



# Committee report

Committee	<b>AUDIT COMMITTEE</b>
Date	<b>9 MAY 2016</b>
Title	<b>REVISED FINANCIAL REGULATIONS</b>
Report of	<b>TECHNICAL FINANCE MANAGER</b>

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## EXECUTIVE SUMMARY

1. The purpose of this report is to seek approval for the council's updated Financial Regulations following the annual review during 2015/16 and the early part of 2016/17.
2. Approving an updated set of Financial Regulations will provide a framework for consistent financial management and internal control standards to be put in place across the council which will support the internal control systems and help the council manage any risks to the achievement of its corporate objectives.

## BACKGROUND

3. The key Financial Procedure Rules for the council are set out in the Constitution and identify the responsibility of Full Council in setting a budget on an annual basis, the responsibility of the executive to implement the budget and policy framework once it is in place, and the procedure rules to be followed as part of the internal control systems of the council. More detailed Financial Regulations are required to provide a framework for consistent financial management across the council. They are subject to annual review by the Audit Committee and are supported by a range of internal control systems which the council has put in place to ensure the risks to the achievement of its corporate objectives are minimised. Schools with delegated budgets are subject to a separate framework of regulation through the Scheme for Financing Schools which was approved by the Schools Forum on 19 March 2015.
4. The council's Financial Regulations were previously updated and submitted to Audit Committee for approval in May 2015. A further review of Financial Regulations has been undertaken during the early part of the 2016/17 financial year and a small number of amendments made. A summary of the changes is attached at Appendix 2.

## STRATEGIC CONTEXT

5. The council's annual statement of accounts, budget setting framework, and overall responsibility for the stewardship of public funds form an important part of the broad framework of corporate governance. There is a need for a regular review of the Financial Regulations to ensure they are up to date and provide a robust framework

which will assist the delivery of the key priorities set out in the corporate plan, and the achievement of outcomes within the reduced resources available to the council. This is particularly important as the council moves towards a role of a facilitating council rather than one which delivers services to the local community.

## CONSULTATION

6. These Financial Regulations have been circulated amongst key officers of the council and agreed with the section 151 officer and chief executive as part of the review process in advance of this committee meeting.

## FINANCIAL / BUDGET IMPLICATIONS

7. There are no direct financial implications arising from this report. However, the regular update of Financial Regulations to reflect the current and future approved structure of the organisation will assist the delivery of consistent financial management and internal control standards, and form an integral part of the council's ability to deliver its key priorities within the reduced resources available in the next few years. It is particularly important in a period of significant change for the council that the correct balance of financial control is maintained

## LEGAL IMPLICATIONS

8. The Accounts and Audit Regulations 2015 require the council to ensure that the financial management of the council is adequate and effective and that the council has a sound system of internal control which facilitates the effective exercise of its functions and which includes arrangements for the management of risk. The same regulations also require the responsible finance officer to determine on behalf of the council its accounting records, including the form of accounts and supporting accounting records, and accounting control systems. The responsible officer must ensure that the accounting control systems are properly observed and that the accounting records are kept up to date.

## EQUALITY AND DIVERSITY

9. The Council has a legal duty under the Equality Act 2010 to seek to eliminate discrimination, victimisation and harassment in relation to age, disability, gender re-assignment, pregnancy and maternity, race, religion, sex, sexual orientation and marriage and civil partnership. It is considered that there are no direct equality and diversity implications of this report for any of the protected groups.

## OPTIONS

10. Options are as follows:
  - (a) Option 1 – to consider the updated Financial Regulations and approve for publication
  - (b) Option 2 – to consider the updated Financial Regulations and seek further information and explanations, or propose amendments to the regulations, prior to approving the regulations for publication

## RISK MANAGEMENT

11. The key risk relates to not having up to date Financial Regulations in place which may lead to inconsistent application of financial management and internal control standards across the council. Lack of robust and up to date Financial Regulations may also lead to the retention of incomplete or inadequate accounting records, failure to observe correct accounting practices and reporting requirements, and ultimately have an impact on the quality of financial information supporting the Statement of Accounts.

## RECOMMENDATION

Option 1:

12. To consider the updated Financial Regulations and approve for publication

## APPENDICES ATTACHED

13. [Appendix 1](#) – Financial Regulations.
14. [Appendix 2](#) – Summary of amendments to the Financial Regulations.

## BACKGROUND PAPERS

[IW Council Constitution](#)

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