

FINANCE, AUDIT AND RISK COMMITTEE
15 September 2021

***PART 1 – PUBLIC DOCUMENT**

TITLE OF REPORT: Financial Regulations Review

REPORT OF: *Service Director: Resources*

EXECUTIVE MEMBER: *Finance and IT*

COUNCIL PRIORITY: BE A MORE WELCOMING, INCLUSIVE AND EFFICIENT COUNCIL

1. EXECUTIVE SUMMARY

This report recommends a number of changes to the Council's Financial Regulations, as part of a regular review. There are no substantial changes to the rules. The changes fall in to four main categories:

- Changes to processes to be implemented
- Significant changes to content, mainly adding in a section relating to the Shared Anti-Fraud Service
- Changes to processes that have already been implemented as they were compliant with the previous regulations
- Corrections to spelling and grammar, or to add clarity.

2. RECOMMENDATIONS

- 2.1. That the Finance, Audit and Risk Committee notes and comments on the proposed changes to the Financial Regulations, and recommends them to Council for adoption.

3. REASONS FOR RECOMMENDATIONS

- 3.1. *The constitution requires that the Financial Regulations are kept under review. Minor changes can be approved by the Chief Finance Officer, but more significant changes are approved by Council.*

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1. *None. Whilst minor changes have been made more recently, the last full review was in January 2018.*

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1. *This report seeks comments from members of the Finance, Audit and Risk Committee prior to consideration by Council.*

6. FORWARD PLAN

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

7. BACKGROUND

- 7.1. The Council's Financial Regulations form part of the Council's Constitution. They cover the rules in relation to financial matters. They are reviewed on a regular basis, with a substantial review every 2-3 years. The last substantial review was in January 2018.

8. RELEVANT CONSIDERATIONS

- 8.1 This report recommends a number of changes to the Council's Financial Regulations, as part of a regular review. There are no substantial changes to the rules. The changes fall in to four main categories:

1. Changes to processes to be implemented
2. Significant changes to content, mainly adding in a section relating to the Shared Anti-Fraud Service
3. Changes to processes that have already been implemented as they were compliant with the previous regulations
4. Corrections to spelling and grammar, or to add clarity.

- 8.2 Appendix A details these changes to the Regulations by category (categories 1 and 2 have been combined). For each change struck through text has been used to show text that will be deleted, and new text is shown in red. This is therefore a tracked changes version of the regulations for those parts that have changed. Appendix B is a copy of the proposed new Financial Regulations.

9. LEGAL IMPLICATIONS

- 9.1 The Local Government Act 1972 requires the Council to have a written constitution. The Constitution at 4.4.1 (p) provides that only the Full Council will exercise the function of: "agreeing procedure rules, standing orders and financial regulations.
- 9.2 The Finance, Audit and Risk Committee "maintain an overview of the Council's Constitution in respect of Contract Procurement Rules and Financial Regulations, consider any major changes and make recommendations to Council for approval" (Constitution 10.15 (g)).
- 9.3 The Chief Finance Officer is responsible for keeping the Financial Regulations under review (Constitution 2.6). This role is carried out by the Service Director: Resources (Constitution 12.1.2).

10. FINANCIAL IMPLICATIONS

- 10.1 There are no direct financial implications arising from this report. Overall, the Financial Regulations contribute to effective financial management.

11. RISK IMPLICATIONS

- 11.1 Adoption of the proposed amendments will contribute to the Council's internal control environment and the management of risk

12. EQUALITIES IMPLICATIONS

- 12.1. In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.

- 12.2. There are no equalities implications arising from this report.

13. SOCIAL VALUE IMPLICATIONS

- 13.1. The Social Value Act and "go local" requirements do not apply to this report.

14. ENVIRONMENTAL IMPLICATIONS

- 14.1. There are no known Environmental impacts or requirements that apply to this report.

15. HUMAN RESOURCE IMPLICATIONS

- 15.1 There are no significant HR implications arising from this report. Some of the changes may be perceived as creating additional work for the Accountancy Services team (e.g. lowering the threshold for explaining budget variances) but actually make the overall process more efficient.

16. APPENDICES

- 16.1 *Appendix A: Explanation of proposed changes to Financial Regulations*

- 16.2 Appendix B: Proposed new Financial Regulations

17. CONTACT OFFICERS

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18. BACKGROUND PAPERS

- 18.1 *Current Financial Regulations* https://www.north-herts.gov.uk/sites/default/files/Section%2019%20Financial%20Regulations%209.7.2020_0.pdf