

WILTSHIRE COUNCIL

ANNUAL COUNCIL

18 MAY 2010

FINANCIAL REGULATIONS AND PROCEDURES

Executive Summary

In accordance with good practice, a set of new Financial Regulations and Procedures have been produced. A review was undertaken by a dedicated Working Group comprising the Chair of the Audit Committee, Chief Finance Officer, Head of Internal Audit, the Cabinet Member for Finance, Performance and Risk, elected Member representative for the Audit Committee and other relevant officers. The remit of the Working Group was to prepare a new set of financial regulations for the Council.

The Audit Committee approved the financial regulations on 24 March 2010, with the recommendation that they be adopted by Council.

Proposal

That the Council adopts the Financial Regulations and Procedures as revised.

Reason for Proposal

1. To enable the finance regulations to be incorporated within the Council's Constitution with immediate effect.

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FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES

Purpose of Report

1. To seek approval to the proposed new Financial Regulations and Procedures.

Background

2. Wiltshire Council commenced as a new Unitary Authority on 1 April 2009. Good practice required a thorough review of the Financial Regulations.
3. The review was undertaken by a dedicated Working Group comprising the chair of the Audit Committee, Chief Finance Officer, Head of Internal Audit, Cabinet Member for Finance and elected Member representative for the Audit Committee and other relevant officers. The remit of the Working Group was to prepare a new set of Financial Regulations for the new Council.

Financial Regulations

4. A summary of the proposed Regulations is attached at Appendix 1. A copy of full Regulations as proposed is circulated separately for Councillors and available from the Council's website with the agenda for this meeting.
5. Changes that have been incorporated in the new set of Financial Regulations are shown in Appendix 2.
6. The new Financial Regulations were approved by the Audit Committee on 24 March 2010, with the recommendation that they be endorsed by Full Council.

Risk Implications

7. The Financial Regulations will support the effective management of financial risk.

Financial Implications

8. The Financial Regulations will support delivery of value for money.

Environmental Impact of the Proposal

9. No environmental issues have been identified arising from this report.

Equality and Diversity Impact of the Proposal

10. No issues have been identified arising from this report.

Risk Assessment

11. No issues have been identified arising from this report.

Financial Implications

12. There are none directly arising from this report.

Legal Implications

13. There are none directly arising from this report.

MARTIN DONOVAN
Chief Finance Officer

The following unpublished documents have been relied on in the preparation of this report:

None

WILTSHIRE COUNCIL

A SUMMARY OF FINANCIAL REGULATIONS AND PROCEDURE RULES

The Council's Financial Regulation and Procedure Rules form part of its Constitution and apply to every member and officer of the Council, and to anyone acting on its behalf.

Schools are governed by The Wiltshire Funding Scheme for Schools although these Financial Regulations and Procedure Rules apply in instances not incorporated within that guidance.

This is a summary guidance only and reference should be made to the full Financial Regulations and Procedure Rules document (sections and page numbers detailed below), whenever there is a doubt over the appropriate course of action.

SECTION A - FINANCIAL REGULATIONS (Pages 3 – 20)

FINANCIAL MANAGEMENT (Pages 3 – 8)

This section details the respective responsibilities and financial accountabilities in relation to the running of the Council, including the policy framework and the budget including that of:

- The Council.
- The Cabinet.
- Scrutiny Boards
- The Standards committee
- The Audit Committee
- Other regulatory and Joint committees
- The Council's Statutory officers
- And Corporate Directors

FINANCIAL PLANNING (Pages 8 - 13)

This section considers the Council's policy and budget development and monitoring frameworks, and also details respective roles and responsibilities.

FINANCIAL PROCEDURES (from pages 13)

This section outlines the Council's financial procedures rules and the various roles and responsibilities in respect of financial management and standards.

Scheme of Virement (Pages 17 - 19)

Approved budget allocations should not be exceeded although the Council's scheme of virement can be used to move monies across service areas as set out within Financial Procedure Rules

Treatment of year-end balances (Pages 19 - 20)

Year end balances may be carried forward in accordance with the Council's Financial Procedure Rules as set out within Financial Procedure Rules (B01.04).

