

## **CITY OF PLYMOUTH**

**Subject:** Review of Financial Regulations 2009/10

**Committee:** Audit Committee

**Date:** 26 March 2010

**Cabinet Member:** Councillor Bowyer

**CMT Member:** Director of Corporate Support

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**Ref:** SW/ CorpF

**Part:** I

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### **Executive Summary:**

This report outlines the findings and amendments required to the Financial Regulations following the annual review for 2009/10.

The main changes are an update to the titles of responsible Officers to reflect the revised organisational structure within the Authority and the inclusion within the delegated limits of the currently approved limits for purchasing officers at Grade J and below.

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### **Corporate Plan 2009- 2012:**

The Financial Regulations set the parameters within which the Council Officers and Members operate, and, thus work towards delivering the Corporate Plan.

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### **Implications for Medium Term Financial Plan and Resource Implications: Including finance, human, IT and land**

Financial Regulations outline in particular a number of officer delegation limits which have been set having regard to the day to day operation of Council Services as well as the minimisation of risk. Adherence to the Financial Regulations together with the supplementary suite of Governance documents such as Contract Standing Orders, contribute towards achievement of Value for Money in the use of Council resources.

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### **Other Implications: e.g. Section 17 Community Safety, Health and Safety, Risk Management, Equalities Impact Assessment, etc.**

Not applicable

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**Recommendations & Reasons for recommended action:**

1. The amendments made to the Financial Regulations following the annual review 2009/10 be noted.
2. Council be recommended to approve the updated Financial Regulations.
3. The Governance arrangements for ordering and paying for the purchase of work, supplies and services and for the collection and processing of income and other amount due as outlined in Appendix B be approved and added to the Index.
4. The additional operational documents as outlined in section 3.3 of the report be brought to the next Committee for formal adoption and inclusion within the Index.

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**Alternative options considered and reasons for recommended action:**

It is a requirement of the Financial Regulations themselves that they be reviewed on an annual basis.

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**Background papers:**

Financial Regulations as updated April 2009

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**Sign off:**

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TH0002

Fin		Leg		HR	n/a	Corp Prop		IT	n/a	Strat Proc	n/a
Originating SMT Member: Malcolm Coe											

## **Review of Financial Regulations 2009/10**

### **1. Introduction**

- 1.1 A review of Financial Regulations was carried out during 2009, and presented to Audit Committee in March 2009. This review recommended that the Financial Regulations themselves should in future be a more concise strategic policy document, supplemented by more detailed operational and working practices within an 'Index'.
- 1.2 Financial Regulations themselves stipulate that the Regulations should be subject to an annual review to ensure that any changes required are made in a timely manner and that the Financial Regulations remain fit for purpose. As a minimum, an annual review of delegated limits should be undertaken.

### **2. Financial Regulations**

- 2.1 Financial Regulations provide the framework for managing the Council's financial affairs, and are required to be approved at a full meeting of the Council. They apply to every Member, Committee, School Governing Body, Department, Officer, Partner, Employee of the Council and anyone else acting on behalf of the Council unless otherwise minuted by Council.
- 2.2 Failure to comply with the requirements of Financial Regulations could be considered a potential act of gross misconduct.
- 2.3 The Chartered Institute of Public Finance and Accountancy (CIPFA), the body which oversees financial practice within the public sector, has provided guidelines on the format and content of Financial Regulations for Local Authorities. Whilst it is not mandatory to follow this guidance, it is recommended that it be followed as a matter of best practice. The Council's Financial Regulations have been produced, and updated, having regard to the CIPFA guidance.

### **3. Review 2009/10**

- 3.1 The Financial Regulations have been updated to:
  - reflect the current management structure and new job titles of specified Officers, namely the Assistant Director for HR and Organisational Development (was Head of HR), and the Assistant Director for Governance and Democratic Support (was Head of Legal Services) as the Council's Monitoring Officer
  - refine the document by removing areas of operational detail supplementing the Regulations by the inclusion of further documents within the Index
  - include a glossary of terms
  - update and improve the links to the more detailed operational documents contained within the Index.

The updated Financial Regulations are attached at Appendix A with the amendments highlighted for ease of reference.

3.2 Officers have continued to update the operational documents included in the Index, and an updated list is included at Annex A within the main Document. In refining the Financial Regulations, two new documents have been created:

- Governance arrangements for ordering and paying for the purchase of work, supplies and services
- Governance arrangements for the collection and processing of income and other amount due

These documents have been included at Appendix B. The documents effectively replace sections D3.25 and D3.61 of the previous regulations and will be added to the Index, subject to approval by Audit Committee.

3.3 The following key documents, referred to within the Financial Regulations, are currently being drafted and will require approval from Audit Committee before they can be formally added to the 'Index' and it is proposed that they be considered at the meeting in June 2010:

- Income and Credit Management Policy
- Money Laundering Policy
- Capital Programme Governance Document
- External funding/Grants Protocol

3.4 Delegated Limits

Following a benchmarking exercise, the Council's delegated limits have been found to be in line with limits applied by other Unitary Councils and therefore no increases are proposed as part of this review. However the delegated limits have been updated to include the currently agreed operational limits for purchasing officers below grade J, and to remove the reference to HRA debt within the write-off limits. The amended list is shown at Appendix C.

## **4. Conclusions**

4.1 Financial Regulations have a central place in the delivery of Council goals. The fact that they are reviewed annually is a reflection of the importance that they remain up to date, relevant and focussed on supporting corporate priorities.

## **5.0 Recommendations**

5.1 The amendments made to the Financial Regulations following the annual review 2009/10 be noted.

5.2 The Governance arrangements for ordering and paying for the purchase of work, supplies and services and for the collection and processing of income and other amount due as outlined in Appendix B be approved and added to the Index.

5.3 Council be recommended to approve the updated Financial Regulations.

- 5.4 The additional operational documents as outlined in section 3.3 of the report be brought to the next Committee for formal adoption and inclusion within the Index.