

WAVERLEY BOROUGH COUNCIL

AUDIT COMMITTEE - 20 NOVEMBER 2017

Title:

FINANCIAL REGULATION UPDATE

[Wards Affected: N/A]

Summary and purpose:

The Audit Committee is asked to consider the revised Financial Regulations and recommend them to the Council, in compliance with the Audit Committee Terms of Reference under Article 8 of the Constitution. Specifically, the Audit Committee is required to maintain an overview of the Council's Constitution in respect of financial regulations.

How this report relates to the Council's Corporate Priorities

The Financial Regulations directly underpins the financial governance arrangements for the Council and affects the way services delivers on corporate priorities.

Equality and Diversity Implications:

There are no implications arising from this report.

Resource and legal implications:

There are no direct resource implications.

Introduction

1. The Financial Regulations were last updated in April 2015 and have been rewritten in line with our commitment of continual review within the Annual Governance Statement.
2. The objective of the revision is to ensure that the Financial Regulations reflect the full scope of the Council's required governance arrangements to remain secure in relation to risk and statutory compliance whilst incorporating changes in technology, service delivery and corporate priorities.
3. The revised Financial Regulations are aligned to the Council's Constitution, Contract Procurement Rules and Scheme of Delegation, all of which have been updated within the 2017/18 financial year.
4. The layout and structure of the Financial Regulations has been revised to facilitate ease of reading and clarity of understanding. Use of headings and sub headings have been enhanced to aid navigation of the regulations.
5. The following changes have been made to content:
 - a. New section: Purpose and key principles overarching the regulations;

- b. New section: Statutory requirements, compliance and responsibilities are described and explained;
 - c. Content of the previous Financial Regulations have been reordered under a “financial framework” inclusive of updated and enhanced governance criteria. The regulations were previously grouped under five themes.
 - d. The Scheme of Virement has been revised to enable services to self manage budgets with a greater degree of autonomy, in line with the changes to the Executive approval threshold of £100,000 and minimising Management Board intervention.
6. The Scheme of Virement has been redesigned to facilitate service managers to be more proactive in managing budgets with minimal buracracy. A new electronic purchase ordering facility will be going live in the new year that limits managers to only commit expenditure within a pre-existing budget provision. Using electronic workflow approval process, managers will be able to identify and effect a virement within the approval limits on their directly controllable budgets. Full detail is on annexe one of the Finance Regulations.
7. The previous Scheme of Virement required all budget adjustments between £500 and £10,000 to involve a Director and above £10,000 the involvement of the Executive. The current Scheme effectively invalidates the essence of the Council’s delegated responsibility through the Scheme of Delegaton and Authorised Signatories List and the expectation of service managers to get on with service delivery with approved budget.
8. Moving budget from one budget head to another within a service is not a matter for the Management Board or Executive to be troubled with except for material changes in purpose of the budget. Material changes are accounted for in the new Scheme of Virement.

Recommendation

It is recommended that the Committee recommends the revised Financial Regulations to the Council for adoption.

Background Papers

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

CONTACT OFFICERS:

Name:	Vicki Basley	Telephone:	01483 523250
		E-mail:	victoria.basley@waverley.gov.uk
Name:	Peter Vickers	Telephone:	01483 523539
		E-mail:	peter.vickers@waverley.gov.uk