

Financial Regulations Review- Proposed Changes

1) Significant changes to content or changes to processes

Throughout the Regulations- Reason for change: The Council previously had a group known as the Senior Management Team. This has been replaced by the (Officer) Leadership Team. References to Senior Management Team to be changed to Leadership Team.

Paragraph 5.4- Reason for change: To simplify when explanations for capital spend variances will be obtained. Will slightly increase the number of explanations that are needed, but the level of detail will be proportionate to the overall scheme value and level of variance

Where the underspend or overspend for a project is greater than ~~£10,000~~ 25,000 or 10% of the annual budget (whichever is the lower, but subject to a minimum of £10,000) then this will be recorded by Accountancy Services, alongside the explanation that is provided by the Budget Holder.

Paragraph 5.7- Reason for change: to clarify that the Executive Member can only approve new projects and this provision does not override the provisions in paragraph 5.6. Also reduce the limit due to reducing capital balances

If an urgent or unanticipated capital need arises, this will be dealt with under the urgency powers delegated to the Managing Director and the proposal then referred to the Cabinet, and then Full Council, at the earliest opportunity. However the Executive Member for Finance and IT can approve in year changes to the Capital Programme up to a limit of ~~£100~~ 50,000 per project for new projects. Any requests for use of this approval should be made via the Chief Finance Officer.

Paragraph 12.3- Reason: a more proportionate requirement in relation to when the loss should be notified

The loss of any keys that could result in a risk of damage to or loss of property must be reported to the Service Director – Resources as soon as their loss is noticed.

Paragraph 12.4- Reason: clarify what will be recorded, clarify that the CFO does not have to talk to the SD Resources about the form and extent, as it is the same person.

The Service Director- Resources will maintain an inventory of office furniture such as desks, chairs and other significant items kitchen contents. The form and extent of the records will be as agreed by the Chief Finance Officer. Where practical possible all assets will also be marked as belonging to the Council.

Paragraph 12.8 (bullet point)- Reason: sometimes (as per example this year) an auction may not be the best route, so allowing that

If the value is estimated to be more than £5,000 then, unless it can be justified that an alternative method would provide better value (as agreed by the Chief Finance Officer), the disposal must ~~should~~ be via a public auction (except land assets which are covered by the Contract Procurement Rules).

Section 14. Reason: expand the scope to include Fraud Prevention. Change the title of the section Internal Control, and Audit and Fraud prevention

Paragraph 14.4- Reason: SIAS should have access to the Monitoring Officer to raise any concerns or as part of their work. Change fifth bullet point

Have direct access to the Managing Director, Monitoring Officer and the Chairs of the Overview & Scrutiny Committee and the Finance, Audit & Risk Committee.

Paragraph 14.7- Reason: To allow the Chief Finance Officer to determine when it is appropriate to report when Officers do not respond to draft audit reports

Any failure to do this will be reported to the Chief Finance Officer and, where relevant, to the Finance Audit and Risk Committee.

Paragraphs 14.11 to 14.14. Reason: Previous versions of the Financial Regulations have not made reference to Fraud Prevention or the Shared Anti-Fraud Service (SAFS). Add in paragraphs to explain the role of SAFS and define the powers and responsibilities in relation to SAFS (similar to content for SIAS). Add the following paragraphs (and renumber the existing paragraphs 14.10 and 14.11 to 14.15 and 14.16):

