
FINANCIAL REGULATIONS

Report by the Chief Financial Officer

SCOTTISH BORDERS COUNCIL

29 JUNE 2016

1 PURPOSE AND SUMMARY

- 1.1 **This report seeks members' approval for an updated version of the Council's Financial Regulations.**
- 1.2 Financial Regulations are a key element in the governance arrangements for the Council. They focus primarily on the financial control, management and administration of the Council's financial affairs. The Regulations were last comprehensively reviewed in March 2012.
- 1.3 Updates to the Financial Regulations reflect:
- Corporate restructuring
 - Amendments to the Council's Scheme of Administration
 - Recognition of the Council's subsidiary organisations
 - Reference to the HR People Planning process
 - The inclusion of an "Employee Responsibilities" section
- 1.4 Generally the Regulations have been brought up to date to reflect changes in management responsibilities and procedures. There are no substantial changes in terms of the principles behind the Regulations or the control arrangements currently in place. Changes to systems, business processes and procedures and ways of working following the implementation of the new ERP system will require a further update of financial regulations to ensure these remain fit for purpose in the new operating environment.

2 RECOMMENDATIONS

- 2.1 **It is recommended that Scottish Borders Council approves the revised Financial Regulations shown at Appendix 1 for immediate implementation.**

3 BACKGROUND

- 3.1 Section 95 of the Local Government (Scotland) Act 1973 places a duty on every Local Authority to "make arrangements for the proper administration of their financial affairs". One of the key ways in which the Council discharges that duty is to establish a framework for the financial control, management and administration of the Council's affairs; this is done through the Financial Regulations. The Council's Procedural Standing Orders require these to be approved by Council.
- 3.2 For the purpose of completeness the other main documents which identify the Council's overall governance arrangements are:
- Procedural Standing Orders
 - Scheme of Administration
 - Scheme of Delegation
 - Local Code of Corporate Governance

4 AMENDMENTS TO FINANCIAL REGULATIONS

- 4.1 The last comprehensive review of Financial Regulations took place in March 2012. Since then there has been some significant restructuring within the Council and an associated need to reflect this in the Financial Regulations, along with a more general need to update certain elements of the Regulations. The main changes are highlighted below.
- 4.2 **Corporate Restructuring**
- The revised Corporate Management team structure including the Executive Team and Service Directors has been reflected in the Financial Regulations.
- 4.3 **Amendments to the Council's Scheme of Delegation**
- Changes made to the Council's Scheme of Delegation have been reflected in the Financial Regulations.
- 4.4 **Recognition of the Council's Subsidiary Organisations**
- Clarity is provided that compliance with the Council's Financial Regulations is mandatory for employees of the Council's subsidiary organisations.
- 4.5 **Reference to the HR People Planning process**
- HR team has implemented a People Planning process which is referred to in the Financial Regulations. The People Planning process aims to support managers to consider the current workforce make-up, think about where they will be in the coming years and plan ahead to manage changes effectively.
- 4.6 **The inclusion of an "Employee Responsibilities" section**
- A new section on "Employee Responsibilities" has been added at Section 29 of the Financial Regulations. This section provides clarity on what action an employee must take if they become aware of any breach of the Council's Financial Regulations.
- 4.7 Generally the Regulations have been brought up to date to reflect changes in management responsibilities and procedures. There are no substantial

changes in terms of the principles behind the Regulations or the control arrangements currently in place.

- 4.8 The Council is currently implementing a new Enterprise Resource Planning (ERP) System, "Business World", with CGI. This will go live on 1 April 2017 and will require substantive change to the way in which financial and business administration is conducted across the Council. The new system will see a very significant change in officer responsibilities, business processes, methods of working and the way in which the Council's business support function is organised. The new ERP system will consequently require a further comprehensive update of financial regulations to ensure these remain fit for purpose in the new operating environment.

5 IMPLICATIONS

5.1 Financial

There are no direct financial implications attached to any of the recommendations contained in this report.

5.2 Risk and Mitigations

Financial Regulations provide the framework for the control, management and administration of the Council's financial affairs. As such, assuming compliance, they mitigate against a number of financial risks via a series of control measures, most of which are vested in the Chief Financial Officer (and by implication the staff and systems deployed by him).

5.3 Equalities

It is anticipated there will be no adverse impact due to race, disability, gender, age, sexual orientation or religion/belief arising from the proposals contained in this report.

5.4 Acting Sustainably

There are no economic, social or environmental effects.

5.5 Carbon Management

There are no effects on carbon emissions.

5.6 Rural Proofing

There are no direct effects.

5.7 Changes Scheme of Administration or Scheme of Delegation

No changes are required as a result of this report. The Financial Regulations in the appendix to this report have been updated in part to align with the current approved Scheme of Administration and Scheme of Delegation.

6 CONSULTATION

- 6.1 The Corporate Management team considered this report on the 11th May 2016.
- 6.2 The Monitoring Officer, the Chief Legal Officer, the Chief Officer Audit & Risk, the Chief Officer HR and the Clerk to the Council are being consulted and any comments will be reflected in the report.

Approved by

David Robertson
Chief Financial Officer

Signature

Author(s)

Name	Designation and Contact Number
Suzy Douglas	Financial Services Manager

Background Papers: - Scottish Borders Council, 29 March 2012

Previous Minute Reference: N/A

Note – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. Finance can also give information on other language translations as well as providing additional copies.

Contact us at: Suzy Douglas, Financial Services Manager, Financial Services, Chief Executive, Scottish Borders Council, Council Headquarters, Newtown St Boswells, Melrose, TD6 0SA.

Telephone – 01835 824000 X5881

e-mail – sdouglas@scotborders.gov.uk