

REPORT TO:	COUNCIL	AGENDA ITEM: 11
DATE OF MEETING:	18th MAY 2017	CATEGORY: RECOMMENDED
REPORT FROM:	DIRECTOR OF FINANCE & CORPORATE SERVICES	OPEN
MEMBERS' CONTACT POINT:	KEVIN STACKHOUSE (01283 595811) Kevin.stackhouse@south-derbys.gov.uk	DOC: u/ks/live files/financial strategy/report to council may 2017
SUBJECT:	FINANCIAL REGULATIONS, FINANCIAL PROCEDURE AND CONTRACT PROCEDURE RULES	REF
WARD (S) AFFECTED:	ALL	TERMS OF REFERENCE:

1.0 Recommendations

1.1 That Council adopts the updated Financial Regulations, Financial and Contract Procedure rules under Section 4 of the Constitution.

2.0 Purpose of Report

2.1 To update the Financial Regulations and associated Financial Procedural Rules, together with changes to the Contract Procedure Rules under Section 4 of the Council's Constitution.

3.0 Detail

3.1 There are 3 separate documents contained in the Council's Constitution which govern how the Council manages its finances and other resources, together with governance arrangements regarding procurement, tendering and contract management.

3.2 These documents are detailed in Part 4 of the Constitution, Rules of Procedure (Sections 26, 27 and 28). These documents are reviewed on a regular basis but do not tend to change fundamentally from year to year as the principles and practices detailed in the documents are embedded and based on best practice. Unless there are any significant changes to the key principles underpinning the regulations and procedures, the documents are rolled forward from year-to-year.

3.3 However, it is considered good practice that minor changes that have accrued over a period of time are reported and the documents updated accordingly. Ideally, this should be undertaken at least every 3-years.

3.4 The updated documents are attached to the report in **Appendices 1 to 3**. There are no significant changes and the proposed changes have been highlighted in the documents. There are several grammatical alterations and

terminology changes. In addition, the following areas have been updated to reflect the following changes.

Virement

- 3.5 The Financial Procedural Rules have been updated to reflect that the only form of virement (transfer of budget provision) takes place between services and committees (**Section A2**). Any virement requires the approval of the Finance and Management Committee.
- 3.6 Virement within individual cost centres no longer takes place and original budget estimates are not changed during the financial year. The management of under and over spending is reported to the Finance and Management Committee.

Changes to External Audit

- 3.7 The documents have been updated to reflect that the Audit Commission was abolished on 31st March 2015 and their functions have been transferred to the National Audit Office. Auditor appointments are now made by the Public Sector Audit Appointments Limited.

Electronic Processing

- 3.8 The Purchasing Code of Practice (*Appendix B1 to the Financial Procedure Rules*) has been updated to reflect electronic processing of tenders, orders and invoice payments.

Other Changes

- 3.9 Other updates include references to Codes of Practice which have changed over time, the requirement to produce an Annual Governance Statement rather than a Statement of Internal Control, together with a requirement to demonstrate Value for Money rather than the production of a Best Value Performance Plan.
- 3.10 In addition, some job titles have been updated to reflect the transfer of services back from Northgate, together with delegation for authorised officers to write-off small amounts of debt and obsolete stock up to a value of £25 and £50 respectively.
- 3.11 Other than changes to reflect updated job titles, no changes are proposed to the Contract Procedure Rules.

4.0 Financial Implications

- 4.1 None.

5.0 Corporate and Community Implications

5.1 The Financial Regulations and associated Procedure Rules apply order and control to the operations of the Council. They apply to all Members and Officers. This control is a prime component of Corporate Governance and specifically concentrates on the financial aspects of the Council.

6.0 Background Papers

6.1 None.