

Report to Council

Revision to Finance Procedure Rules

Portfolio Holder: Cllr Abdul Jabbar MBE, Deputy Leader and Cabinet Member for Finance and Corporate Services

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Reason for Decision

There is a requirement to review the Finance Procedure Rules on a regular basis. Such a review has recently concluded and the consequent revised FPRs are therefore presented for consideration.

Executive Summary

Over the past few months a detailed review of FPR's has been undertaken by officers from the Finance, Internal Audit and Constitutional Services Teams. This has resulted in a range of proposed changes to improve the FPR's so that they reflect current best practice.

Whilst the current FPR's have served the Council well and remain fully functional, the document at Appendix 1 is recommended for approval. The summary of changes is quite extensive (19 bullet points) but some of the changes are quite small but important. It is, however, essential that the Council's FPRs reflect best practice and are updated to recent local and national changes.

Recommendations

That Council agrees to the revisions to Finance Procedure Rules and commend the document at Appendix 1 to Council for formal approval.

Revision to Finance Procedure Rules

1 Background

- 1.1 Members will be aware that there is a requirement to review and as necessary, revise the Financial Procedure Rules (FPRs) on a regular basis. In this regard a review has been undertaken by officers of the Finance, Internal Audit and Constitutional Services teams in order to ensure that FPRs reflect current best practice, any revisions to regulation, legislation and operational arrangements within the Council.
- 1.2 Attached as an appendix is an updated version of Financial Procedure Rules (FPRs) for the consideration of Group Leaders.

2 Current Position

- 2.1 Over the past few months a detailed review of FPRs has been undertaken by officers from the Finance, Internal Audit and Constitutional Services Teams. This has resulted in a range of proposed changes to improve the FPRs.
- 2.2 Whilst the current FPRs have served the Council well and remain fully functional, the document at Appendix 1 is recommended for approval.
- 2.3 The changes that have been incorporated and are recommended for approval can be summarised as follows;

- A general review to strengthen and tighten wording and to align with other policies and protocols that have been subject to a separate review (throughout the document)
 - Revisions to the titles of officers of the Council to reflect the current operational arrangements (throughout the document)
 - Details of the suite of budget reports presented to Cabinet rather than simply the revenue budget report (paragraphs 1.5 and 2.5)
 - Specific reference to Audit Committee's role in approving the Statement of Accounts and the Annual Governance Statement (paragraph 1.6)
 - Inclusion of further detail about the terms of reference of the Capital Investment Programme Board and to reflect the current Capital Strategy (paragraph 1.10)
 - Inclusion of reference to the requirements of the Statement of the Chartered Institute of Public Finance and Accounting (CIPFA) on the role of the Chief Finance Officer (paragraph 1.12)
 - Reference to the requirement of the Council's Access to Information Procedure Rules (paragraph 1.22)
 - Inclusion of the exemption to the use of capital receipts for revenue purposes which is available for the period 2019/20 to 2021/22 in relation to expenditure incurred on transformational activity (paragraph 2.3)
 - Revisions to the process for budget setting to reflect current practice and a detailed annual review of budget headings (paragraph 2.14)
 - Amendment (to reflect current practice) to the timing of the preparation of budget monitoring reports for Cabinet and the relevant Overview and Scrutiny Committee (paragraph 2.15)
 - Clarification of the respective roles the Cabinet (approval) and Audit Committee (monitoring of effectiveness) of the Council's Risk Management Strategy and Framework (paragraph 2.30)
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- Alignment to the wording to Council Procedure Rule 8.5 in relation to the action required if there is a motion or report submitted to Council which if approved might increase the Councils net revenue or capital budget (paragraph 3.2)
 - Reference to the requirement of Public Sector Internal Audit Standards including the requirements of the role of the Head of Internal Audit (the Head of Corporate Governance has this role in Oldham) and also of the internal audit function (paragraph 6.1 and 6.2)
 - Reference the requirements of the CIPFA Code of Practice in relation to the recording of assets (paragraph 8.1)
 - Reference to the requirements of the Security Incident Management Policy (paragraph 9.6)
 - Reference to the updated regulation and guidance of Ministry of Housing Communities and Local Government (MHCLG) and CIPFA with respect the Treasury Management arrangement of the Council (paragraph 10.1 to 10.5)
 - Reflecting current practice that the proposed Fees and Charges will be included in the revised budget report and be subject to scrutiny (paragraph 12.1)
 - Reference to the requirements in relation to the financial control of wholly owned companies (as Council now has two) as well as partnerships, joint ventures associated organisations and similar arrangements (paragraph 20.1 and 20.2)
 - Revision to the time for the submission of expenses from 2 to 6 months (paragraph 16.3)

2.4 Whilst it may seem an extensive list of changes, the FPRs have been subject to a comprehensive review and some of the revisions are comparatively minor but provide improved clarity of purpose. It is important that the Councils FPRs reflect best practice and are updated to recent local and national changes.

3 Options/Alternatives

3.1 There are three options as follows:

- a) Accept the proposed changes to FPR's.
- b) Reject some or all of the changes to FPRs
- c) Propose alternative revisions to FPR's

4 Preferred Option

4.1 Option (a) at 3.1 is the preferred option, that the proposed changes are accepted.

5 Consultation

5.1 There has been internal Council consultation on the revision to FPRs with officers from Finance, Internal Audit and Constitutional Services.

6 Financial Implications

6.1 There are no specific financial implications arising from this report.

7 Legal Services Comments

7.1 There are no direct legal implications arising from the report.

8 Co-operative Agenda

8.1 The FPRs have been prepared to support the Council in its delivery of the cooperative agenda

9 Human Resources Comments

9.1 There are no specific human resources implications.

10 Risk Assessments

10.1 The Council is required to review its FPRs on a regular basis to ensure that they reflect current best practice and revised working arrangements within the Council as well as regulatory and legislative changes. This update minimises risk to the Council of any poor practice arising from the usage of outdated FPRs.

11 IT Implications

11.1 There are no specific IT implications.

12 Property Implications

12.1 There are no specific property implications

13 Procurement Implications

13.1 There are no specific procurement implications.

14 Environmental and Health & Safety Implications

14.1 There are no specific Environmental and Health & Safety Implications

15 Equality, community cohesion and crime implications

15.1 There are no specific equality, community cohesion and crime implications.

16 Equality Impact Assessment Completed?

16.1 Not Applicable

17 Key Decision

17.1 No

18 Key Decision Reference

18.1 N/A

19 Background Papers

19.1 The following is a list of background papers on which this report is based in accordance with the requirements of Section 100(1) of the Local Government Act 1972. It does not include documents which would disclose exempt or confidential information as defined by the Act:

File Ref: Background Papers are contained in Appendix 1
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20 Appendices

20.1 Appendix 1: Finance Procedure Rules