

REPORT TO AUDIT AND GOVERNANCE COMMITTEE

Date of Meeting: 4 September 2025

REPORT TO COUNCIL

Date of Meeting: 14 October 2025

Report of: David Hodgson, Strategic Director of Corporate Resources

Title: Amendments to the Council's Financial Regulations

Is this a key decision?

No

Is this an Executive or Council Function?

Council.

1. What is the report about?

- 1.1 This report presents proposed changes to the Council's Financial Regulations to support prudent handling of funds and managing finances effectively.

2. Recommendations:

- 2.1 It is recommend to Council:
- (i) that the revised Financial Regulations at Appendix 1 and 2 are approved;
 - (ii) that the thresholds for approving budget virements within each Strategic Directors service areas are increased
 - (iii) that the thresholds for approving supplementary budgets are increased
 - (iv) that the thresholds for approving debtor write-offs are increased
 - (v) that the thresholds for approving disposal of assets are increased
 - (vi) that other minor changes to the regulations are approved

3. Reasons for the recommendation:

- 3.1 Local authority financial regulations ensure that the Council protects and makes the best use of its money. They provide a framework for financial decision-making, clarify roles and responsibilities and ensure the use of resources is legal and provides value for money.

4. What are the resource implications including non-financial resources

- 4.1 As with any form of governance framework, there is a balance around the administration to implement and ensuring that the approaches put forward are

proportional to the needs and the associated risks. The revisions to Financial Regulations look to proportionately strike this balance.

- 4.2 There are no direct financial implications as a result of the recommendations in this report, although a framework of effective financial regulations is required to minimise financial risks to the Council such as fraud or poor governance.

5. Section 151 Officer comments:

- 5.1 Financial Regulations underpins a sound system of internal control for all financial transactions undertaken by the Council. The update reflects the fact that Financial Regulations has not been updated for a while (except for job titles) and allows some flexibility whilst ensuring Members are involved in all significant financial decisions.

6. What are the legal aspects?

- 6.1 Section 151 of the Local Government Act 1972 requires that the Council make arrangements for the proper administration of its financial affairs. A review of the Council's Financial Regulations is part of the mechanism of ensuring sound governance arrangements in accordance with good practice.

7. Monitoring Officer's comments:

- 7.1 This report raises no issues of concern for the Monitoring Officer.

8. Report details:

- 8.1 A review of the Council's financial regulations is considered timely following the senior leadership restructure and to address a number of internal audit findings.

8.2 Senior Leadership Restructure

Financial regulations have recently been updated, under delegated powers, to reflect minor administrative changes as part of a wider review of the constitution. This resulted in the updating of officer titles following the senior leadership restructure.

The Budget Management internal audit report identified that Financial Regulations had not been updated since the Council's restructure, so this has been actioned.

8.3 Updated Financial Regulations

The proposed updated Financial Regulations with tracked changes are provided in Appendix 1. Text shaded grey denotes additions to Financial Regulations.

Appendix 2 is a clean version with the proposed changes made.

- 8.3.1 The main changes to the regulations are:

- To amend the thresholds for approving budget virements (financial regulation 6a)
- To introduce rules in relation to approving supplementary budgets (financial regulation 6b)
- To introduce a lower limit for the raising of sundry debtor invoices (financial regulation 19c)
- To amend the thresholds for approval of debtor write-offs (financial regulation 19d)

- To amend the thresholds for the disposal of assets (financial regulation 21c)

8.3.2 Other minor changes to the regulations include:

- New front page and contents page
- Inclusion of an introduction
- Clarifying that the financial regulations apply equally to the control of both General Fund and HRA finances and to revenue and capital finances
- Clarifying the controls required in relation to financial and accounting systems
- Clarifying the role of the Monitoring Officer
- Clarifying that internal audit is now provided through South West Audit Partnership
- Inclusion of a section on maintenance of reserves
- Inclusion of a section on maintenance of a fixed asset register
- Clarifying the role of the Money Laundering Reporting Officer
- Inclusion of a section on credit notes
- Inclusion of a section in respect of external audit
- Updated to reflect that the Council ceased issuing cheques
- Regulations relating to income and debtors (invoices raised) split into two distinct sections
- Clarified the treatment of credit balances when sundry debtor invoices overpaid
- Inclusion of a section on new leases in
- Inclusion of a section on internal transactions
- Clarified responsibilities in relation to holding a corporate credit card

8.4 **Internal Audit Action Plan**

A recent internal audit review of the sundry debtor's function reported that the Council's write-off authorisation protocols are restrictive, which may deter write-off even when this is the most appropriate action. The agreed action plan sets out that the Council will seek to amend its write-off rules to increase authorisation limits.

8.5 To inform the proposed changes to authorisation limits contained within the Financial Regulations, a benchmarking exercise was completed to compare our current limits with those of our neighbouring authorities. As examples;

- East Devon District Council allows Directors and Assistant Director to write-off debts up to £10k without consultation
- Teignbridge District Council allows their Chief Finance Officer to write-off up to £10k before requiring member approval
- SWAP unitary partners (Somerset, Dorset, Herefordshire, Wiltshire) follow a range of approaches, but generally allow specified senior officers at different levels of the organisation to write-off up to £10k independently

By comparison, the Council's current Financial Regulations only allow the Deputy Section 151 Officer to authorise write-offs of up to £50. The Section 151 Officer, in conjunction with the Monitoring Officer and relevant Director can approve any write-off up to a limit of £500. Any write-off exceeding £500 must also be approved by the relevant Portfolio Holder.

8.6 The proposed changes to Financial Regulations provide clear thresholds for decisions to be made more efficiently and effectively whilst maintaining proper administration of the Council's financial affairs.

9. How does the decision contribute to the Council's Corporate Plan?

9.1 Contributes to a well-run council.

10. What risks are there and how can they be reduced?

10.1 The changes in thresholds in relation to budget virements, supplementary budgets and debtor write-offs will mean that authority to make financial decisions is distributed to allow faster and more efficient decision-making. The maintenance of segregation of duties and clear limits to prevent overreach will reduce risks.

11. Equality Act 2010 (The Act)

11.1 No impact.

12. Carbon Footprint (Environmental) Implications:

12.1 None.

13. Are there any other options?

13.1 The Council could continue with its current thresholds and not take advantage of the opportunity to streamline and support more efficient decision making.

Director

Report Author:

Local Government (Access to Information) Act 1972 (as amended)

Background papers used in compiling this report: -

None

Contact for enquires:

Democratic Services (Committees)

Room 4.36

01392 265275