

## AUDIT COMMITTEE – 25 MARCH 2022

### REVIEW OF FINANCIAL REGULATIONS

#### 1. Recommendations

1.1 It is recommended that the Audit committee support the revisions to the Council's Financial Regulations and recommend to Council the adoption of the new regulations with effect from 12 April 2022.

#### 2. Purpose of the report

2.1 To seek approval to update the Council's Financial Regulations.

#### 3. Background

3.1 The Council's current Financial Regulations were last updated in 2018. Minor amendments are now required to reflect changes in service responsibilities and changes to virement and supplementary budgets levels, to reflect inflationary increases. In addition, a new section has been introduced to show system authorisation levels for raising orders and paying invoices.

#### 4. Summary of Amendments

4.1 A summary of amendments are provided in the table below:

Reference	Amendment	Reason
4.3.4/4.3.5	Split paragraph 4.3.4 into two separate paragraphs to distinguish between budget transfers and virements.	To clarify the procedures to be followed for budget transfers and virements.
4.4	Revised approval limits for budget virement (revenue expenditure)	Maximum limit for Cabinet approval increased from £240,000 to £270,000, in accordance with previously agreed basis of limit being c 2% of Council Tax. Sums exceeding £270,000 require Council approval
4.7	Revised approval limits for supplementary budgets (revenue expenditure)	Maximum limit for Cabinet approval increased from £120,000 to £130,000, in accordance with previously agreed basis of limit being c 1% of Council Tax. Sums exceeding £130,000 require Council approval.
4.14	Revised approval limits for budget virement (capital expenditure)	Maximum limit for Cabinet approval increased from £240,000 to £270,000 to be

		consistent with revised revenue expenditure limit in 4.4.
4.15	Revised approval limits for supplementary budgets (capital expenditure)	Maximum limit for Cabinet approval increased from £120,000 to £130,000 to be consistent with revised revenue expenditure limit in 4.7.
6.1	Service Manager for Business Improvement and Customer Services amended to Service Manager for Finance	Responsibility for insurance administration transferred to different Service Manager.
11.1.1	Authorisation levels added	Authorisation levels for orders and payments exist in the financial system. These have been added to the Financial Regulations document
11.1.5	Add " and will ordinarily be supported with a purchase order number"	To reflect latest requirements that most purchases require the creation of an initial authorised purchase order.

- 4.2 The revised Financial Regulations, including a schedule summarising the approval limits for budget virements and supplementary budgets are included as **Appendix 1**.

## 5. Financial Implications

- 5.1 There are no direct financial implications as a result of this report. The revisions do however further empower Service Managers across the Council to make financial decisions in their service areas, before the need to request formal approval for budget virements. As a matter of course, Service Managers will be expected to consult and brief their respective Portfolio Holders on matters affecting their budgets, on a regular basis.

## 6. Crime & Disorder / Equality & Diversity / Environmental Implications

- 6.1 There are no implications as a result of this report.

## 7. Conclusion

7.1 Up to date Financial Regulations support the Section 151 Officer in directing the Council's financial affairs and ensure the proper administration of the financial affairs of the Council. They are also an essential point of reference for all Service Managers, which form a mandatory framework for financial administration in New Forest District Council.

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