

Agenda Item 15

Executive Board

4 July 2007

TC



Revised and updated Financial Regulations, Financial Operating Procedures, Contract Standing Orders and Document Retention Guidelines

Summary

The attached Report explains the need to revise and update the current Financial Regulations in order to bring them into line with best practice and to avoid criticism from the external auditor.

Recommendation

That the Executive Board refers the revised and updated Financial Regulations and complementary Financial Operating Procedures, Contract Standing Orders and Document Retention Guidelines to the Audit & Governance Committee for their detailed consideration with a request that the Audit & Governance Committee reports back to the Executive Board in due course.

a) Reasons for Recommendation

In order to ensure financial and operational procedures and processes reflect best practice and take into account the Council's recent technological advances. It is also important that our financial policies are comprehensive and contain information on emerging issues such as e-tendering and working with the third sector.

b) Alternative Options

None

c) Risk Considerations

A review of the current Financial Regulations and associated policies and procedures is overdue and has been highlighted by the Audit Commission in their Audit & Inspection Letter – 2005/06. To fail to update these policies would mean that the council is not keeping abreast of changing best practice and new and emerging issues. In turn, councillors and members of staff would not be complying with current best practice.

d) Policy and Budgetary Considerations

None

e) Date for Review of Decision

N/a

1. Introduction

The Council's suite of financial policies are made up of four distinct documents which, when brought together form the hub of financial procedures to support all levels of the Council.

The suite of financial policies comprise:

- Financial Regulations – these are the overarching broad policy statements adopted by the Council, ideal as a guide to strategic directors and councillors.
- Financial Operating Procedures – these procedures supplement the Financial Regulations and represent wider procedural guidance, these are ideal for members of staff with budgetary, procurement and/or supervisory responsibilities. They explain the importance of each subject area and identify individuals or groups of individuals within the Council to whom responsibilities should be allocated. They also explain the framework of internal controls that help underpin and strengthen the council's corporate governance arrangements.
- Contract Standing Orders – these procedures also supplement the Financial Regulations but relate to the administration and management of purchasing and procurement. In essence, these procedures promote good purchasing practice and public accountability and deter corruption. They apply to every councillor, member of staff, person or group of persons providing services on our behalf and are in accordance with Section 135 of the 1972 Local Government Act.
- Document Retention Guidelines – these procedures govern the retention and disposal of documents, taking into account statutory requirements and good practice. In particular, they help to ensure that the council complies with the Data protection Act 1998 and the Freedom of Information Act 2000.

To enhance the policy documents above and to provide guidance for all levels of staff, It is envisaged that two additional documents will be written and disseminated in due course:

- Contract Management Handbook – the handbook will be designed to complement the Contract Standing Orders and to further explain, in detail, the intricacies of procurement, tendering, and contract management.
- Lower Level Procedures – these will be designed to complement the Financial Operating Procedures and to guide staff who carry out a clerical role; those who deal with debtors and creditors or who collect money on behalf of the council.

2. The Extent of Changes

The Financial Regulations (pages 1 – 10) have largely remained unchanged. These are attached to this report.

The Financial Operating Procedures however, have changed radically since they were last issued in 2004. The most significant changes are due to new technologies and/or new ways of working, for instance there is a large section devoted to the use of corporate purchase cards.

The Contract Standing Orders have also altered significantly and have been updated to reflect the current best practice guidance from the Chartered Institute of Public Finance Accountants (CIPFA). These documents have also been updated to reflect changes in the Council's Constitution.

All the changes have been agreed with senior managers and have been placed before corporate directors for their approval.

When taken together the suite of financial policies is a weighty document and extends to around 150 pages (printed double sided of course!). This report contains only the first 10 pages (ie: the Financial Regulations) these are attached as an appendix.

All four documents can be found on the intranet, but for the avid reader a hard copy is available from the Internal Audit & Governance Section.

All four documents will be made available to members of the Audit & Governance Committee to assist in their deliberations and be offered as part of their agenda.

Legal Implications

There are no implications to comment on; the summary of the necessary changes and the statutory framework are set out in the report.

Financial Implications

No financial implications considered within this report. However, updating all of the Councils financial regulations should ensure better financial management and accountability.

Consultation on Reports to the Executive

N/a

Background Papers

- ❑ Financial Regulations (pages 1 - 10 attached)
- ❑ Financial Operating Procedures (on intranet)
- ❑ Contract Standing Orders (on intranet)
- ❑ Retention and Disposal of Documents (on intranet)

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