

# THE CHARTER TRUSTEES FOR POOLE



Report subject	<b>Financial Regulations</b>
Meeting date	27 January 2021
Status	Public Report
Executive summary	<p>Since their establishment on 1 April 2019 the Charter Trustees have used the BCP Council financial regulations and accounting systems.</p> <p>This report asks the Charter Trustees to approve their own set of financial regulations and to note changes being made to financial processes and procedures that recognise that the Charter Trustees as a separate legal entity to BCP Council.</p>
Recommendations	<p><b>It is RECOMMENDED that:</b></p> <ul style="list-style-type: none"><li><b>(a) The Charter Trustees approve the financial regulations as presented in Appendix A to this report;</b></li><li><b>(b) The Charter Trustees approve the scheme of delegation presented in Appendix B to this report;</b></li><li><b>(c) The Charter Trustees approve the bank mandate as presented in Appendix C to this report;</b></li><li><b>(d) The Charter Trustees note the other arrangements being made to further improve financial processes and procedures.</b></li></ul>
Reason for recommendations	To ensure that the Charter Trustees have relevant and fit for purpose financial regulations, systems and procedures.

Honorary Clerk	Graham Farrant
Report Authors	Dan Povey, Responsible Financial Officer
Wards	All relevant wards.
Classification	For Decision

## Background

1. The Charter Trustees for Poole were established on 1 April 2019 as part of a wider local government reorganisation within Dorset. In order to ensure a safe and legal landing on 1 April 2019 the new Charter Trustees have made use of the BCP Council financial regulations to govern their financial control environment.
2. Whilst this arrangement was an efficient and pragmatic solution and was consistent with the appointment of BCP Council officers to provide the Charter Trustees with financial and administrative support, now that the Charter Trustees have become established, and as separate legal entities, they will benefit from approving their own bespoke financial regulations and scheme of delegation.
3. The Annual Internal Audit report presented to the Charter Trustee meeting of 26 August 2020 identified the review of financial regulations and the scheme of delegation as a high priority in order that they were consistent with the size and functions of the Charter Trustees.
4. Since their establishment the Charter Trustees have made use of the BCP Council banking arrangements and been part of the council's financial ledger. In reviewing the financial regulations it was recognised that opening the Charter Trustees a bank account of their own and creating their own financial ledger would allow the financial regulations to be more relevant and would recognise the Charter Trustees as a separate legal entity to the council.

## Financial regulations

5. The draft financial regulations are attached as Appendix A to this report.
6. The financial regulations govern the Charter Trustees' financial management and control environment and apply to both Charter Trustees and officers. The financial regulations seek to ensure that there is an effective system of internal control and risk management in place, in order to safeguard public funds and assets.
7. The following key areas of the financial regulations are particularly brought to the attention of the Charter Trustees:
  - a. Appointment of officers to support the Charter Trustees (Regulations 1.7 and 1.8);
  - b. The responsibilities of the Responsible Financial Officer (Regulation 1.9);
  - c. Decisions that can only be taken by the Charter Trustees (Regulation 1.13);
  - d. Provisions relating to the production of accounts, internal and external audit (Section 2);

- e. Budget setting and budgetary control (Sections 3 and 4);
- f. Banking arrangements and making payments (Sections 5 and 6);
- g. Ordering goods and services (Section 10);
- h. Control of assets (Section 13);

### **Scheme of delegation**

- 8. The draft scheme of delegation is attached as Appendix B to this report.
- 9. The scheme of delegation is derived from the authorities set out in the financial regulations, and seeks to clearly define the functions delegated to officers and the functions that must be carried out by the Charter Trustees.
- 10. The scheme also seeks to provide an adequate separation of duties in relation to functions concerned with the authorisation of expenditure and banking arrangements and should be read in conjunction with the bank mandate attached at Appendix C.

### **Financial processes and procedures**

- 11. In reviewing the financial regulations and ensuring that they are relevant and fit for purpose for the Charter Trustees other changes to financial systems and processes have been identified. These changes are largely concerned with recognising that the Charter Trustees are a separate legal entity to BCP Council and in order to demonstrate clear lines of accountability and audit trails it is desirable that their transactions are accounted for separately from the council's transactions.
- 12. The Charter Trustees can still enjoy economies of scale and efficiencies associated with the appointment of BCP Council officers to support their secretarial and financial requirements, and by using the core finance system and banking contract used by BCP Council.
- 13. The main proposed changes to processes and procedures are as follows:
- 14. **Bank account** – the Charter Trustees will have their own individual bank account through which all income and expenditure will flow rather than using the BCP Council bank account. This will improve transparency and allow for individual bank reconciliations of the Charter Trustees' transactions. The Charter Trustee banking arrangements will still be under the umbrella of the council's banking contract and so they will benefit from efficiencies in bank charges and also the separation of duties in authorising payments that the council achieves.
- 15. **Stationery** – the Charter Trustees will have their own stationery such as order books, receipt books, invoices and authorisation slips.
- 16. **Accounting Records** – the Charter Trustees will continue to use the BCP Council accounting system and so benefit from cost efficiencies and the financial controls implemented by the council, but will be separately identified in their own chart of accounts as a separate legal entity rather than as a cost centre within BCP Council.

### **Summary of financial implications**

- 17. The proposed financial regulations, scheme of delegation and bank mandate are tailored to the requirements of the Charter Trustees and so will improve financial control and transparency.

### **Summary of legal implications**

18. The financial regulations ensure that the Charter Trustees comply with relevant legislation and proper practices.

### **Summary of human resources implications**

19. Officers will be appointed by BCP Council to support the secretarial and financial requirements of the Charter Trustees.

### **Summary of sustainability impact**

20. None.

### **Summary of public health implications**

21. None.

### **Summary of equality implications**

22. None.

### **Summary of risk assessment**

23. The review of the financial regulations addresses high priority weaknesses identified in the Annual Internal Audit report presented to the Charter Trustee meeting of 26 August 2020.

### **Background papers**

Annual Internal Audit Report, Charter Trustees for Poole meeting 26 August 2020:

<https://democracy.bcpCouncil.gov.uk/documents/q4573/Public%20reports%20pack%2026th-Aug-2020%2017.00%20The%20Charter%20Trustees%20for%20Poole.pdf?T=10>

### **Appendices**

Appendix A – Financial Regulations

Appendix B – Scheme of Delegation

Appendix C – Banking Arrangements and Mandate