

COUNCIL – 28 JANUARY 2013

**RE REVIEW OF THE FINANCIAL PROCEDURE RULES
REPORT OF THE DEPUTY CHIEF EXECUTIVE (CORPORATE
DIRECTION)**

WARDS AFFECTED: ALLWARDS

1. PURPOSE OF REPORT

- 1.1 To highlight proposed changes to the Financial and Contract Procedure Rules (the Rules) to bring the documents up to date and to reflect recommendations made by Internal Audit.
- 1.2 A full copy of the Financial and Contract Procedure Rules with the proposed changes is available upon request.

2. RECOMMENDATIONS

- 2.1 That Council approves the changes to the Financial and Contract Procedure Rules outlined in paragraph 3.3

3. BACKGROUND

- 3.1 Section 2K of the Financial Procedure Rules states the “Financial Procedure Rules must be reviewed annually and Council must approve any amendments”. The Financial and Contract Procedure Rules have been updated to reflect any changes in processes and legislation. In addition, Internal Audit have recommended a number of minor alterations to the Rules which have been reflected in the revised document.
- 3.2 As a general comment, all references to job titles of officers and committee structures have been reviewed and amended where required to reflect the current structure.
- 3.3 The following specific changes have been made to the Financial Procedure Rules and are presented for approval:

Section	Change
3. Accounting Procedures	<ul style="list-style-type: none"> ○ Additional requirement for a separate Annual Governance Statement to be produced by 30th June. This document no longer forms part of the Statement of Accounts ○ Additional requirement that all reconciliations must be independently reviewed in order to maintain segregation of duties
5. Banking Arrangements	<ul style="list-style-type: none"> ○ Requirement for all bank reconciliations to be reviewed independently now included
6. Capital Programme (Creation)	<ul style="list-style-type: none"> ○ Clarification of terms, including the requirement for the Capital Programme to include details on capital financing
10. Capital Programme (Control)	<ul style="list-style-type: none"> ○ Amendment to reflect that the Finance and Audit Select Committee receive quarterly reports on the Capital Programme
12. Income	<ul style="list-style-type: none"> ○ Inclusion of performance target – debtors invoices must be raised within 1 calendar month of the service provision

	<ul style="list-style-type: none"> ○ Write Offs: Document reflects the additional limits in place within the Leicestershire Revenues and Benefits Partnership for revenue and benefits write offs
13. Internal Audit	<ul style="list-style-type: none"> ○ Requirement for all Chief Officers to complete an annual "Assurance Statement" to inform Internal Audit Annual Report and the Annual Governance Statement ○ Reference to Accounts and Audit Regulations updated from 2003 to 2011
15. Investments, Borrowings and Trust Funds	<ul style="list-style-type: none"> ○ Reporting lines to Finance and Audit Select Committee now included
16. Orders for Works, Goods and Services	<ul style="list-style-type: none"> ○ Clarification that Authorisation Limits are in place for both the Civica Financials system and Orchard, for housing related purchases ○ Inclusion of requirement that all orders for work, goods or services must be made by the person receiving the work, goods or services. ○ Widening of the use of available framework contracts procured specifically for the use of public sector bodies. ○ Provision now included for general exceptions to order limits (under very specific circumstances) and revisions to exceptions that are only granted by an SLB member and Deputy Chief Executive (Corporate Direction).
22. Revenue Budget (Creation)	<ul style="list-style-type: none"> ○ Inclusion of additional paragraph to reflect that any increases to base budgets (growth items) must be submitted formally by budget holders and approved by SLB
27. Staffing Changes	<ul style="list-style-type: none"> ○ All requests for additional establishment posts should be submitted for scrutiny by COB to ensure appropriate challenge

3.4 The following specific changes have been made to the Contract Procedure Rules and are presented for approval:

Section	Change
4. Requirements for Tender	<ul style="list-style-type: none"> ○ Provision now included for general exceptions to the requirement to tender (under very specific circumstances) and revisions to exceptions that are only granted by an SLB member and Deputy Chief Executive (Corporate Direction).
5. Open Competitive Tenders	<ul style="list-style-type: none"> ○ Revisions to advertising requirement for contract opportunities that now includes at least two methods, one of which must be Source Leicestershire – a recognised public sector buying portal.
8. Pre-Vetted Company List	<ul style="list-style-type: none"> ○ This has been removed to ensure transparency and open competition in all tenders.

11. Form of Invitation to Tender and Submission of Tenders	<ul style="list-style-type: none"> ○ Revised to allow the electronic receipt of tenders through specifically designed secure software. ○ Specific requirement now included that where tenders are submitted hard copy they must be date and time stamped and locked away until the designated opening time.
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4. FINANCIAL IMPLICATIONS (KB)

Contained within the body of the report.

5. LEGAL IMPLICATIONS (AB)

The change to the financial procedure rules will result in a change to the Constitution and as a result a two thirds majority vote will be required to approve the report.

6. CORPORATE PLAN IMPLICATIONS

The Council's financial standing is maintained and the finances remain healthy over the period of the plan.

7. RISK IMPLICATIONS

It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision/project have been identified, assessed and that controls are in place to manage them effectively.

The following significant risks associated with this report/decision were identified from this assessment:

Management of Significant (Net Red) Risks		
Risk Description	Mitigating Actions	Owner
None		

8. KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS

There are none.

9. CORPORATE IMPLICATIONS

By submitting this report the author has taken the following into account:-

- Community Safety Implications
- Environmental Implications
- ICT Implications
- Asset Management Implications
- Human Resources Implications

Background Papers: Financial Procedure Rules

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