- 14.11 The Council's Anti-Fraud function is provided by the Shared Anti-Fraud Service (SAFS), which is hosted by Hertfordshire County Council. They provide the following services and support:
- Support in developing controls to prevent fraud
 - Advice and training for Officers on fraud awareness, prevention and detection
 - Use of data from various sources to identify potential fraud
 - Processes for reporting fraud, for Officers and the public
 - Fraud investigation
 - Money Laundering Reporting Officer
- 14.12 To assist them in their work, the **Chief Finance Officer** and any approved representative(s) have authority to:
- Enter at all reasonable times any Council premises or land, subject to any statutory or contractual restrictions that might apply;
 - Access all records, documents, correspondence and data relating to the business of the Council, including those of a contractor acting on the Council's behalf and to remove any such records as is necessary for the purpose of their work;
 - Require and receive such explanations from any **Officer, Councillor** or contractor acting as an employee of the Council as are necessary concerning any matter under examination;
 - Require any **Officer** to produce cash, stocks or any other Council property under their control; and
 - Have direct access to the **Managing Director, Monitoring Officer** and the **Chairs of the Overview & Scrutiny Committee** and the **Finance, Audit & Risk Committee**.
- 14.13 The **Heads of SAFS** is responsible for the preparation and maintenance of an annual risk-based anti-fraud plan. This plan is reviewed by the **Chief Finance Officer** and the **Service Director Customers** and contains details of the work to be undertaken in a financial year. The plan is approved by the **Finance, Audit and Risk Committee**.
- 14.14 The **Head of SAFS** will provide regular updates to the **Finance, Audit and Risk Committee** that cover:
- Progress against the plan and agreed key performance indicators
 - Examples of fraud that has been detected or investigated
 - Any other matters that they wish to bring to the attention of the Committee.

Paragraph 15.5- Reason: to cover this eventuality that sometimes arises

Add: The Council sometimes has small negative balances on customer accounts (e.g. overpayments), where it is not practical to return these amounts then they will be written off. These write-offs will be approved by the Chief Finance Officer.

2) Changes that reflect how we have adapted to do things differently (either adheres to existing rules or has been subject to relevant approval)

Paragraph 3.7- Reason for change: To reflect that in practice, an explanation is obtained for all variances over £10k

Where the underspend or overspend for a reporting area is greater than **£10,000** ~~5% of the budget for that area (subject to a minimum of £10,000)~~ then this will be recorded by Accountancy Services, alongside the explanation that is provided by the Budget Holder.

Paragraph 4.2- Reason for change: As recommended by the CIPFA Financial Management Code we now estimate capital spend over a 10 year period

The Chief Finance Officer, in consultation with the Senior Management Team, is responsible for producing a Capital Expenditure forecast. This is produced annually and is a ~~four~~ **ten**-year forward assessment of the forecast spend on existing and new projects.

Paragraph 4.3, as above

Service Directors are responsible for providing estimates of project spend for the following ~~four~~ **ten** years.

Paragraph 11.2- Reason for change: to reflect attendees of RMG

The Risk Management Group seeks to focus and co-ordinate risk management activities throughout the Council to facilitate the identification, evaluation and management of all key risks. The group comprises of the Service Director Resources, **the Performance and Risk Officer, the Controls, Risk and Performance Manager**, key Service representatives, the Health and Safety Officer, **the Shared Insurance Manager, the SIAS Client Audit Manager**, the Executive Member for Finance and IT and a standing invite for any member of the Finance, Audit and Risk Committee that wishes to attend.

Paragraph 11.3- Reason for change: to reflect that now have a Risk Management Framework

The Council's ~~Risk & Opportunities Management Strategy~~ **Framework** aims to ensure that for each Council function, activity, operation or service the level of risk is known, recorded, monitored and mitigated. In each case, a conscious decision must be taken on how to manage that risk whether through controlling it, transferring it or living with it. The ~~Strategy~~ **Framework** is updated on an annual basis.

Paragraph 14.5- Reason: In practise the Client Audit Manager is responsible for this task. The Audit Charter between SIAS and the Council will define who formally carries out the Chief Internal Auditor role

The **Chief Internal Auditor** ~~SIAS Head of Assurance~~ (in consultation with members of the Senior Management Team and the External Auditor) is responsible for the preparation and maintenance of an annual risk-based audit plan. This plan is reviewed by the Chief Finance Officer and contains details of the work to be undertaken in a financial year and includes a contingency for unseen responsive work. The plan is approved by the Finance, Audit and Risk Committee.

