Full Council
23 October 2025
An update to the Scheme of Delegation
For Decision

Cabinet Member:
Cllr N Ireland, Leader of the Council, Climate, Performance and Safeguarding

Local Councillor(s): All

Senior Leadership Team:
J Mair, Director of Legal & Democratic

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Statutory Authority: Local Government Act 1972, Local Government Act 2000

Report status: Public (the exemption paragraph is N/A)

1. Executive summary (maximum of 500 words)

1.1 Earlier this year, Jonathan Mair, Director of Legal and Democratic and the Council's Monitoring officer instructed South West Audit Partnership (SWAP) to conduct an audit of the Council's controls and compliance with the Council's Constitution and Scheme of Delegation in relation to the award of contracts and general expenditure.

1.2 The SWAP Audit report (Public Pack)Agenda Document for Audit and Governance Committee, 02/06/2025 18:30) was reported to the Audit and Governance Committee on 2 June 2025.

1.3 The Council's Constitution sets out how decisions should be made and the procedures that are to be followed to ensure these are efficient, transparent and accountable to local people. Amongst other matters the SWAP audit identified that authorisation levels in the Council's SAP finance system do not align with those approved by members in the Council's Constitution.

1.4 As a priority 1 action SWAP identified the need for a review of the authorisation levels in the SAP finance system and the scheme of delegation and for recommended changes to be reported to the Senior Leadership Team (SLT) and then Full Council for approval.

1.5 The purpose of this report is to seek approval of a revised scheme of delegation as set out in appendix 1 which sets out a new *Part 2*, *Appendix 2*

Financial Powers, to the Officer Scheme of Delegation. The recommended revisions are supported by SLT but will require system changes to be implemented and cultural change.

1.6 A member working group has been established by the Audit and Governance Committee so that members have direct assurance that the changes recommended in this report and the internal auditor's other recommendations are being acted upon.

2. Recommendation(s)

2.1 That Council approve the recommended changes to the Scheme of Delegation as set out in Appendix 1.

3. Reason for the recommendation(s)

3.1 The proposed updates to the scheme of delegation are to ensure that it remains fit for purpose, that the Council's finance systems and scheme of delegation are aligned and that the requirements relating to financial decision making are clear.

4. Background

4.1 The Council's Constitution explains how the Council operates, with provisions, rules and procedures for decision making. It includes an Officer Scheme of Delegation, which sets out functions and decisions which members or the leader delegates to officers and some functions and decisions which the law says must be exercised by specific officers.

4.2 Appendix 2 to the Officer Scheme of Delegation contains the conditions and limitations that apply to delegations to officers. Part 2 sets out "Financial Powers"; financial and related decisions which can only be exercised by the officer identified and/or levels above that officer. Part 2 currently includes lists authorisation levels for officers to sign contract documents, approve expenditure and take some procurement actions.

4.3 The SWAP Audit report (June 2025) Finding 1 identified that "Authorisation levels for officers to approve payment of invoices in SAP do not align with the Scheme of Delegation". This is a reference to Part 2, Appendix 2 Officer Scheme of Delegation financial thresholds. It is also a reference to arrangements in the Council's SAP system for trade and non-trade transactions. Trade transactions involve an officer request for a purchase order for purchase of goods, services or works, the SAP system financial threshold for automatic approval of invoices (which match a purchase order) and officer approval above the threshold. Non-trade arrangements do not require PO and SAP system provides for officer approval of payments.

4.4 SWAP identified an action for officers to review the Scheme of Delegation in particular the provisions for approvals to commit expenditure and processing of payments.

4.5 Following a review of the Scheme of Delegation by officers, a revised Part 2, Appendix 2 of the officer Scheme of Delegation is proposed, which contains the following key additions and changes to address SWAP audit findings:

4.5.1 A new table format has been created for clarity of approval thresholds across a full range of financial and related (contract and procurement) decisions, including authorisation of financial commitment plus a new section for payment of invoices;

4.5.2 references to officer roles for each type of approval have been clarified;

4.5.3 the financial thresholds have been amended and are recommended as more appropriate thresholds for the types of officer role;

4.6 The proposed changes are supported by the Senior Leadership Team and the Audit and Governance Member Oversight Group.

4.7 Subject to member approval, the new thresholds could be applied in SAP including for both trade and non-trade invoice approval and payment. The required system changes are expected to take a minimum of 6 weeks to arrange.

4.8 Officers propose a go live date for the new Part 2, App 2 in January, to allow time for SAP system changes, testing, and communications and training for staff.

4.9 **Further work:** In addition to commitments and payments that go through SAP for trade and non-trade arrangements there are some types of payments which do not go through that route and some commitments and payments which are not related to trade. Officers are continuing to review the following arrangements and will provide a further report to members, with any further changes or clarifications to Part 2, App 2 of the officer Scheme of Delegation, Contract Procedure Rules and Financial Regulations.

4.9.1 The Council has a number of feeder systems where the council uses third party software or ICT platforms to order and pay for and receive services; e.g. Mosaic, C2D and Comensura. These are largely off the shelf systems, and while the systems are robust their processes may not entirely mirror Dorset Council processes. Details of each feeder arrangement are being reviewed by officers with the aim of identifying where specific provisions may need to be added to Part 2 to reflect best practice.

4.9.2 Imprest accounts – p-card, faster payments, petty cash, employee expenses (payroll). Details of each arrangement will be reviewed with the aim of identifying where specific provisions may need to be added to the Financial Regulation or Part 2 to reflect best practice.

5. Alternative options considered

5.1 The option of the Officer Scheme of Delegation within the Constitution remaining in its current form was discounted as this would not comply with the SWAP Audit actions and prolong the duration of the risks identified by SWAP.

5.2 Alternative levels of approval were also considered, with the recommendations within this paper and appendix striking the balance between appropriate governance and recognition of best practice in an organisation operating on the scale of Dorset Council i.e. £1bn gross spend.

6. Legal considerations

6.1 The Local Authorities (Functions and Responsibilities) (England) Regulations 2000, as amended divides the Council's legal powers and duties into Council functions and Executive functions.

6.2 Pursuant to the Local Government Act 1972 and the Local Government Act 2000, the Council or the Leader, as appropriate, delegates a range of council and executive functions, to senior officers within the Council. These along with and some statutory and legal powers, conditions and limitations are set out in the Officer Scheme of Delegation.

7. Financial implications

There are no specific financial implications from this report. Effective governance is integral to supporting the achievement of value for money.

8. Natural environment, climate & ecology implications

There are no specific financial implications from this report.

9. Well-being and health implications

There are no specific well-being or health implications from this report.

10. Other implications

There are no other implications from this report.

11. Risk implications

HAVING CONSIDERED: the risks associated with this decision; the level of risk has been identified as:

Current Risk: low

Residual Risk:low

12. Equalities

There are no specific equalities implications from this report.

13. Appendices

Appendix 1 – Proposed Part 2 Appendix 2 Financial Rules, Officer Scheme of Delegation.

14. Background papers

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15. Report sign-off

This report has been through the internal report clearance process and has been signed off by the Director for Legal and Democratic (Monitoring Officer), the Executive Director for Corporate Development (Section 151 Officer) and the appropriate Portfolio Holder(s)