Accounting policies (Pages 20 - 21)

The Chief Finance Officer selects and applies suitable accounting policies and ensures that they are adhered to, and remain appropriate by reviewing them on a regular basis.

Accounting records and returns (Pages 21 - 23)

This section details the Council's requirements and the various responsibilities delegated to officers.

The Annual Statement of Accounts Pages 23 – 24)

The Council has to produce set of accounts in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (The SORP). The accounts should be approved and published within statutory timescales, and are subject to scrutiny by external auditors appointed by the Audit Commission.

Financial Planning (Budgeting) (Pages 24 - 32)

This section details with the development of revenue and capital budgets, and the Council's Medium Term Financial Strategy. The section also considers the control and monitoring of revenue budgets and the capital programme, and of the control, use, and maintenance of reserves.

Risk management and the Control of Resources (Pages 32 - 33)

It is essential that all significant operational risks to the Council are identified and planned for in accordance with the Council's Risk Management Strategy. The various responsibilities for risk management are outlined in the section.

Internal Controls (Pages 34 – 35)

This section considers the controls required by the Council to ensure it is able to achieve its strategic ambitions and targets.

Audit Requirements (Pages 35 – 37)

Local authorities are required to "make arrangements for the proper, economic, efficient and effective use of resources", and within this section are detailed the Council's arrangements for internal and external audit.

Preventing fraud and Corruption (Pages 37 - 39)

This section outlines the Council's controls and procedures for ensuring that fraud and corruption is prevented.

Assets (Pages 39 – 43)

This section details responsibilities for the security of Council assets, including stocks and inventories. It also considers the procedures for the treatment and disposal of assets no longer required.

Treasury Management (Pages 43 – 45)

The Council manages significant volumes of monies and has strict policies and procedures in place for that management.

Staffing (Pages 45 – 47)

Outlined here are the Council's procedures for controlling the staffing establishment and the budgets required to support it.

Financial Systems and Procedures (Pages 47 - 49)

These ensure the integrity of the Council's data and information systems.

Income and Expenditure (Pages 49 - 61)

This section considers the Council's procedures for handling incomes, and for making payments including those to staff and members.

Taxation (Pages 61 - 62)

This section details the Council's arrangements for the administration of various taxes including VAT, and Construction Industry Tax (CIT).

Trading Accounts and Business Units (Pages 62 -63)

This section considers the Council's requirements for services that become involved in commercial activity.

External Arrangements (Partnerships) (Pages 63 - 65)

The Council may work in partnership with other public bodies and agencies and this section considers the Council's requirements in such cases.

External Funding (Pages 65 – 66)

External funding is very important to the Council, but should only be accepted under specific conditions as set out in the section.

Work for Third Parties (Pages 66 - 67)

Such arrangements may only be undertaken if they are in accordance with the procedures set out within this section.

WILTSHIRE COUNCIL – FINANCIAL REGULATIONS

Summary of Key Changes

The Council's Financial Regulations have been updated to accord with the most recent model issued by CIPFA to ensure that they are appropriate for the Council's needs.

As a consequence there are a great number of changes from the pre-existing document, and although many of the variations are cosmetic in nature, the revised version also now clearly sets out the various roles and responsibilities of both members and officers across all areas of financial governance.

There are also more specific changes and these have been outlined within the table below:

Page No	Subject	Nature of change/variation
1-2		A general introduction as to the standing of the regulations
3-8	Committees, Statutory Officers and Corporate Directors	Details of specific roles and responsibilities
8	Annual estimates	The requirement for a statement in respect of the robustness of annual estimates
10 - 12	Risk management	Details of roles and responsibilities
12	The Prudential Code	Details of roles and responsibilities
15	Work for third parties	Cabinet is required to approve contractual arrangements valued in excess of £1 million
15	Area Boards	Governance requirements
17 - 19	Virements	Detailed scheme of virements including financial thresholds
19 - 20	Year end balances	Details of how balances may be dealt with at year end
29 - 32	Capital	Details of respective responsibilities
32 - 33	Risk management	The role of the Audit Committee
52	Cash	Cash limits that may be received (money laundering

48	Contracts	Details of roles and responsibilities
57	Contracts	Thresholds for performance bonds
59 - 61	Payments to members and employees	Details of roles and responsibilities
66	Third parties	Financial thresholds