FINANCIAL REGULATIONS –STRATEGIC AND FINANCIAL REGULATIONS - OPERATIONAL

Accountable Cabinet Member: Councillor Crooks

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1. **Purpose**

1.1 This report seeks a recommendation to be made to Council on the formal policy: Financial Regulations – Strategic (Annex A)

2. **Recommendations**

2.1 That the revised Financial Regulations- Strategic be approved.

3. **Issues and Choices**

3.1 Financial Procedures Rules, commonly referred to as Financial Regulations, were last updated in July 2002. Since then the Council has entered into a strategic partnership with HBS, fundamentally changed its key financial systems through the implementation of SAP, and made changes to its organisational structure including reallocation of S.151 responsibilities to the Head of Finance. As a result the Regulations no longer contribute fully to good financial governance and appropriate operational practices. For example, they are not consistent with the ordering and authorisation procedures required under SAP, nor do they allow appropriate financial delegation to HBS staff where desired.

3.2 In full cooperation with the S.151 Officer, Internal Audit consulted widely, including all Financial Services Group and Departmental Management Teams (including Corporate Directors), Head of Democratic Services and SAP experts to seek opinion on required changes and agreement to the revised documents. Comment was also sought from Audit Commission and HBS (both...
senior management and the Service Delivery Manager – Finance). Internal Audit and the S.151 Officer are satisfied that all the responses have been dealt with as appropriate.

3.3 Due to the significant organisational changes as noted above (ref 3.1) there has been a full and comprehensive review and revision of the Regulations. It is intended that an annual review will occur but it should be noted that the Regulations themselves also provide for interim amendment arrangements.

3.4 It is clarified within the Financial Regulations – Strategic that they are a formal part of the Constitution, but the Financial Regulations – Operational are not. NB: The Financial Regulations – Operational have been subject to a similar review process and they also contain a clause enabling dispensation/amendment based on senior manager approval together with that of the Section 151 Officer or Head of Audit and Risk Management.

3.5 A summary of the key changes is made in the supporting document (Annex B)

4. Implications

4.1 Policy
None

4.2 Resources
None

4.3 Legal
Failure to adopt and follow appropriate Financial Regulations could render the Council liable to findings of maladministration, illegality, or adverse comment from the Audit Commission.

4.4 Other Implications
None

Background Papers: None