

# Report to the Overview and Scrutiny Committee

**Date of meeting:** 9 April 2013

**Report of:** Constitution and Member Services  
Standing Scrutiny Panel

**Subject:** Review of Financial Regulations

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## Recommendations:

**That a report be submitted to the Overview and Scrutiny Committee and the Council recommending that Appendix B (Section 4) of Financial Regulations be amended as shown in Appendix 1 in order to change each authorisation level for virements as follows, subject to the other terms and conditions set out in the Financial Regulations:**

### Decision Maker      Limit of Delegated Authority

Chief Officers      -    £ 20,000

Portfolio Holders   -    £ 50,000

Cabinet              -    £100,000

Council               -    £ 100,000+

## Report:

### Introduction

1. Normally, Financial Regulations would not be due for review in 2012/13. However, one item was considered sufficiently important to be brought forward now by officers, rather than waiting for another year.

### Virement Limits

2. Virements are the transfer of Council budgets between different headings on the same budget sheet. Approval of such virements is currently delegated as follows:

Under £5,000	- by relevant Director
£5,000 - £25,000	- by relevant Portfolio Holder
£25,000 - £100,000	- by the Cabinet
£100,000 +	- by the Council

3. Last year, the limit for Portfolio Holder approval was increased to £25,000 from £10,000 and this change has not caused any problems. However, the low limit on approvals by Directors (£5,000) has remained in place and is thought to be increasingly restrictive, bearing in mind that Directors are fully accountable for budgetary control.

4. We were asked to consider a proposal to amend the virement authority limits to the following:

Under £20,000	Directors
£20,000 - £50,000	Portfolio Holder
£50,000 - £250,000	Cabinet
£250,000 +	Council

5. For comparison purposes, the Chief Internal Auditor provided us with details of the practices of other Districts in the area. The results received are set out below:

#### Harlow

<b>Value</b>	<b>Authorised by</b>
Under £5k	Cost Centre Manager
Between £5k and £25k	Head of Service
Between £25k and £50k	Chief Operating Officer
Between £50k and £100k	CEO and Portfolio Holder
Between £100k and £500k	Cabinet
De minimus level for virements	£1k

#### Broxbourne

<b>Value</b>	<b>Authorised by</b>
Under £10k	Director
Between £10k and £50k	Director in Consultation with Portfolio Holder
Over £50k	Cabinet

#### Rochford

<b>Value</b>	<b>Authorised by</b>
Under £5k	Head of Service
Between £5k and £10k	Chief Finance Officer
Between £10k and £50k	Chief Executive
Over £50k	Executive

#### Uttlesford

<b>Value</b>	<b>Authorised by</b>
Under £10k	Budget Holder
Between £10k and £25k	SMB
Over £25k	Cabinet

9. We support the increase in the level of delegated authority for Directors and have agreed the proposed increase in the maximum virement to £20,000. The changes required to the relevant section of Financial Regulations are shown in bold text in Appendix 1.

However, we felt that the upper limit for delegation to the Cabinet was probably set too high at £250,000. We could not recall many cases of virements being considered by the Cabinet but, in any event, virements of £100,000 + would be better dealt with at Council in our view.

10. We recommend as set out at the commencement of this report.

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