

Financial Regulations Review

1. Purpose of the Report

- 1.1 The Constitution requires financial limits to be reviewed every 2 years, and rather than look at them in isolation, they have been reviewed as part of the Council's wider financial management picture.
- 1.2 In particular, the limits have been looked at as part of a general review of financial standards, financial regulations and budget holders' responsibilities, all set against the background of the government's modernising agenda and the latest 'Use of Resources' assessment criteria used by the Audit Commission.

2. Recommendations

- 2.1 That the proposed changes to monetary limits set out in Attachment 'C' are approved to take effect from 1st April 2006
- 2.2 That financial regulations and monetary limits are reviewed every 2 years as required by the Constitution

3. Links to the Corporate Business Plan

- 3.1. Effective financial management underpins the delivery of all of the Council's work.

4. Background Information

- 4.1 During the summer, the finance team looked at their role and how it might change with the advent of new financial systems as well as the modernising agenda, and agreed a draft set of financial management standards covering themselves and budget holders.
- 4.2 This led to a presentation and workshop session with CMB and Team Leaders in September 2005, covering financial management as a whole from legislative requirements to what both the finance team and budget holders should expect of each other in managing Council's finances. The feedback from this session has been used as consultation to feed into this review - (Attachment 'A').
- 4.3 The key outcome of this review, is a set of inter-related documents that cover the key areas of financial management in an easier to read and understand format, whilst at the same time ensuring financial regulations remain a component part of the constitution.
- 4.4 These inter-related documents are as follows :-
 - § Statutory Requirements in respect of Council's financial management - (Attachment 'B')
 - § A Schedule of Monetary Limits covered by the Constitution, with proposed changes to delegations following the review - (Attachment 'C')
 - § Financial Management Standards for the finance team and budget holders – no approval for this is required as it does not affect Council's basic financial controls

- § Financial Regulations in a revised format but the substance is still the same as previously, covering all areas as recommended by CIPFA
- 4.5 Changes in relation to delegation and virement limits are as detailed in Attachment 'C', which also includes references to BACS payments and the Money Laundering Regulations 2003 and Proceeds of Crime Act 2002. Key proposed revisions are :-
- § To increase levels of delegations to Officers and Executive portfolio holders for revenue virement (ref 1:12 – 1:16). The purpose of this is to facilitate more responsive and effective budget management, within a clear accountability framework.
- § To reduce levels for which evidence of obtaining quotations for contracts must be secured. This is to ensure that officers can demonstrate that effective procurement decisions are made, representing value for money to the Council.
- 4.6 The proposed revisions to financial limits and delegations are set at a practical and workable level, and compare with limits set by other district councils similar to North Wiltshire District Council.
- 4.7 The main change in Financial Regulations, refers to the use of purchase cards and BACS as alternative electronic methods of procuring goods and services, but keeping the same controls as currently in place for paying by cheques. There are also minor changes to the wording within the Contract Procedure Rules aimed at clarifying responsibilities. This is not therefore presented as there are no significant alterations.
- 4.8 None of the changes mentioned above affect the basic financial controls under which the Council operates.

4. Financial Implications

- 4.1. None arising from this report

5. Community & Environmental Implications

- 5.1. None arising from this report

6. Equal Opportunities Implications

- 6.1. None arising from this report

7. Human Resources Implications

- 7.1. None arising from this report

Documentation used in the preparation of this report

Constitution, incorporating Financial Regulations.
CIPFA Financial Management Model for Finance Standards and Budget Holders' Responsibilities.

REPORT OF THE TEAM LEADER – FINANCE, TO COUNCIL 31ST JANUARY 2006

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