

Wiltshire Council

Audit Committee

24 MARCH 2010

FINANCIAL REGULATIONS AND PROCEDURES

Purpose of Report

1. To seek approval to the proposed new financial regulations to come into effect from 1 April 2010.

Background

2. Wiltshire Council commenced as a new Unitary Authority on 1 April 2009. A review of the existing framework of financial regulations was undertaken by a Working Group comprising the Chair of the Audit Committee, Chief Finance Officer, Head of Internal Audit, Cabinet Member for Finance, a representative for the Audit Committee and other relevant officers. The purpose of the review was to prepare a new set of financial regulations for the new Council.

Proposed Set of Financial Regulations

3. A summary of the proposed regulations is attached at Appendix 1.
4. Following preparation of the financial regulations further work is now being developed. This work will address the key policies and standards that are needed to underpin the financial regulations. The first of these is in relation to the management of the first of monies owed to the Council. The Debt Management Strategy will be reported back to the next Committee.
5. Another key piece of work is defining the Output Specification in respect of the financial services provided by the Shared Services Team – payroll, accounts payable and accounts receivable. The Output Specification would define requirements that are necessary to ensure statutory and other obligations are being satisfied, and also that there are effective internal controls in place.

Risk Implications

6. The financial regulations will support the effective management of financial risk.

Financial Implications

7. The financial regulations will support delivery of value for money.

Environmental Impact of the Proposal

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

Equality and Diversity Impact of the Proposal

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

Risk Assessment

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

Financial Implications

11. There are none directly arising from this report.

Legal Implications

12. There are none directly arising from this report.

Recommendations

13. That the Committee approve the finance regulations.

14. That a Department Management Strategy is presented to the next Committee.

15. That an Output Specification in respect of the finance services provided by the Shared Services Team is presented to the next Committee.

Reasons for Recommendations

16. To enable the finance regulations to be incorporated within the Councils' Constitution with effect from 1 April 2010.

17. To ensure the Audit Committee are satisfied with the arrangements for managing the Councils debt.

18. To ensure the Audit Committee are satisfied with the controls around the financial transactions of the Council.

MARTIN DONOVAN
Chief Finance Officer

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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 – 10)

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 10- 20)

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

FINANCIAL PROCEDURES (Pages 21- 80)

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 22-24)

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 (B01.03).

Treatment of year-end balances (Pages 24-25)

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 25-26)

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 26-29)

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

The Annual Statement of Accounts Pages 29-30)

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 30- 39)

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 39-41)

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 41-42)

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

Audit Requirements (Pages 42-45)

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 45-47)

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

Assets (Pages 47- 52)

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 52 – 54)

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

Staffing (Pages 55-56)

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

Financial Systems and Procedures (Pages 56-59)

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

Income and Expenditure (Pages 59- 73)

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

Taxation (Pages 73 – 74)

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 74 – 75)

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

External Relationships (Partnerships) (Pages 75-78)

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 78 – 79)

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 79-80)

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