

**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 review by the Strategic Director of Finance, Policy & Governance and consideration by the Finance, Audit & Risk Committee. A full copy of the Financial Regulations, with amendments, is set out in Appendix B 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 (the Strategic Director Finance, Policy and Governance), the Monitoring Officer, the Strategic Directors and Heads of Service. Each of the sections within 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 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 (SDFPG) reviews the Financial Regulations 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 and only minor were made in 2010.
- 3.6 Changes to the Contract Procurement rules were last approved by Council on 10<sup>th</sup> February 2011 and the next review has now begun.

#### **4. ISSUES**

- 4.1 The main amendments to the Financial Regulations are summarised in Appendix A, with a full copy of the Regulations provided in Appendix B. A number of other more minor amendments have also been made, for example to reflect changing role titles and responsibilities and also to insert Intranet links. The Regulations have also been assessed for compatibility with the latest revision to the Constitution.
- 4.2 Some of the key changes recommended by this review are:
- Income generated from disposals will be accounted for as Corporate funds and held centrally – the accounting was not previously specified.
  - The Contracts Register will be maintained for all contracts over £5,000 (previously £50,000) – this is because the register is being utilised on an increasing basis as the indicator of upcoming procurement activity.
  - The Chief Executive will appoint, or recommend to Cabinet as appropriate, the Project Board and Project Executive at the start up of any new project. Members may be appointed to the Project Board depending upon the risk and/or profile of the project, as agreed by the Leader of the Council. The Project Executive then has responsibility for appointing any additional Project Board Members. The requirement for a Project Board and the level of seniority of the Project Manager will depend upon the project categorisation – this section has been reworded.
  - The relevant Strategic Director (or nominated deputy), in consultation with the Strategic Director of Finance, Policy & Governance, should establish a charging policy for the supply of goods or services, including the appropriate charging of VAT, and review it regularly, in line with corporate policies and government regulations – previously the responsibility rested with Heads of Service

- To obtain authorisation from the Cabinet for individual schemes where the estimated expenditure exceeds the capital programme provision by more than 10% or £25,000 (whichever is the lesser), subject to a minimum of £10,000.– addition of underlined words. (Members should note that virement requirements still apply in order to fund the increased expenditure).

## **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 directly 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 B to this report, and summarised in Appendix A, be agreed by this Committee and recommended to Council for adoption.
- 8.2 That the Committee approve delegation to the Strategic Director for Finance, Policy & Governance, in consultation with the Portfolio Holder for Finance & IT, for any necessary changes to these Regulations that may arise from agreed amendments to the Constitution, Contract Procurement Rules or from new or amended Legislation (as described more fully in para 1.5 on page 2 in the Regulations).

## **9. REASON FOR RECOMMENDATIONS**

- 9.1 To ensure the Council's Financial Regulations remain relevant and fit for purpose.

## **10. APPENDICES**

- 10.1 Appendix A – Summary of main changes
- 10.2 Appendix B – Revised Financial Regulations.

## **11. REPORT AUTHOR**

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## **12. BACKGROUND PAPERS**

- 12.1 The Council's Constitution