

## **Report to Council**

# **Revision to Financial Procedure Rules**

**Portfolio Holder:** Cllr Abdul Jabbar MBE, Deputy Leader and Cabinet Member for Finance and Low Carbon

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### **Reason for Decision**

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

### **Executive Summary**

Over the past few weeks, 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 so that they reflect the current operating arrangements of the Council and current best practice.

Whilst the existing FPRs have served the Council well and remain fully functional, the document at Appendix 1 highlights the changes and the document at Appendix 2 is that recommended for approval. The summary of changes is quite extensive (27 bullet points) and whilst some of the amendments are quite small, they are equally important. It is, however, essential that the Council's FPRs reflect best practice and are updated for recent local and national changes.

### **Recommendations**

That Council agree to the revisions to the Financial 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 the FPRs reflect current best practice, and any revisions to regulation, legislation and operational arrangements within the Council.
- 1.2 Attached as an Appendix 1 is a document that shows proposed changes and Appendix 2 is an updated version of Financial Procedure Rules (FPRs) for the consideration of Council.

**2 Current Position**

- 2.1 Over the past few weeks 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 details the proposed changes and Appendix 2 is an updated version of Financial Procedure Rules (FPRs) which is recommended for approval.
- 2.3 The changes that have been incorporated and are recommended for approval can be summarised as follows;

a) Changes which appear throughout the document:

- A general review to strengthen and tighten wording and to align with other policies and protocols that have been subject to a separate review
- Revisions to the titles of posts and responsibilities of officers of the Council to reflect the current operational arrangements and a definition of the posts referenced as Senior Officer and Authorised Senior Officers, including:
  - A change to the title of the Chief Finance Officer to Chief Financial Officer to align to the terminology used by the Chartered Institute of Finance and Accountancy
  - A change to the post title of Head of Corporate Governance to the Chief Internal Auditor
- Revision so that the document refers to the Cabinet Member with responsibility for Finance rather than the specific Cabinet post title which may change each municipal year
- Due to the transfer of service provision from the Unity Partnership Ltd. to the Council with effect from 1 April 2022, the deletion of reference to the Unity Partnership Ltd. as a provider of services such as Payroll and Revenues and Benefits and deletion of contract management references

b) Specific changes:

- The inclusion of the Medium Term Financial Strategy as a potentially separate document to be considered by Cabinet (where it not included within the Annual Revenue Budget Report) with the suite of budget reports (paragraph 1.5)
- The inclusion of further detail of the role of the Audit Committee in addition to approving the Statement of Accounts and the Annual Governance Statement (paragraph 1.9)

- An update to the terms of reference of the Capital Investment Programme Board as revised within the Capital Strategy and Capital Programme 2022/23 to 2026/27 report approved at Budget Council on 2 March 2022 (paragraph 1.10)
- Specifying the requirement (undertaken as standard practice) that once approved at Budget Council, all budgets and strategies must be monitored (paragraph 1.11 (f) and presenting the preparation of the annual financial statements as a separate requirement (paragraph 1.11(g) with revisions to referencing of subsequent points at 1.11
- Updating the section on the exemption for the use of capital receipts to finance revenue expenditure on transformational activities to reflect the extension of the flexibility for the period 2022/23 to 2024/25 (previously 2019/20 to 2021/22) (paragraph 2.3)
- Inclusion of the requirement for Cabinet to have regard to consultation comments on budget reductions before making recommendations to Council (already standard practice) at paragraph 2.10
- Clarification of the role of Cabinet to approve changes to the Council's revenue budget arising from the carry forward process (paragraph 2.25) and deletion of paragraph 2.26 and subsequent renumbering of paragraphs
- The creation of a separate paragraph (text unchanged) to highlight the role of the Audit Committee in approving the Council's accounts (paragraph 2.38)
- Clarification of the reporting requirements in relation to grants from third parties clearly advising that this excludes grants from Central Government and the Greater Manchester Combined Authority
- Revised numbering at Section 3 to improve presentation
- Clarification as to when a report must be presented to Cabinet when the receipt of a grant involves an additional financial commitment for the Council (paragraph 3.2)
- Revisions to the Revenue Budget Virements Section to improve presentation (all sections renumbered and reordered) with no change to context or levels of approval
- Revision to section 4.11 to ensure consultation with the Chair of the Capital Investment Programme Board (CIPB) if there is delegation of capital budget virements
- Revision to paragraph 5.8 to clarify that Heads of Service and/or the relevant Finance Officer should complete grant claims, financial returns and submissions for authorisation by the Director of Finance before submission to an external agency
- Inclusion of paragraph 5.9 to clarify that where there is a requirement for the certification by the Chief Internal Auditor and/or the Chief Executive, of grant related expenditure incurred by the Council, this should be obtained by the Service in advance of the submission.
- Change from the Anti-Fraud and Anti-Bribery Strategy to the Counter Fraud suite of strategies (paragraph 6.9)
- Amendment at 8.5 to clarify that only stock items in excess of £100 must be recorded and certified at the year-end by Heads of Service
- Changes to the level of write off of debts at paragraphs 12.17 and 12.18 as follows;
  - Council Tax, Business Rates, Sundry Debt and Housing Benefit Overpayment
    - Increase in the amount of individual debt that can be written off by Revenues and Benefits Service Officers from £60 to £100

- Increase in the amount of individual debt that can be written off by the Revenues and Benefits Head of Service from £2,500 to £5,000 with the requirement for a quarterly update to the Director of Finance
  - Increase in the amount of individual debt that can be written off by the Director of Finance from £5,000 to £10,000
  - The introduction of a new level of write off of individual debts between £10,001 and £30,000 by the Director of Finance in conjunction with the Cabinet Member with responsibility for Finance
  - The increase in value of individual debts that must be presented to Cabinet from debts in excess of £5,000 to £30,000
- For debts not covered by 12.17 a new write off procedure for debts at 12.18;
    - individual debts up to £10,000 by the relevant Authorised Senior Officer in conjunction with the Director of Finance; and
    - individual debts over £10,000 by Cabinet
- Within Section 13, the expansion of the reference to the Council's financial system to A1/Agresso
  - Amendment to the timelines for the compliance with the publication of transparency information from monthly to within the statutory deadlines (paragraph 13.20)
  - Inclusion of a requirement for all air travel to be approved by Authorised Senior Officers (paragraph 16.4)
  - Expansion of the responsibilities of the Director of Finance at 20.2 (in line with best practice) with regard to wholly owned companies, partnerships and joint ventures so that the Director of Finance:
    - approves the appointment of the external auditor;
    - arranges for the accounts to be prepared by an appropriate professional;
    - agrees the financial ledger to be used by the organisation.
  - Inclusion at 20.9 of the requirement for any grant award in excess of £50,000 is approved by Cabinet

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 Council's FPRs reflect best practice and are updated to reflect recent local and national changes.

### **3 Options/Alternatives**

3.1 There are three options as follows:

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

### **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, Constitutional Services and Group Leaders.

## **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 removes the risk that any activities undertaken have relied on 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 Appendices 1 and 2  
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**20 Appendices**

20.1 Appendix 1: Financial Procedure Rules – Proposed Changes  
Appendix 2: Financial Procedure Rules – Revised Version