as part of the annual planning process.
To reflect the standards in the Internal Audit Reporting Protocol agreed at the Audit and Risk Panel meeting of 21 May 2008.	Page 39 (7.1)	Replacement of the wording: Where, as a result of any audit work an audit report is issued, the relevant officer must reply to the report within a reasonable time, but in any case within three months of the issue date of the report, indicating the action proposed or taken. Where the Strategic Director of Finance, Policy and Governance does not receive a suitable reply, this fact may be reported to the Audit and Risk Committee in its capacity as the Council’s Audit Committee. With the words: Where, as a result of any audit work a draft audit report is issued, the relevant officer must reply to the report within a reasonable time, but in any case within four weeks of the issue date of the report, indicating the action proposed or taken. Where the Strategic Director of Finance, Policy and Governance does not receive a suitable reply to the draft report, a final report will be issued with his / her endorsement as S151 Officer and this fact will be reported to the Audit and Risk Committee in its capacity as the Council’s Audit Committee.
A review of the Council’s Anti-Fraud and Corruption Policy resulted in an amendment of the reporting arrangements in operation at the Council. These paragraphs represent the Council’s new arrangements.	Page 39 (8.3 and 8.4)	Replacement of the wording: All employees and Members of the Council have a responsibility to bring to the attention of the Strategic Director of Finance, Policy and Governance or their Strategic Director, any matter that involves or is thought to involve financial or other irregularity. The relevant Strategic Director concerned must then immediately notify the Strategic Director of Finance, Policy and Governance. With the words: All employees and Members of the Council have a responsibility to raise any matter that involves or is thought to involve financial or other irregularity. This can be done by raising the concern with:

		<p>a) An immediate manager or supervisor; b) The appropriate Strategic Director; or c) The Audit Manager.</p> <p>Concerns raised in one of the above ways must be reported on to the Strategic Director of Finance, Policy and Governance as soon as is possible. The Strategic Director of Finance, Policy and Governance will then report on to the Audit Manager those issues not raised with him / her directly.</p>
<p>These paragraphs have been added for further clarification of current arrangements.</p>	<p>Page 39 (8.8 and 8.9)</p>	<p>The Strategic Director of Finance, Policy and Governance or the Audit Manager will discuss any such matter, which involves, or is thought to involve a Member of the Council, with the Council's Monitoring Officer and the Chief Executive. These officers will then decide what course of action needs to be followed</p> <p>Concerns can also be raised through the Confidential Reporting Code (Whistleblowing Policy). In such cases, the decision to investigate the allegation further is taken by the Monitoring Officer, in consultation as appropriate with the Strategic Director of Finance, Policy and Governance. Members of staff who identify a potential fraud or irregularity and chose to report it in this way, should follow the guidance in the Council's <u>Confidential Reporting Code</u></p>
<p>The Council has entered a contract with Lyreco for the provision of stationery and officers can raise orders directly. The Council is entering contracts for the provision of goods and services when it is good value for money to do so. Where a contract is in place all orders for the goods or services under that contract must be placed with the contracted supplier.</p>	<p>Page 50 (3.2.5)</p>	<p>Deletion of the wording which described that all stationery orders would be obtained and controlled by financial services with the requirement to use contracted suppliers where they are able to provide the goods and services required.</p>

5. LEGAL IMPLICATIONS

- 5.1 The Local Government Act 1972 requires the Council to have a written constitution.

6. FINANCIAL AND RISK IMPLICATIONS

- 6.1 There are no financial implications arising from the recommended amendments to the Financial Regulations.

7. HUMAN RESOURCE AND EQUALITY IMPLICATIONS

- 7.1 There are no direct human resources implications arising from the report, although compliance with these regulations is a requirement of an employee's contract of employment.

8. RECOMMENDATIONS

- 8.1 That the amendments to the Council's Financial Regulations, as set out within Appendix A to this report, be agreed, and that the revised Financial Regulations be adopted with effect from 20 May 2010.
- 8.2 That Council approve delegation to the Strategic Director for Finance, Policy & Governance for any changes to these Regulations that may arise from agreed amendments to the Constitution.

9. REASON FOR RECOMMENDATIONS

- 9.1 To ensure the Council's Financial Regulations remain modern and relevant.

10. APPENDICES

- 10.1 Appendix A – Revised Financial Regulations.

11. REPORT AUTHOR

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12. BACKGROUND PAPERS

- 12.1 The Council's Constitution

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