

Report of:	Meeting	Date
Head of Finance (s151 Officer)	Audit Committee	13 November 2018

<b>Annual Review of Financial Regulations and Financial Procedure Rules</b>
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## 1. Purpose of report

1.1 To review the Financial Regulations and Financial Procedure Rules.

## 2. Outcomes

2.1 Evidence that the Council has arrangements in place to maintain a sound system of internal control.

## 3. Recommendation

3.1 Members are asked to note the proposed changes summarised in paragraph 5.1 and to approve the updated Financial Regulations and Financial Procedure Rules set out in Appendix 1 of this report which can be viewed with the agenda for this meeting on the council's website.

**Note:** Because of its length, Appendix 1 (the full version of the Financial Regulations and Financial Procedure Rules - with the proposed minor changes summarised below shown as track-changes) is NOT included in this printed pack.

## 4. Background

4.1 The Financial Regulations and Financial Procedure Rules were subject to a major review and updated in accordance with best practice and guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) prior to being agreed by the Standards Committee at their meeting on the 14 October 2004 and the Council meeting on 11 November.

4.2 The last annual review was completed at the Audit Committee meeting of the 19 September 2017.

4.3 The Financial Regulations and Financial Procedure Rules form part of the Council's governance structure and help to demonstrate that

arrangements are in place to maintain a sound system of internal control.

## **5. Key Issues and proposals**

### **5.1 A number of amendments are proposed, namely:**

- Additional wording added to reflect that loans may be given to a Parish or Town Council if the loan is a short term loan (not exceeding 12 months) and does not exceed £50,000 (Para 2.15 Part 4.06/6 & Para 3.106 Part 4.06.04/13);
- Updated 'Audit Committee' to reflect the changes made to the Committee's Terms of Reference giving them responsibility for ensuring the Council's compliance with the Data Protection Act 2018 (Para A.10 Part 4.06.01/2);
- Update to reflect that the annual update of how the council has performed against its priorities is now published annually in Wyre Voice (Para B.5 Part 4.06.01/6);
- A number of amendments made to reflect that the Finance Director now prepares a capital strategy (Para A.20, C.12, C.13, C.15, C.17 Part 4.06.01/3 – Part 4.06.01/10, & Para 3.99 Part 4.06.04/12);
- Included the 'the local plan' and 'capital strategy' in the list of statutory plans and strategies the policy framework includes (Para B.2 Part 4.06.01/5);
- Update to reflect the council now prepares a four year medium term financial plan (Para B.7 Part 4.06.01/6 & Para 2.31 Part 4.06.03/5);
- Update to reflect the council publishes a local plan (Para 2.01 Part 4.06.03/1);
- Insertion of three paragraphs to ensure it accurately reflects the current arrangements in place in respect of the authorisation of individual schemes within the Capital Programme (Para 2.62 - 2.64 Part 4.06.03/9);
- Updated 'Capital Programmes – Responsibilities of Chief Officers' to ensure it accurately reflect the current arrangements in place for reporting three times a year (Para 2.59 Part 4.06.03/8);
- Update to reflect the new Money Laundering, Terrorist Financing and Transfer of Funds Regulations 2017 (Para 3.47 Part 4.06.04/7);
- Update to reflect that the council has individual business continuity plans in place and that they are tested regularly (Para 4.10 Part 4.06.05/2);
- Update to reflect that Internal Audit maintain the list of authorised signatures and specimen signatures (Para 4.60 Part 4.06.05/8 & Para 4.83 Part 4.06.05/10);
- Updated 'Contract Finder' to reflect that the new limit has been reduced from £25,000 to £10,000 (Part 4.06.07/3);
- Update to reflect the amended EC procurement thresholds from January 2018 (Part 4.06.07/4);

- Update to reflect the legal requirements and current best practice in respect of standstill periods (Part 4.06.07/7);
- Inserted a new paragraph to take into consideration the new requirements around employment status (IR35) and the requirement to complete the HRMC 'employment status assessment tool' before a contract is awarded to a specialist or consultant (Part 4.06.07/27); and
- Amended the quality/price mechanism to ensure that 'social value' is considered when awarding contracts (Appendix 1 Part 4.06.07/29).

<b>Financial and legal implications</b>	
Finance	None arising directly from the report.
Legal	The adoption of clear and up to date advice should ensure legal probity and good governance of the Council.

### **Other risks / implications: checklist**

If there are significant implications arising from this report on any issues marked with a ✓ below, the report author will have consulted with the appropriate specialist officers on those implications and addressed them in the body of the report. There are no significant implications arising directly from this report, for those issues marked with an x.

<b>risks/implications</b>	<b>✓ / x</b>
community safety	x
equality and diversity	x
sustainability	x
health and safety	x

<b>risks/implications</b>	<b>✓ / x</b>
asset management	x
climate change	x
ICT	x

### **Processing Personal Data**

If the decision(s) recommended in this report will result in personal data being processed, a privacy impact assessment (PIA) will have been completed and signed off by the council's Data Protection Officer before the decision is taken (as required by the General Data Protection Regulations 2018).

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<b>List of background papers:</b>		
<b>name of document</b>	<b>date</b>	<b>where available for inspection</b>
None		

**List of appendices**

Appendix 1 – Proposed changes to Financial Regulations and Financial Procedural Rules (published on website).