



<u>Committee and date</u>
Council
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FINANCIAL RULES UPDATE

Responsible Officer James Walton

Email: James.walton@shropshire.gov.uk

Tel: 01743 255011

1. Summary

- 1.1 This report proposes refinement of and revisions to the Council's Financial Rules located in Part 4 of the Constitution. The Rules have been reviewed and updated to reflect the Council's change in working practices with voluntary organisations, reflect new electronic means of authorisation and more efficient ways of working and minor changes around systems and roles.

2. Recommendations

- 2.1 Members are asked to consider and endorse, with appropriate comment, the proposed adjustments to the current Financial Rules as set out in Appendix A of this report.

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3. Risk Assessment and Opportunities Appraisal

- 3.1 In order to reflect the most efficient and practical methods of managing the Council's finances, it is important that the Financial Rules provide the necessary clarity for their application for both member and officer interactions.
- 3.2 The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998 and the Accounts and Audit Regulations 2015. There are no direct environmental, equalities, consultation or climate change consequences of this proposal.

4. Financial Implications

4.1 There are no direct financial implications.

5. Background

5.1. The Financial Rules, which are found in Part 4 of the Council's constitution, provide the framework for managing the authority's financial affairs. They apply to every member and officer of the council and anyone acting on behalf of the council. The rules apply equally, where officers are undertaking work in partnership for external organisations.

5.2. The financial rules are periodically reviewed for robustness and appropriateness in our ever-changing work environment. From the outset it was proposed that this iteration of the rules would capture as a minimum changes arising from recent developments in working practices and changes in business relationships. A more far reaching update to the rules will be carried out in order to align policy with the outcomes of Digital Transformation.

5.3. This update involved a two week consultation with staff where staff were invited to comment on the usability and applicability of the rules and to make any suggestions for improvement.

5.4. The feedback from the consultation was encouraging and very valuable in shaping the revised document. The paragraphs that follow discuss the main changes to the document.

5.5. **Principles** – Each of the main rules are now described through a set of principles which aims to guide actions in cases where ambiguity might be found.

5.6. **Asset Register and Land Terrier Guidance** – This update provides more specific instruction around the requirement to maintain an up to date asset register with up to date values in accordance with the Code of Practice on Local Authority Accounting. It also requires the maintenance of a land terrier to add an additional level of robustness to the recording of the Authority's property and lease arrangements.

5.7. **Electronic Payment processes** – Changes to the rules allow the Electronic Procure to Pay system within the authority to process payments for goods where the value of the invoice does not necessarily match the value of the invoice. This is only in cases where the goods have been receipted satisfactorily and the invoice value is lower than the order value.

There are mechanisms in place to follow up on such mismatches in order that root causes can be addressed but by introducing this rule processes become more streamlined at no risk to the authority.

- 5.8. **Requisitions, orders and associated Terms and Conditions** – the update introduces a section which recognises the fact that not all payments can, or need to be supported by official requisitions, orders and associated Terms & Conditions. Exceptions include supplies of public utility services, periodical payments, petty cash, software licenses.
- 5.9. **Debit and Credit Card references** – the update removes the references to using Debit and Credit card for Council purchases as all such purchases must now be done using a Council purchasing card.
- 5.10. **Advance Payments** – The update recognises that in some circumstances it may be appropriate to make payments in advance to certain providers. The key to this update is that any such arrangement must be considered and approved on it's individual merit via the Exemption Request process. This ensures that the necessary control and balance of risk to the authority is upheld.
- 5.11. **External Funding** – This update introduces greater control around entering into external funding arrangements. It requires that all such arrangements are authorised on an individual basis by the S151 officer. This allows for greater control and oversight of the risks that may be entered into via such arrangements.
- 5.12. **Exemption Request Guidelines** – The introduction of a formal route for requesting exemptions to the financial rules recognises the need to provide exemptions in exceptional circumstances and formalises the method for requesting and receiving approval for such exemptions. Or indeed, receiving clear feedback as to why an exemption request is not granted.
- 5.13. The feedback during consultation also highlighted the fact that the rules are not easy to navigate from a search engine perspective. Following approval changes will be made to make them more accessible and in the longer run training modules will be developed to assist staff in understanding the rules.
- 5.14. The Council is part way through a programme of Digital Transformation which will bring about large scale system change which in turn will require organisational change. This will impact on processes and procedures and will mean that a number of the Council's policies will require review and

realignment. The next update to the financial rules will take place as part of the Digital Transformation policy realignment exercise.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Cabinet Member (Portfolio Holder)

David Minnery, Finance

Local Member

Appendices

Appendix 1 – Financial Rules