



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

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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 to the financial processes involved with the implementation of the new Enterprise Resource Planning (ERP) system, the introduction of the Capital Strategy and other minor changes to key job titles.

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.

REPORT

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. However due to the implementation of the ERP system which is planned for 1st April 2019, it is necessary to amend the rules to ensure that the rules reflect the new automated processes that will be embedded within the new system. This review has therefore reflected these amendments and also reflected other minor amendments to reflect changing financial requirements.
- 5.3. The paragraphs that follow discuss the main changes to the document.
- 5.4. **Capital Strategy** – the Council is now required to publish a Capital Strategy annually and so reference to the document is now included within the Financial Planning section of Financial Rules.
- 5.5. **Removal of requirement for physical signatures for authorisation** – as processes for authorising expense claims and invoices has previously included authorising paper documents, it has been necessary for physical signatures to be held of authorising officers within the Finance and HR departments to confirm that documents have been authorised appropriately. This process is now built into the ERP system with electronic workflow approvals set against specific individuals, therefore the rules have been updated to remove the need to hold specimen signatures.
- 5.6. **Authorisation at point of Requisitions and Order** – the update recognises that the ERP system will now move all authorisation of expenditure to the point of requisition and order, and invoices will be paid automatically within the system as long as the details match the authorised order and the goods received.
- 5.7. **Invoices to detail official purchase order number** – all invoices received for payment will need to specify the Shropshire Council generated official order number in so that the invoice can be processed through the system

and matched to the authorised order. Suppliers will be advised that if they fail to provide an order number within their invoices then the Council will send these back for amendment before payment can be processed.

- 5.8. Following approval of these changes, it is intended that Council wide communications are circulated to inform staff of these changes as they are pertinent to ensuring the ERP system works effectively and our suppliers are paid as efficiently as possible. Alongside this, it is intended that online training modules are developed to assist staff in understanding the rules.

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