

**AUDIT COMMITTEE  
25 JANUARY 2022**

**REVIEW AND REVISION OF THE FINANCIAL REGULATIONS**

**Cabinet Member(s):** Cllr Andrew Moore, Cabinet Member for Finance  
**Responsible Officer:** Deputy Chief Executive (S151): Andrew Jarrett

**Reason for Report:** To make recommendations for amendments to the Financial Regulations of the Authority, to ensure they are appropriate, reflecting the Authority's latest structure and delegations.

**RECOMMENDATION:** That the revisions to the Regulations are recommended by this Committee for approval by Full Council.

**Relationship to Corporate Plan:** The safeguarding of assets and the provision of practical efficient processes to provide value for money are intrinsic to the Corporate Plan.

**Legal Implications:** Failure to comply with legislation could lead to non-compliance and potentially prosecution and claims for damages.

**Risk Assessment:** Failure to comply with legislation could lead to non-compliance and potentially prosecution and claims for damages. Failing to review thresholds and procedures could lead to inefficient practices damaging value for money assessments.

**Financial Implications:** There are no direct financial implications arising from this report, however the Financial Regulations set the boundaries in which the Council operates.

**Equality Impact Assessment:** There are no direct Equality implications arising from this report

**Climate Change Assessment:** There are no direct Climate implications arising from this report

**1.0 Introduction/Background**

1.1 The Financial Regulations provide the framework rules for the management of the Council's finances. The Council has a responsibility in law for 'making arrangements for the proper administration of its financial affairs'.

1.2 This responsibility includes ensuring that the Council complies with the law, implementing an effective system of governance, financial management and internal control, making proper arrangements for the management of risk, preparing accounts and budgets, undertaking effective internal audit, preventing and detecting fraud, and putting in place arrangements for securing economy, efficiency, and effectiveness in its use of resources, and achieving value for money.

- 1.3 The Financial Regulations are designed to demonstrate how the Council will meet these financial responsibilities and they apply to every Member and Officer of the Council.
- 1.4 The Financial Regulations must be regularly reviewed and updated and to ensure that they comply with current statutory requirements, internal and external audit expectations, and current 'proper practices' with regard to financial management issued by professional bodies such as the Chartered Institute of Public Finance and Accountancy (CIPFA).
- 1.5 It is two years since the last review of Financial Regulations and during that time a number of changes have occurred. This report highlights the pertinent changes using "tracked changes" for easy of review by Members. In summary, amendments have been made to
- Job Titles, reflecting the corporate restructure moving from "Group Managers" to "Corporate Managers" and "Operational Managers" – Not shown as tracked changed to keep the document simple to follow
  - Amendments to Financial Thresholds within Appendix A, and other minor amendments to provide greater clarity – shown through Tracked Changes.
  - Amendments to provide greater clarity to the user, for example Section 14.5.1 or the Glossary – shown through Tracked Changes.

More detail is included within the sections below.

## **2.0 Contract Management and Procurement (Section 5)**

- 2.1 The Procurement and Contracts Management Section has been updated to improve our internal processes and compliance with the statutory regulations. These can be found at Section 5.1.11. In addition, the financial thresholds have been updated by Government from 1 January 2022 and now include VAT. This is shown within Appendix A (Subsection H) of the Financial Regulations.
- 2.2 We await broader changes to the Procurement regulations arising from the UK's exit from the EU. The latest understanding is that these are due to be announced in 2023 as currently no parliamentary time has been identified to review the proposed amendments.

## **3.0 Emergency Action**

- 3.1 Amendments have been made to the financial thresholds for the incursion of expenditure in the event of an emergency. Alongside, the approval process has been simplified in order to speed up the response; for expenditure upto £250k two instead of three approvers are required. For expenditure over £250k, the approval should include the Chief Executive and Cabinet Member for Finance. A written update report should be taken to the next meeting of the Cabinet.

## **4.0 Delegated Authority Thresholds (Appendix A)**

- 4.1 The authorisation to order goods and to pay invoices is an important safeguard to protect the public purse. The existing limits need to be revised to reflect

operational demands. Appendix A of the Financial Regulations shows the updated position.

- 4.2 It is also proposed to increase the general authorisation limit (Subsection A) for a Corporate Group Manager to £100k from £50k to reflect the level of seniority within the Council and improve efficiency within the process. Therefore, the Deputy Chief Executive is now only required to approve for transactions between £100k and £250k. Cabinet continue to approve for between £250k to £500k and Full Council is required to approve anything over £500k.
- 4.3 Similarly, Subsection C (Budget Virements) have also been updated to reflect the above proposed amounts. In addition, greater clarification is included within Subsection C. Each Corporate Manager has authority to move budget across services within their own area of responsibility. Where a budget is transferred from one service area to another, and where that second service area is under the responsibility of a different Corporate Manager, both parties are required to agree in line with the authorisation level and threshold as set out in the table.
- 4.4 In Subsection E, the proposed thresholds for debt write off have been increased, again to reflect the seniority of the Corporate Manager and improve efficiency within the process.
- 4.5 Similarly, again, Subsection F is also updated using the same financial thresholds for Stock Deficiency or Obsolete Stock write off. Subsection I also reflects these proposed thresholds for Stock Adjustments / Write offs.
- 4.6 As highlighted in paragraph 2.1, the procurement thresholds have been increased to reflect the updated national regulations from 1 January 2022.

## 5.0 Conclusion

- 5.1 The various recommendations above are proposed to ensure compliance with current legislation and maintain best practice. Improving the efficiency of our operations, whilst safeguarding the Council's assets remains an ongoing commitment. Going forward therefore, further revisions will need to be made from time to time to ensure these goals continue to be met.

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**Circulation of the Report:** Cllr Andrew Moore and Leadership Team