

Meeting:	Audit and governance committee
Meeting date:	10 May 2017
Title of report:	Financial procedure rules
Report by:	Chief finance officer

Classification

Open

Key decision

This is not an executive decision.

Wards affected

County-wide

Purpose

To refresh the financial procedure rules within the council's constitution.

Recommendation

THAT:

- (a) the financial procedure rules as attached at appendix A be approved.**

Alternative options

- 1 The council could continue with its current financial procedure rules; however they would then not be up to date or provide clarity of roles and processes.

Reason for recommendations

- 2 To ensure council financial procedure rules are up to date and provide clarity of roles, accountabilities and process in order to ensure transparency about how public resources are used and to mitigate the potential for fraud.

Key considerations

- 3 The financial procedure rules, forming part of the council's constitution, were previously updated in March 2015.
- 4 The updated rules (at appendix A) contain the following revisions which enable officers to work effectively and efficiently and to ensure controls are in place against financial risk:

- a) Revisions to the officer payment authorisation limits, officers limit to increase to £25,000 (previously £5,000) and assistant directors to be able to authorise payments up to £500,000.

Authorisation Limit	Officers
£25,000	Officers as agreed by the director
£100,000	Managers who report to heads of service
£250,000	Heads of service (as defined by head of service pay grades)
£500,000	Assistant directors (as defined by assistant director pay grade)
Excess of £500,000	Directors

- b) Revised budget virement limits and procedures. Budget virements in excess of £250,000 (previously £25,000) between directorates and portfolios must receive prior approval from cabinet.
- c) Increase in the threshold for reporting to cabinet the write off of individual debt balances from £2,000 to £10,000.
- d) Clearer guidance on the use of corporate credit cards and bank/cash imprest accounts.
- e) The head of corporate finance is now the money laundering reporting officer (post previously held by the finance director of Hoople).
- f) The responsibilities under the financial procedure rules have been clarified to confirm the responsibilities of audit and governance committee, the chief finance (CFO) and management board.
- 5 The financial procedure rules will be published on the council website and intranet as part of the council's constitution and authorisation limits will be updated on a regular basis. bad debt write-offs are reported to cabinet bi-annually.

Community impact

- 6 To ensure clear and transparent processes are in place to govern how resources of the council are effectively managed supports the council's corporate plan objective to manage finances effectively and to demonstrate one of the council's values, namely to be open, transparent and accountable.

Equality duty

- 7 The Equality Duty 2010 has 3 aims (general duty)
- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the act.
 - Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - Foster good relations between people who share a protected characteristic and those that who do not.
- 8 The Public Sector Equality Duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying “due regard” in our decision making in the design of polices and in the delivery of services. This decision will not adversely impact on our Equality Duty.

Financial implications

- 9 The proposed revisions to the financial procedure rules are designed to ensure that the council complies with all of the relevant financial regulations which govern the council’s financial conduct and ensures that the council follows effective processes.

Legal implications

- 10 The updates to the financial procedure rules ensure they comply with the Terrorism Act 2000, Crime and Society Act 2001, Money Laundering Regulations 2007, Public Contract Regulations 2015 and the Late Payment of Commercial Debts Regulations 2013.
- 11 The council must prepare and keep up to date a constitution in accordance with s37 of the Local Government Act 2000. The minimum requirements for the content are set out in The Local Government Act 2000 (constitutions) (England) Direction 2000 which includes a description of the rules and procedures for the management of the council’s financial affairs including: procedures for auditing and financial rules.
- 12 The committee’s delegation of the approval of the finance and contract procedure rules within constitution was effective on 1 January 2017 following council’s decision on 16 December 2016.

Risk management

- 13 The current regulations and standing orders are out of date, in some places, and this creates potential for confusion, errors and misunderstandings. Updating the rules will attempt to deal with these issues and problems and ensure that the council continues to have sound financial management policies in place.
- 14 There is a risk that officers may be unaware of the new rules, which will be mitigated by communication of the changes and a training programme for relevant officers.

Consultees

- 15 The governance improvement working group were consulted on the proposed changes and were supportive of the recommended amendments. The working group recommended that the rules were presented as far as possible in table form for clarity and these recommendations have informed the development of the draft now presented to the committee.

Appendices

Appendix A - revised draft financial procedure rules

Background papers

None identified.