Paragraph 14.6- Reason- as above

The **Chief Internal Auditor** ~~SIAS Audit Manager~~ is responsible for planning ahead and documenting as many known risks to the Council as possible.

Paragraph 14.10 (new)- Reason- as above (14.5 and 14.6)

The **Chief Internal Auditor** ~~SIAS Head of Assurance or SIAS Audit Manager~~ will **ensure the** ~~provide~~ **provision of** quarterly updates to the Finance, Audit and Risk Committee...

Paragraph 14.10 (new)- Reason: to reflect the reporting that has been agreed with Finance, Audit and Risk Committee. Change bullet point

Audits completed during the previous period and any ~~medium (summary explanation)~~ or high or critical ~~(detailed explanation)~~ priority recommendations

Paragraph 16.15- Add title and paragraph on requirements for orders to be goods receipted

Add: **Officers are required to record goods or services have been received by raising an official goods receipt on the Financial Management System. By recording the goods receipt against the order, Officers are confirming that a payment of that value can be made to the Supplier. Goods or services should be recorded as received as soon as possible after receipt from the Supplier.**

Renumbering of paragraphs from 16.15 onwards.

Paragraph 16.17 (new)- Reason: To add the requirement to attach a copy of the invoice to the transaction on the Financial Management System. Amend the bullet point in the list.

The invoice **is attached to the transaction**, received is VAT compliant (if applicable), has been calculated correctly and any discounts and credits have been applied.

Paragraph 16.17 (new)- Reason: To add the requirement that if the invoice value is different to what was ordered then this must be justified. Amend the bullet point in the list.

The relevant expenditure has been properly incurred and is within the relevant budget provision **Any variation to the original order value is justified.**

Paragraph 16.21 (new)- Reason: to reflect the process that now uses the Financial Management System, rather than manual submission.

Payment in advance and/ or without an invoice should be avoided. Where it is required an order should still be raised. **For payments without an invoice, a** An official payment requisition form must be ~~completed~~ **entered** and authorised **using the Councils Financial Management System. The Payment Requisition form should be uploaded to the system and attached to the transaction.** ~~by an appropriate Officer. The payment requisition form and any documents for dispatch with the cheque or BACS remittance should be submitted to Accountancy Services for processing.~~

Paragraph 16.26 (new)- Reason: to reflect that now use goods receipting.

Where possible, Service Directors should ensure that there is separation of duties in respect of activities involving payments. There should be at least two authorised officers involved in ordering, receiving and authorising goods, services and works for payment. In all instances the officer authorising the invoice should be different from the officer ~~who checked the invoice and certified it~~ **goods receipted the order**. Where practicable, a different officer from the one who ~~signed~~ **approved** the order should authorise the invoice.

Paragraph 19.8- Reason: to clarify that these are homeworking expenses (as determined by HMRC) and that a bill as evidence is not applicable. Currently these expenses are not taxable due to Covid-19 but will need to review the tax rules post Covid-19

For **homeworking expenses** ~~broadband and line rental~~ (applicable to any Officer that works at home **on a regular basis**) **these must be claimed at the rate set out in the employee handbook. They may be claimed on a monthly or an annual basis** ~~claimant should provide evidence from one monthly or quarterly bill, but can claim for up to one year at a time~~ (subject to it being in the correct financial year, 1st April to 31st March). **The payment of these expenses may be subject to income tax deductions in accordance with legislation.**

Paragraph 19.18- Reason: authorisations are now electronic so specimen signatures are not required for HR approvals

Service Managers must provide.... the names of officers authorised to sign or authorise electronically payroll documents ~~together with specimen signatures~~ and details of limits of authority and must forward amendment details on the occasion of any change.

