

SCHEME OF FINANCIAL MANAGEMENT

To: **Constitution and Ethics Committee**

Meeting Date: **4th April 2019**

From: **Chief Finance Officer**

Purpose: **To present the updated Scheme of Financial Management.**

Recommendation: **Constitution and Ethics Committee is recommended to:**

- a) Review the updated Scheme of Financial Management (Appendix 1).**
- b) Recommend to Full Council that it approves the revised Scheme of Financial Management for inclusion in the Council's Constitution.**

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1. BACKGROUND

- 1.1 The Scheme of Financial Management (SoFM) sets out the Council's financial regulations. The regulations are required by law and by the Council's Constitution (Part 4: Rules of Procedure). They detail the responsibility of officers in ensuring the proper administration of the Council's financial affairs and should be read in conjunction with the Scheme of Delegation to Officers, which is contained within Part 3 (Responsibility for Functions) of the Council's Constitution.
- 1.2 The Chief Finance Officer is designated under Section 151 of the Local Government Act 1972 to be responsible for the proper administration of the Council's affairs. The SoFM is therefore a vital document to ensure the CFO meets this obligation.
- 1.3 As approved by General Purposes Committee (GPC) in March 2016, the Chief Finance Officer, in consultation with the Chair of GPC, has delegated authority to approve any changes as may be necessary from time to time to reflect and take account of changes in legislation, guidance, Council policy, decisions of the Council and any drafting changes or improvements to the Scheme of Financial Management. However this shall not include any changes of substance. As the latest updates to the SoFM are considered to be changes of substance, on this occasion the updated SoFM is being brought to the Constitution and Ethics Committee for approval.

2. MAIN ISSUES

- 2.1 Following the change of financial system from Oracle e-Business Suite to ERP Gold at the beginning of 2018/19, a fundamental review of the Scheme of Financial Management has been undertaken to ensure that updated policies and procedures have been incorporated.
- 2.2 Recent updates to the SoFM include:
 - The previous section 5.0, 'Appraisal of new Schemes/ Projects' has been split into two sections, 5.0, 'Appraisal of new Capital Schemes/Projects' and 7.0 'Appraisal of new Revenue Schemes/Projects' to clarify the processes and content required for capital and revenue business cases. In particular 5.2 has been expanded to include reference to the Capital Programme Board approval process regarding capital business cases.
 - Section 5.3 has been added, which gives the Chief Finance Officer delegated power to approve new capital bids, provided that the amount does not exceed a fixed sum of £250k; this is in line with the capital virement thresholds detailed in appendix H. Similarly section 6.4 has been updated which gives the Chief Finance Officer delegated power to approve exceptional supplementary capital estimates, provided that the amount does not exceed a fixed sum of £250k.
 - Updates to section 9.1 regarding Trading Activity, clarifying the processes

around a traded unit realising a surplus or a deficit at year end.

- Updates to section 10.1 regarding Fees and Charges to bring it in line with the Fees and Charges best practice guidance included within the Business Plan, clarifying that a schedule of proposed fees and charges should be agreed for the financial year and that any changes to this schedule should be approved via the Fees and Charging Request Template (included in appendix J). An overall Schedule of Fees and Charges for discretionary charges will be maintained by the Chief Finance Officer and will be published on the Council's website.
- The Debt Policy incorporates the latest LGSS Collections Strategy – section 13.
- Section 17.0, Purchasing of Goods/ Works/ Services has been updated in line with new processes following the change to the ERP Gold financial system. In particular this includes,
 - revised approval limits in section 17.11 and 17.12
 - information on the authorisation of spend on packages of care within ERP Gold paid through the Mosaic system in section 17.11 (with further details in appendix I);
 - an update regarding electronic invoices being the main method of receiving invoices rather than postal, in sections 17.22 and 17.23.
- Section 20.8 has been added regarding the Grants to External Organisations policy including a hyperlink to the policy.
- Section 31.4, Substitution of Financial Responsibility has been included following a change of process whereby budget holders can no longer delegate authority; instead when planning an absence budget holders are required to request a temporary substitute budget holder with a role higher up the ERP Gold Tier Hierarchy.
- Section 31.7.9 has been updated regarding the balancing of any service outturn under/overspends to the General Fund rather than to service reserves.
- Appendix A, Statement of Financial Responsibilities, has been updated under the Head of Finance and Strategic Finance Managers section to add a bullet point clarifying that part of the responsibility of these officers is to deputise for the Section 151 Officer when required and to have delegated authority to sign financial claims, bids, and other financial statements and reports on behalf of the Section 151 Officer.
- Appendix H, Authorisation of Virement Proposal- the revenue budget virement limit for GPC approval has been increased in line with inflation to £175,000.
- A general review of the document to ensure that financial system

references relate to ERP Gold, that directorate, team and role names reflect the current organisational structure of the Council, and that hyperlinks relate to the latest web pages.

- 2.3 The latest SoFM can be found in **Appendix 1**.

3. ALIGNMENT WITH CORPORATE PRIORITIES

3.1 A good quality of life for everyone

There are no significant implications for this priority.

3.2 Thriving places for people to live

There are no significant implications for this priority.

3.3 The best start for Cambridgeshire's children

There are no significant implications for this priority.

4. SIGNIFICANT IMPLICATIONS

4.1 Resource Implications

There are no significant implications within this category.

4.2 Statutory, Risk and Legal Implications

There are no significant implications within this category.

4.3 Equality and Diversity Implications

There are no significant implications within this category.

4.4 Engagement and Consultation Implications

There are no significant implications within this category.

4.5 Localism and Local Member Involvement

There are no significant implications within this category.

4.6 Public Health Implications

There are no significant implications within this category.

Source Documents	Location
Scheme of Financial Management	1 st Floor, Octagon, Shire Hall, Cambridge