

# Public Document Pack

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19 September 2024

Dear Member,

## **Regulation, Audit and Accounts Committee - Wednesday, 25 September 2024**

Please find enclosed the following documents for consideration at the meeting of the Regulation, Audit and Accounts Committee on Wednesday, 25 September 2024 which were unavailable when the agenda was published.

| <b>Agenda No</b> | <b>Item</b> |
|------------------|-------------|
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| <b>10.</b> | <b>Standing Order Amendments - Financial Regulations</b> (Pages 3 - 6) |
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The report was delayed whilst officers confirmed the required wording for the constitution.

Yours sincerely

Tony Kershaw  
Director of Law and Assurance

**To all members of the Regulation, Audit and Accounts Committee**

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**Key decision: Not applicable  
Unrestricted**

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## **Regulation, Audit and Accounts Committee**

**25 September 2024**

### **Standing Order Amendments – Financial Regulations**

#### **Report by Director of Law and Assurance**

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#### **Summary**

The Financial Regulations are part of the Authority's Constitution. They are intended to help the exercise of statutory financial responsibilities, safeguard finances and assets, and ensure the proper record keeping and reporting of financial accounts.

The current version of the Financial Regulations were approved by the County Council at its meeting on 22 March 2024.

A short addition is now required to the Financial Regulations to explain that, in so far as is required in connection with the administration of the Pension Fund the powers allocated to the Cabinet Member Finance and Property will be discharged by the Pensions Committee.

#### **Recommendation**

The Committee is asked to endorse the revised Financial Regulations for approval at the 18 October 2024 County Council.

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#### **1. Introduction**

1.1 The Financial Regulations are part of the Authority's Constitution. They are intended to help the exercise of statutory financial responsibilities, safeguard finances and assets, and ensure the proper record keeping and reporting of financial accounts.

#### **2. Amendment to Financial Regulations**

2.1 The Financial Regulations set out the financial policies and the framework for managing the Council's financial affairs. They seek to ensure that the Council conducts its affairs in a way that complies with statutory provisions, generally accepted accounting principles and professional good practice.

2.2 West Sussex County Council is the Administering Authority responsible for maintaining and managing the West Sussex Pension Fund on behalf of its stakeholders: the scheme members and employers participating in the Fund.

2.3 Management of the pension fund is a non-executive function, which means that, by law, it cannot be the responsibility of the council's cabinet or executive members. Instead, only the full Committee or an officer can discharge functions in relation to the administration of the Scheme, including those set

out in the Financial Regulations. The Cabinet Member Finance and Property in their role as Chairman of the Pensions Committee cannot.

- 2.4 It is therefore appropriate to make short addition to the Financial Regulations to explain that, in relation to funds for which the Pensions Committee is responsible, arrangements should be delegated properly by the Pensions Committee.
- 2.5 The Pensions Committee can then either choose to retain full authority or it can delegate certain tasks (potentially within certain thresholds) to a relevant officer or officers, if necessary, in consultation with the Chairman of the Committee. They should as far as possible, however, align with the Financial Regulations confirmed by the County Council.
- 2.6 The proposed amendments are included in Appendix A.

### **3. Risk implications and mitigations**

- 3.1 There are financial risks associated with the organisation not having adequate up to date regulations and procedures in place.

Tony Kershaw

**Director of Law and Assurance**

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### **Appendices**

Appendix A – Financial Regulations

### **Background Papers**

None

## Part 4 Section 3

### Financial Regulations

#### Financial Regulation A - General

##### 1. General Introduction

- 1.1 The Financial Regulations and Financial Procedures of the County Council are intended to help the County Council exercise its statutory financial responsibilities, safeguard its finances and assets, and ensure the proper record keeping and reporting of its financial accounts. The Financial Regulations form part of the Council's Constitution while the Financial Procedures are held outside of the Constitution. The Financial Regulations clarify responsibilities and provide a framework for decision making.
- 1.2 ***Arrangements in relation to funds for which the Pensions Committee has responsibility for will be determined by the Pensions Committee. As far as possible these will align with the Financial Regulations of the County Council.***
- 1.3 Any changes to Financial Regulations will be drawn up jointly by the Director of Finance and Support Services and Director of Law and Assurance and approved by the County Council in the light of advice from the Regulation, Audit and Accounts Committee, ***or by the Pensions Committee as appropriate.***
- 1.4 Any employee who knowingly or by negligence breaches the Financial Regulations may be subject to disciplinary action and in some instances may incur criminal liability.
- 1.5 The regulations also apply to persons who are carrying out the business of the County Council but are employed by any contractor, partner or other organisation representing the County Council.
- 1.6 The Director of Finance and Support Services, in consultation with the Director of Law and Assurance, may approve a departure from Financial Regulations, where he or she concludes that such action is appropriate to safeguard the interests of the County Council.
- 1.7 It is the responsibility of all Directors to make all employees and other persons carrying out Council business aware of the Financial Regulations.

##### 2. Financial Management

###### 2.1 Introduction

- 2.1.1 Financial management covers all financial accountabilities in relation to the running of the authority, including the Policy Framework, revenue and capital budgets and treasury management.

###### 2.2 The County Council

2.2.1 The County Council is responsible for adopting the authority's Constitution and for approving the Policy Framework and budget within which the Executive operates. In terms of financial planning, the key elements are:

- The Medium Term Financial Strategy
- The Annual Revenue Budget
- The Capital Strategy
- The Treasury Management and Investment Strategy

2.2.2 It is also responsible for approving and monitoring compliance with the County Council's overall framework of accountability and control, and for monitoring compliance with the agreed policy and related executive decisions. The functions of the County Council are listed in Responsibility for Functions, Part 3 of the Constitution.

### 2.3 **The Cabinet**

2.3.1 The Cabinet is the principal Executive body of the County Council. The Cabinet is responsible for proposing the Policy Framework and budget to the County Council, and for discharging Executive functions in accordance with the Policy Framework and budget including Standing Orders and the Scheme of Delegation. The role of the Cabinet is described in the Description of the Constitution, Part 2, Chapter 7.

2.3.2 Executive functions can be delegated to the Cabinet, individual Cabinet Members, officers or through joint arrangements with other public bodies. The County Council's Scheme of Delegation is set out in Appendices 1 to 4 of Part 3 of the Constitution.

### 2.4 **Regulation, Audit and Accounts Committee**

2.4.1 The Regulation, Audit and Accounts Committee's purpose is to provide an independent high-level oversight of the Council's systems of governance and risk management and its arrangements for financial control and compliance.

2.4.2 The Committee is responsible for reviewing the external auditor's reports including the Audit Plan and Audit Results Report. Additionally, it is responsible for reviewing internal audit's work plan, progress and delivery of audit recommendations to assess the level of assurance it can give over the council's corporate governance arrangements. It can consult directly with internal and external auditors. The Committee also deals with the approval of the statutory Statement of Accounts of the County Council (and the Pension Fund) and the review of the Governance Framework including the system of internal control.

### 2.5 **Pensions Committee**

**2.5.1 *The Pensions Committee is a non-executive Committee whose purpose is to exercise the powers and duties of the County Council in its capacity as Administering Authority in relation to the Local Government Superannuation Acts and Regulations Pension Scheme.***