

FAREHAM

BOROUGH COUNCIL

Report to Audit and Governance Committee

Date **10 March 2014**

Report of: **Director of Finance and Resources**

Subject: **REVIEW OF FINANCIAL REGULATIONS**

SUMMARY

Officers are currently carrying out a detailed review of each Financial Regulation in order to streamline them down to the key controls that members and officers are required to adhere to.

Two more regulations have now been reviewed and are submitted for comment. These cover Regulation 1 – Responsibilities of Members, and Regulation 2 – Responsibilities of the Statutory Officers.

RECOMMENDATION

That the proposed changes are considered and any comments forwarded to the Council, to aid its decision in approving these revised regulations.

INTRODUCTION

1. Financial Regulations form part of the Council's constitution and provide a detailed strategic and operational framework for managing the authority's financial affairs. There are currently twenty-one Financial Regulations.
2. Since November 2010, officers have been reviewing individual regulations and streamlining them down to the key rules that are necessary for the Council to adequately manage its financial affairs. Sixteen regulations have been completed to date.
3. The review has been completed for two more regulations which are now being brought to members for comment.

FINANCIAL REGULATION 1 – RESPONSIBILITIES OF MEMBERS

4. [Appendix A](#) and [Appendix B](#) give the current regulation and the proposed new regulation with the changes highlighted. Changes have been made to the regulation to:
 - (a) Restrict the content to the financial and governance responsibilities of members and avoid excess duplication with the Council's constitution, and the Terms of Reference for individual committees.
 - (b) Remove duplication of specific responsibilities covered by other parts of the Financial Regulations.
 - (c) Recognise that the Audit and Governance Committee has replaced the separate Audit and Standards Committees.
 - (d) Recognise that legislative changes mean that individual executive members can now make decisions as well as the Executive as a whole.
 - (e) Recognise that the Audit and Governance Committee have a role in overseeing the financial stability of the Council and raising any concerns with Full Council.

FINANCIAL REGULATION 2 – RESPONSIBILITIES OF THE STATUTORY OFFICERS

5. [Appendix C](#) and [Appendix D](#) give the current regulation and the proposed new one which contains the changes as highlighted in the document, which include:
 - (a) General section added as a rule that the relevant legislation governing the statutory officers should be complied with.
 - (b) Additional general responsibilities added for all the statutory officers based on those stipulated at other councils.
 - (c) Rules on maintenance of reserves removed from the responsibilities of statutory officers as this was already covered by Financial Regulation 6.
 - (d) Responsibility added for Members and Officers to draw to the attention of the Statutory Chief Finance Officer at the earliest opportunity, any subject which may lead to him/her issuing a formal (S114) report that a proposal is unlawful or likely to exceed the financial resources;

RISK ASSESSMENT

6. There are no significant risk considerations in relation to this report

CONCLUSION

7. The proposed new approach to streamlining Financial Regulations will continue to guide the strategic and operational financial affairs of the authority in accordance with the latest national and local requirements.

Appendices:

Appendix A: Financial Regulation 1 – Responsibilities of Members - Current version ([separate attachment](#))

Appendix B: Financial Regulation 1 – Financial Responsibilities of Members – Proposed version ([separate attachment](#))

Appendix C: Financial Regulation 2 – Responsibilities of the Statutory Officers - Current version ([separate attachment](#))

Appendix D: Financial Regulation 2 – Responsibilities of Statutory Officers – Proposed version ([separate attachment](#))

Background Papers: None

Reference Papers:

Report of the Director of Finance and Resources to the Audit Committee on 30 November 2010 “Annual Review of Financial Regulations”.

Enquiries:

For further information on this report please contact Elaine Hammell. (Ext 4344)