



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 Financial Regulations provide the framework of control, responsibility and accountability for the proper administration of the Council's financial affairs. This review ensures that the Financial Regulations remain current and reflect changes in the Council's processes and procedures since the last update in December 2018. The key changes now reflect the organisation structure, updates on debt and approval levels for financial settlements and redundancy claims.

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

DETAILS:

1. Since the last Financial Regulations update, the Finance Service has changed its operating model to enable a culture of financial discipline across the organisation that will meet the future needs of Surrey County Council. A key area of focus has been providing greater clarity on roles and responsibilities through a financial management "Partnership Agreement" between Finance and Services. The "Partnership Agreement" sets out expectations of the services to be offered by Finance and the agreed responsibilities of the wider organisation. This also includes a new model of business partnering that will mean Finance are fully engaged with Directorates as full and trusted members of leadership teams, offering insight and constructive challenge.
2. Beyond the Finance Service, teams across the Council have also undergone significant change in structure, design and personnel as

part of wider transformation. This has meant a number of controls within Financial Regulations require updating or need adding to.

3. As a result of the organisational changes, Financial Regulations have been updated to take into account the new operating models, and structures.
4. To achieve greater control and ensure deliverability of capital projects, a review of capital governance arrangements has also been undertaken. The Capital Programme Panel (an internal senior officer group chaired by the Executive Director of Resources), reviewed capital governance including financial limits for project approval. The proposed changes are reflected in the amended *Regulation 11 - Authority to incur Capital Expenditure* and *Regulation 12 - Monitoring the Capital Programme*.
5. A group chaired by the Head of Resources for Adult Social Care (ASC) and comprised of senior officers from ASC, Corporate Finance and Legal Services have reviewed and updated the debt regulations relating to social care debt. These changes are outlined in *Regulation 21 – Adult Social Care Assessed Fees & Charges Debt Management and Bad Debt Write Off*, and are designed to make the debt management process agile. All other non-social care debt is covered under *Regulation 22 - Debt Management and Bad Debt Write Offs not relating to Adult Social Care Assessed Fees & Charges* which has remained unchanged.
6. Other changes to the Financial Regulations are summarised below:
 - a. Under *Regulation 2 – Roles and Responsibilities*, *Regulation 2.10* has been added to enable the Section 151 Officer to nominate a Deputy Section 151 Officer, in his / her absence.
 - b. External Audit through the Value for Money Assessment, undertaken as part of the Audit of 2018/19 Financial Accounts, suggested that the regulations on financial settlements should be formalised. Under *Regulation 5 – Authority to incur Revenue Expenditure*, *Regulation 5.4* has been added to clarify the approval thresholds of settlement and redundancy claims.
 - c. Under *Regulation 15 – Financial Irregularities*, *Regulation 15.1* has been updated so that officers can report irregularities to the Chief Internal Auditor, where the alleged financial irregularity may be connected to the immediate line manager.
 - d. Following a review of the policy on revenue virements *Regulation 7- Virement of Revenue Budgets* and *Regulation 10 – Reserves* have been updated to make them clearer and aligned to current business practices and similar County Councils.

7. The Scheme of Delegation has been updated accordingly to reflect the changes to the Financial Regulations.

RECOMMENDATIONS:

That the Council approve the changes summarised above and contained in the revised Financial Regulations in Annex A.

Lead/Contact Officers:

Verity Royle, Senior Finance Business Partner (Corporate Finance)
Anna D'Alessandro, Director of Corporate Finance

Sources/background papers:

Constitution of the Council

This page is intentionally left blank