Paragraph 19.9- Reason: (1) to reflect process that must upload a digital copy of receipts and (2) that not all Officers are now required to provide vehicle documents

Mileage will only be reimbursed if it is incurred whilst carrying out official Council duties. Mileage claims must be accompanied by a relevant VAT fuel receipt, **which must be uploaded into the payroll system as evidence**, in order to comply with current VAT regulations. Officers who use their private vehicle for Council business must have insurance that covers business travel and have complied with **any** the vehicle document verification checks ~~process~~.

Paragraph 20.2- Reason: to reflect the requirements in relation to IR35 (off-payroll working) rules.

Additional bullet point in the list stating: **For appointment of temporary workers, ensure that the relevant checks have been completed as to whether the worker falls within the scope of the IR35 rules.**

Section 21- Reason: correction to job titles

Replace Head of Finance, Performance and Asset Management with Service Director: Resources Change Group Accountant titles.

3) Correction of typing, grammar or to make existing rule clearer

Paragraph 1.4- Reason for change: only reference to District Council rather than Council

These Regulations are an integral part of the ~~District~~ Council's control framework.

Paragraph 8.6- Reason for change: to clarify that need to make arrangements

For specific grants, Budget Managers are responsible for ensuring that grant claims are submitted by the due date. Where the receipt of any money is linked to the submission of the grant claim then the claim should be submitted as soon as possible. If the grant claim requires sign off by the Chief Finance Officer (or another individual e.g. the Chief Internal Auditor) then the Budget Manager should provide sufficient time and information to enable this sign-off to happen. **The Budget Manager must contact the Chief Finance Officer to put in place arrangements for this sign-off as soon as possible.** For any general grants and contributions, the Chief Finance Officer will ensure that claims are submitted by the due date.

Paragraph 10.1- Reason for change: correct a typo

The Council must decide ~~of~~ **on** an appropriate level of General Fund reserve before it can set the level of Council Tax.

Paragraph 10.2- Reason for change: correct a typo

The Council can also set aside funds in specific reserves. When the reserves are created they should have a clear purpose, and then only be used for that purpose in terms of adding to and spending from the reserve. Budget Holders and Service Directors should make requests for the creation of specific reserves **to** ~~from~~ the Chief Finance Officer. The creation and movements in reserves need to be formally approved by Full Council, which is incorporated in to Revenue Budget Outturn report.

Paragraph 11.4- Reason for change: to reflect that known as Key Risks not Top Risks

These risk reports will focus on what have been determined to be ~~Top~~ **Key** Risks.

Paragraph 11.6- Reason for change: correct a typo

The Senior Management Team are responsible for ensuring that there is **a** risk aware culture throughout the Council..

Paragraph 11.7- Reason: correct typo

Service Directors are responsible for ensuring that there is effective risk management within their service area. This includes the risks in relation to elements of the service that have been contracted out and this may require that joint risk reviews are carried out with partners. Service Directors are also required to ~~carry produce~~ **provide** an annual assurance statement, at the end of each financial year, of the adequacy of the internal control environment within their service.

Paragraph 14.8 onwards. Reason- duplicated paragraph 14.8 requires renumbering from 14.8 onwards

Paragraph 15.2 first list- Reason: To clarify that we will publish the rate and category of VAT

applicable to our charges, as this will be relevant to some customers.

Ensure that VAT is charged as appropriate. **If fees are published on the Website, the VAT code should be made clear to the customer, along with the rate at which VAT will be charged if applicable.** (Accountancy Services can provide advice on this).

Paragraph 15.4- Reason: To clarify that debts are cancelled with a credit note

Debts can only be cancelled **via credit note** where they have been raised in error.

Paragraph 19.18- Reason: remove old job title references and superfluous “or an officer nominated by HR”

Service Managers ~~Heads of Service/Corporate Managers~~ must provide Human Resources, ~~or an officer nominated by Human Resources,~~ with the names of officers authorised to sign or authorise electronically payroll documents...