

**OFFICER REPORT TO COUNCIL****Amendments to Financial Regulations****KEY ISSUE/DECISION:**

This report seeks Council's approval to the proposed changes to the Financial Regulations.

**BACKGROUND:**

The amendments to the Financial Regulations serve a dual purpose. This review ensures that the Financial Regulations remain current and reflect changes in the Council's processes and procedures as the last update was completed and approved by Council in June 2010. The document has also been revised to make it easier to read, is linked to other relevant policies and making the Financial Regulations consistent with the 'house style' and branding.

A summary of the changes to the document are detailed below and highlighted in the revised Regulations, attached as Annex 1.

**DETAILS:**

1. In recognition of changes to the structure and officer posts at Surrey, the title 'Head of Finance' has been replaced with 'Chief Finance Officer' and the 'Head of Legal and Insurance' has been replaced with 'Head of Legal and Democratic Services'.
2. Regulations 2 and 3 covering revenue and capital financial planning and management have been extensively rewritten to provide clearer guidance on budget setting and in-year monitoring and reporting. The new risk-based approach to budget monitoring has been covered and the roles of Council Investment Panel and Procurement Review Group have also been clarified.
3. Cabinet approval is required for the reprofiling across years of a capital scheme's budget, or for a carry-forward of capital budgets at the end of the financial year.

4. The appointment of consultants and contractors within Regulation 2 has been set out and is now consistent with Procurement Standing Orders. The Leader and the Chief Executive must approve consultant or contractor appointments where the fee exceeds £50,000 per annum (or pro rata where the engagement is less than one year) before the contract can be started. All consultant or contractor engagements with an aggregate value of £100,000 or over must be referred to procurement tender, for vetting by the Procurement Review Group before approval by the Leader and Chief Executive. Under no circumstances will this be approved retrospectively.
5. A new section on risk management has been developed, outlining how the council manages risk, which links to the Risk Management Strategy and Risk Management Framework documents.
6. A new section has been included on money laundering regulations linking to the council's Anti Money Laundering Policy published on the intranet. This policy states that no payment to the council will be accepted in cash if it exceeds £5,000.
7. The requirements for the use of purchasing cards in emergencies have been included in Regulation 6 and are referenced to the Financial Instructions.

<b>RECOMMENDATIONS:</b>
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That the Council approve the changes summarised above and contained in the revised Financial Regulations in Annex 1.

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**Lead/Contact Officers:**

Kevin Kilburn  
Deputy Chief Finance Officer

**Sources/background papers:**

Constitution of the Council – Responsibility of function and Scheme of Delegation

**Consulted:**

David Hodge, Leader of the Council  
Denise Le Gal, Cabinet Member for Change & Efficiency  
Council Overview and Scrutiny Committee  
Sheila Little, Chief Finance Officer and Deputy Director of Change & Efficiency  
Ann Charlton, Head of Legal and Democratic Services