

# STROUD DISTRICT COUNCIL

## COUNCIL

THURSDAY, 15 DECEMBER 2022

<b>Report Title</b>	Review of Financial Regulations			
<b>Purpose of Report</b>	To update the Financial Regulations after consideration by the Section 151 Officer and the Constitution Working Group			
<b>Decision(s)</b>	<b>The Council RESOLVES that the amended financial regulations attached at Appendix A be added to the Councils Constitution.</b>			
<b>Consultation and Feedback</b>	All amendments suggested by the Constitution Working Group have been incorporated			
<b>Report Author</b>	Andrew Cummings, Strategic Director of Resources Email: <a href="mailto:andrew.cummings@stroud.gov.uk">andrew.cummings@stroud.gov.uk</a>			
<b>Options</b>	The Council may choose to alter any of the financial regulations in consultation with the Section 151 Officer			
<b>Background Papers</b>	None			
<b>Appendices</b>	Appendix A – New financial regulations Appendix B – Tracked changes amended version			
<b>Implications (further details at the end of the report)</b>	Financial	Legal	Equality	Environmental
	No	No	No	No

### 1. INTRODUCTION / BACKGROUND

- 1.1 The cross-party Constitution Working Group (CWG) has been tasked with reviewing the Council's Constitution and reporting to Council on its deliberations.
- 1.2 The Financial Regulations were an area of the Constitution identified for review during the 2022 year. The Regulations serve as the starting point for the guiding principles for how both Officers and Members are responsible for managing the Council's money.

### 2. MAIN POINTS

- 2.1 The Strategic Director of Resources has overall responsibility for ensuring the proper administration of the financial affairs of the Council, as required by Section 151 of the Local Government Act 1972, and by Section 114 of the Local Government Finance Act 1988. This includes proper preparation of a set of financial regulations for approval and adoption by the Council.
- 2.2 It has been some time since the Financial Regulations were last reviewed in full and, although no fundamental issues have been identified, it is therefore appropriate to periodically review and update the regulations for accuracy and relevance.
- 2.3 The regulations have recently been reviewed by the Strategic Director of Resources and the Accountancy Manager. A tracked changes document was produced for consideration by the Constitution Working Group at their meeting of 15<sup>th</sup> November 2022.
- 2.4 The Group considered the entire document in detail and made a number of suggested amendments, primarily to ensure clarity of wording and to ensure the relevant roles of the

Audit and Standards Committee, as part of good financial management, were properly reflected in the regulations. All changes requested by the Group are included in the version for consideration by Full Council.

- 2.5 To allow for better comparison of the new and previous versions of the Financial Regulations a “tracked changes” version of the document is included at Appendix B. In summary the principal changes for consideration are;
- Updating job titles throughout the document to current versions
  - Formal recognition of the Accountancy Manager as fulfilling the role of Section 151 Officer in the absence of the Strategic Director of Resources
  - A clarification that breaking financial regulations can result in disciplinary action
  - An authorisation for the Section 151 Officer to move funds between financial years
  - Updates on the regulations around reserves to reflect the scheme of delegations
  - Updated monetary levels around write off authorisations
  - Formal authorisation for the Section 151 Officer to exercise discretion in member expense claims
- 2.6 The job titles of a number of roles have changed since the last full update of the Regulations. Most significantly the Section 151 Officer position was held by the Strategic Head (Finance and Business Services). The current role is Strategic Director of Resources and this has been updated throughout.
- 2.7 The Accountancy Manager serves as the Deputy Section 151 Officer. The update to the financial regulations clarifies that they fulfil all the functions of the Section 151 Officer in the absence of the Strategic Director of Resources.
- 2.8 The financial regulations are a vital part of the good financial governance of the authority. The regulations now confirm that non-compliance with the rules can potentially lead to disciplinary action.
- 2.9 One of the key roles performed by the Section 151 Officer is to ensure effective management of Council funds at financial year-end. The regulations now confirm that the Section 151 Officer may move funds between financial years as long as it is for the purpose originally allocated by Council. This is always reported back to Strategy and Resources Committee and is a key part of managing year end effectively,
- 2.10 The scheme of delegations approved by Council gives delegations to the Section 151 Officers around reserves. The financial regulations are updated to reflect those delegations. Principally this relates to the establishment of reserves and the authorisation of expenditure from them. Consultation with Committee Chairs is included as part of the process.
- 2.11 The levels for write off of debt authorisations have not changed in many years. They are now updated to more appropriate levels.
- 2.12 In practice the Section 151 Officer exercises discretion around member expense claims, for example where a member has legitimate reason for making a claim outside of the usual time periods. The regulations are updated to formally reflect that discretion.

### **3. CONCLUSION**

- 3.1 These changes reflect manageable and practicable updates to the Council's financial regulations. They have been reviewed by both the Section 151 Officer and the Constitution Working Group and the Council is recommended to accept them.

### **4. IMPLICATIONS**

#### **4.1 Financial Implications**

There are no financial implications of the decision. The regulations reflect good practice in managing the overall financial affairs of the Council.

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#### **4.2 Legal Implications**

Changes to the Constitution must be reviewed by Council.

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(Report reviewed by Claire Hughes, Monitoring Officer)

#### **4.3 Equality Implications**

An EIA is not required because there are not any specific changes to service delivery proposed within this decision.

#### **4.4 Environmental Implications**

There are no significant implications within this category.