

## REPORT OF AUDIT COMMITTEE

(Meeting held on 23 March 2018)

### 1. REVIEW OF FINANCIAL REGULATIONS (Minute No 46)

The Committee has considered proposed revisions to the Council's Financial Regulations. The current Regulations have been in place for several years and are in need of review to ensure they reflect the Council's current policies and practices.

The recent peer review feedback recommended that the Council should;

*“Review levels of decision making to empower managers and staff to deliver”.*

The proposed amendments recommended to the Financial Regulations take this commentary into account.

Up to date Financial Regulations support the Section 151 Officer in directing and ensuring the proper administration of the Council's financial affairs. They are also an essential point of reference for all Service Managers as they form a mandatory framework for the financial administration of the Council.

The revised Financial Regulations, including a schedule summarising the approval limits for budget virements and supplementary budgets, are attached at **Appendix 1**. The revisions give more authority to 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.

Subject to a minor amendment (reflected in the attached draft regulations), the Committee recommends the adoption of the revised regulations with the added provision that they be reviewed at least every 3 years.

A summary of the proposed amendments is:

Reference	Amendment	Reason
Throughout	Remove reference to 'Director of Resources' and replace with Section 151 Officer	Remove reference to old post with and replace with current establishment.
Throughout	Remove reference to 'Directors' and replace with 'Executive' or 'Service Manager' where applicable	Remove reference to old post with and replace with current establishment.
Throughout	Remove reference to 'Supplementary Estimate' and replace with 'Supplementary Budget'	The Council sets budgets, not estimates, hence term updated.
1.2	Quoted acts updated	To confirm the most recent statutory acts that these financial regulations have regard to.

4.3	Wording amended	The S151 officer shall determine whether a budget movement is a transfer or a virement, utilising the definitions as given.
4.3.2	New regulation added	To ensure Service Managers only have the ability to conduct virement in their own budgets, and not affect budgets of other Service Managers without their prior approval.
4.3.3	New regulation added	To ensure Service Managers do not spend additional income, without Supplementary Budget rules taking effect.
4.4	Revised approval limits for budget virement	Previous limits too low as being a virement, no impact to the Council's overall budget. Revised approval limit before Council need to get involved represents c2% of Council Tax.
4.7	Revised approval limits for supplementary budgets	Previous limits too low. Revised limit before Council need to approve represents c1% of Council Tax.
4.11	New regulation added	If external funding is received, commencement on delivering the intended purpose should progress without delay.
4.13	Wording amended	To be consistent with revised 4.3, only this time applicable to capital.
4.14	Revised approval limits for budget virement	Previous limits too low as being a virement, no impact to the Council's overall budget. Revised approval limit before Council need to get involved consistent with 4.3. Portfolio Holder level extended to reflect potential individual transaction sizes within the capital programme.
4.15	Revised approval limits for supplementary budgets	Previous limits too low. Revised limit before Council need to approve represents c1% of Council Tax. Portfolio Holder level extended to reflect potential individual transaction sizes within the capital programme.

4.17.5	Wording updated to include 'Material'	Only material budget variations and movements require noting on the Council's Financial Monitoring Reports.
4.19	Wording added to 4.19 and new 4.19.2	To allow appropriate flexibility in expenditure, when the annual budgets set are indicative with the intention of fulfilling a medium term strategy.
5.1	Wording added to 5.1.1	Only income outside of the course of 'ordinary business' to be notified to the S151 Officer.
5.1	Wording amended 5.1.5	Official receipt must be 'made available', not necessarily 'always received'. This is to avoid unnecessary issuing of low value receipts.
5.2	Wording added to 5.2.1	'Portfolio Holder' added to reflect the current delegation for approving revised Fees and Charges.
6.1	Service Manager for Business Improvement and Customer Services added	Responsibility for insurance sits with the Service Manager.
7.1	Service Manager for Estates and Valuations added	Responsibility for land and property registers sits with the Service Manager.
7.3	Inventories required to list items in each service area between £500 and the capital de-minimus level	To ensure the safe custody and recording of NFDC assets.
9.2	Wording added to reflect delegation	To reflect current SLA and arrangements with HCC.
10.1	Gateway Procurement Cards added to narrative under (d)	GPC's now widely in use across the Council. Separate procedure notes exist for card holders.
13.1	Service Manager for Human Resources added	Responsibility for Salary payments and other emoluments now sits with the Service Manager.

**RECOMMENDED:**

- (a) *That the revised Financial Regulations as set out in Appendix 1 to this report be approved with effect from 17 April 2018; and***
- (b) *That the Financial Regulations be reviewed at least every three years.***

**CLLR A O'SULLIVAN  
CHAIRMAN**

**Attachments:** Appendix 1