

Meeting: COUNCIL
Portfolio Area: Resources
Date: 15 July 2020

REVISION TO FINANCIAL REGULATIONS (2016) AND CONTRACT STANDING ORDERS (2016)

Authors – Anita Thomas	Ext No. 2430
Kirsten Brown	Ext No. 2775
Lead Officer – Clare Fletcher	Ext No. 2933
Contact Officer – Anita Thomas	Ext No. 2430

1. PURPOSE

- 1.1. To update Members on the revision to the Council's Financial Regulations.
- 1.2. To update Members on the revision to the Council's Contract Standing Orders.

2. RECOMMENDATIONS

- 2.1. That the revised Financial Regulations, attached at Appendix A to the report, be approved by Council.
- 2.2. That revised Contract Standing Orders, attached at Appendix B to the report, be approved by Council.

3. BACKGROUND

- 3.1. Audit Committee Members have reviewed the proposed changes to the Financial Regulations and Contract standing orders. No amendments were requested following this review. Assistant Directors have also been consulted on the changes and clarification on materiality levels (section 1.13 (d)) have been added and the role of Finance Business Partners has subsequently been included.
- 3.2. The Council's Financial Regulations and Contract Standing Orders form an essential part of the control framework within which the Council operates.
- 3.3. Financial Regulations (the Regulations) are designed to ensure that financial decisions are taken in a considered and informed manner by assuring that consistent, high quality financial information is available to Members and officers. The Regulations should be used in conjunction with Contract Standing Orders which documents important rules concerning the conduct of council staff and the procedures they must follow. Each section includes general guidelines to officers on the practical application of the Regulations.

- 3.4. Contract Standing Orders (CSOs) are a collection of rules, which must be adhered to when officers purchase goods, works or services or dispose of Council plant and equipment. They have been designed to ensure that the Council is compliant with UK legislation, follows best practice and achieves value for money in all its procurement activities.
- 3.5. Responsibility for approving and recommending changes to the financial control framework rests with the Strategic Director (Chief Financial Officer).
- 3.6. All staff are bound by these Regulations and will be affected by them to some degree depending on their duties. Training will be provided for those staff who are regularly involved in the application of Financial Regulations or Contract Standing Orders.
- 3.7. Changes to the Financial Regulations and CSOs have been made to reflect organisational changes, legislative changes and to clarify policies.

4. REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1. The **Financial Regulations** have been updated as at June 2020 and the changes are detailed in Appendix A attached to this report; the main changes relate to:

- Responsibilities and duties aligned to the new senior structure
- a new section to specifically reflect expectations of budget holders
- Increase in petty cash limits from £30 to £50
- Update to virement (budget movement) authorisations to streamline non service related budget changes.

4.2. The **Contract Standing Orders** have been updated as at January 2020 and the changes are detailed in Appendix B attached to this report; the main changes relate to:

- Increasing the threshold for band 2 procurement to £10,000 from £5,000
- For quotations, the CSOs now say that a local supplier must be invited to quote if one such exists and is registered on Supply Hertfordshire.
- To raise the level at which contracts are signed under deed to the EU services level for all contracts.

5. IMPLICATIONS

5.1. Financial Implications

It is anticipated that the revised Financial Regulations and CSOs will improve the Council's financial standing through the following of best practice, the achievement of value for money and the mitigation of risk.

5.2. Legal Implications

The updated Financial Regulations include any legal implications within the regulations.

5.3. Policy Implications

Financial Regulations are in themselves a policy change.

5.4. Equalities and Diversity Implications

The Council must have due regard to the requirements of the public sector equalities duty under the Equalities Act 2010, which must be taken into account when procuring goods, works, or services from external providers and this is included within Contract Standing Orders.

5.5. Climate change

Within Contract Standing Orders it stipulates that goods or services which are known to be harmful to the environment, and where there are other adequate options, will not be used. Wherever practical and cost effective, only materials from sustainable sources will be used (section 8.5). In this way the procurement process is in alignment with the Council's ambition to attempt to be carbon neutral by 2030.

6. BACKGROUND DOCUMENTS

Financial Regulations version 5.1 reviewed in August 2018

7. APPENDICES

Appendix A – Updated Financial Regulations v6.0

Appendix B – Updated Contract Standing Orders v9.0

Appendix C – Summary of proposed changes to Financial Regulations

Appendix D – Table of proposed changes to Contract Standing Orders