

Bath & North East Somerset Council

MEETING:	Corporate Audit Committee	
MEETING DATE:	4 th December 2012	AGENDA ITEM NUMBER
TITLE:	Financial Regulations Update	
WARD:	ALL	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
Appendix 1 – Draft Financial Regulations & Codes of Practice.		

1 THE ISSUE

- 1.1 The Council's Financial Regulations are in need of updating based on changes in the Council's systems and processes. This report has been compiled to explain the purpose of Financial Regulations and to explain / consult on the contents of the revised Financial Regulations prior to Council approval.

2 RECOMMENDATION

- 2.1 The Corporate Audit Committee is asked to comment on the revised Financial Regulations prior to their submission to Council in 2013

3 FINANCIAL IMPLICATIONS

- 3.1 There are no direct financial implications relevant to this report.

4 THE REPORT

4.1 Why do we have Financial Regulations?

- 4.1.1 This Council is responsible for many millions of pounds of public money and has a number of statutory responsibilities in relation to its financial affairs.
- 4.1.2 The Local Government Act 1972 directs that Authorities shall make arrangements for the proper administration of their financial affairs and that one of their officers be responsible for the administration of those affairs. The Divisional Director – Finance is the Council's designated Chief Finance Officer and hence the Section 151 Officer.

- 4.1.3 Under powers contained in the Local Government Finance Act 1982 (s23 and 35) the Secretary of State also makes regulations as to the accounts themselves and requires them to be audited by the Audit Commission.
- 4.1.4 The "Accounts and Audit Regulations" require that the "Responsible Financial Officer" must determine and be responsible for the accounting systems and the form of both the accounts and all supporting records of the authority. He/she must further ensure (by maintaining an effective and adequate internal audit) that rules so made are observed and that all records are maintained in a satisfactory manner.
- 4.1.5 To conduct its business efficiently, a local authority needs to ensure that it has sound financial management policies in place and that they are adhered to. Part of this process is the establishment of financial regulations that set out the financial policies of the Authority.

4.2 Status of Financial Regulations

- 4.2.1 Financial regulations provide the framework for managing the authority's financial affairs. They apply to every Member and Officer of the Authority and anyone acting on its behalf.
- 4.2.2 The regulations identify the financial responsibilities of Council Members, Corporate Audit Committee, Head of Paid Service, Monitoring Officer, Chief Finance Officer, Strategic Directors, Divisional Directors and employees.
- 4.2.3 All elected Members and officers have a responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of these resources is legal, properly authorised, provides value for money and achieves best value.
- 4.2.4 The Chief Finance Officer is responsible for maintaining a continuous review of the Financial Regulations and submitting any additions or changes necessary to the full Council for approval. He is also responsible for reporting, where appropriate, breaches of these Financial Regulations to the Council and / or to the members of the Cabinet.
- 4.2.5 Further detail of the authority's financial procedures, setting out how these Regulations will be implemented, are contained in the Codes of Practice.
- 4.2.6 Strategic & Divisional Directors are responsible for ensuring that all staff in their Directorate / Service area are aware of the existence and content of the Authority's Financial Regulations.
- 4.2.7 The Chief Finance Officer is responsible for issuing advice and guidance to underpin the Financial Regulations.

4.3 The Principles

- 4.3.1 The Council is responsible for the stewardship of public money and will make arrangements to safeguard the interests of taxpayers and other stakeholders.
- 4.3.2 The Council expects its elected Members and officers to exercise high standards in financial management and administration and aims to stimulate openness and a

climate of frankness that it will support through policies and regulations, such as the “whistleblowing” policy.

- 4.3.3 The importance of planning, monitoring and controlling the use of resources is of vital importance to the Council and it will make arrangements for these activities to be undertaken effectively.
- 4.3.4 Issues of probity will be dealt with effectively and the Council will work to meet its duty to maintain proper accounts and related records.
- 4.3.5 Value for money is at the core of the Council’s financial activity and the way in which it administers its financial affairs.
- 4.3.6 Compliance with statutory requirements, accounting standards and appropriate codes of practice will be inherent in the Council’s arrangements for financial matters.
- 4.3.7 Allocation of responsibility and authority in relation to financial matters will be clearly identified.
- 4.3.8 The Council is a large organisation and is mindful of the need for consistent standards in financial administration and management across all its operations and will set in place guidance to be adhered to by all its directorates. In particular, it expects staff to consult with and use all of the expertise in financial matters that it has available and act on advice from such sources.
- 4.3.9 The assets and resources of the Council must be protected from loss, damage and theft.
- 4.3.10 Identifying and quantifying risks to the Council is of key importance and arrangements must be made to reduce, eliminate or insure against them as appropriate.
- 4.3.11 The accurate, appropriate and timely payment and collection of monies forms much of the routine financial business of the Council and arrangements will be made for its proper administration.

4.4 Revision of Financial Regulations

- 4.4.1 The Council’s Audit & Risk Team have reviewed the May 2002 version of the Council’s Financial Regulations on behalf of the Chief Finance Officer.
- 4.4.2 All financial systems and processes in the Council have been considered in relation to maintaining comprehensive Council Financial Regulations.
- 4.4.3 A first draft of the revised Financial Regulations was circulated for the 1st Stage of consultation during August 2012. The 1st stage consultation was limited to key Finance, Democratic Services, Information Governance and Human Resources staff who are actively involved in the financial administration of systems.
- 4.4.4 The 2nd Stage of the consultation process involved the Chief Finance Officer and his Finance Managers and the Head of Human Resources and his HR Managers. The deadline for feedback was 14th November 2012.

- 4.4.5 The revised Financial Regulations has 28 Sections which is supported by 13 Codes of Practice.
- 4.4.6 The 3rd and final consultation stage will involve the Corporate Audit Committee, and all Strategic & Divisional Directors.
- 4.4.7 The regulations are still draft and are not proposed to be submitted to Council until next year so comments are welcome during this consultative stage.

5 RISK MANAGEMENT

- 5.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision making risk management guidance.

6 EQUALITIES

- 6.1 A proportionate equalities impact assessment has been carried out in relation to this report. There are no significant issues to report to the Committee.

7 CONSULTATION

- 7.1 The report was distributed to the S151 Officer and Monitoring Officer for Consultation.

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Background papers	<i>Report to Corporate Audit Committee – 15th May 2012 – Internal Audit - Annual Report</i>
Please contact the report author if you need to access this report in an alternative format	