

ANGUS COUNCIL
RESOURCES & CENTRAL SERVICES COMMITTEE
2 DECEMBER 2004
FINANCIAL REGULATIONS - UPDATE
REPORT BY THE DIRECTOR OF FINANCE

ABSTRACT

This report updates members in respect of the ongoing review and monitoring of the Council's Financial Regulations to reflect the approved policies of the Council and seeks approval of proposed amendments arising from the latest full review of these Regulations.

1. RECOMMENDATIONS

It is recommended that the Committee:

- a. note that Report 355/02 (Finance & IT 12 March 2002) approved a requirement to conduct periodic full reviews of the Financial Regulations and submit these to committee;
- b. note that this report satisfies this requirement and brings before members amendments made to the Regulations during a full review carried out during 2004;
- c. approve the proposed revisions to the Financial Regulations as described in Section 3 below;
- d. subject to approval of recommendation above, approve the complete revised Financial Regulations for operation within Angus Council.
- e. note the revisions relating to Internal Audit and the various related appendices were agreed by the Audit Sub Committee at their meeting of 26 October 2004.

2. INTRODUCTION

The Council's Financial Regulations are a key component of the overall financial management arrangements within the Council and as such must be relevant to the needs of users, kept up-to-date and allow for controlled flexibility. It was on this basis that the Financial Regulations were first prepared and approved in April 1996 and subsequently revised in September 1997 and May 2000.

The Financial Regulations were issued in loose-leaf format in May 2000 thus enabling sections to be revised on an ad hoc basis and inserted into the existing document. The Regulations can also be accessed under the Policies section of the Council's corporate intranet.

In the spirit of continuous improvement, and in recognition of the changing financial environment, a process of ongoing review and monitoring was established, with minor revisions being carried out to the Regulations in August 2001 (Report no 1003/01), January 2002 (Report no. 152/02), March 2002 (Report no. 355/02), April 2003 (Report no. 505/03) and June 2004 (Report no. 778/04).

As noted in report 778/04 to the Resources & Central Services Committee on 17 June 2004, a full review of the Financial Regulations has been underway during 2004 in line with the requirement to carry out full reviews periodically as set out in report 355/02. This report sets out the key changes which have been identified through this review and seeks committee approval to implement them. Once approved, full revised copies of the Regulations will be

distributed to all departments to replace the current version which has evolved through the full and minor revisions as detailed above.

It is the responsibility of each Chief Officer to ensure that all appropriate members of staff are aware of, have access to an up to date copy and comply with the Financial Regulations. Members will be aware of the favourable comments made through the Best Value Audit process on the Council's financial control arrangements. Having in place robust Financial Regulations undoubtedly makes a major contribution to the Council's overall financial control arrangements.

3. SUMMARY OF PROPOSED AMENDMENTS

The proposed amendments were arrived at after conducting a full review of the Regulations and accounting for the extensive consultation input of all departments, Finance Department nominated contacts and the Finance Management Team. A number of relatively minor amendments have been made to the Financial Regulations and examples of such amendments are listed below:

- Committee names updated to reflect the Council's revised committee structure;
- Department names updated as appropriate to the Council's current departmental structure;
- Page number formatting amended to allow ad hoc section updates to be implemented more easily; and
- Minor wording, grammar amendments etc.

The more significant amendments proposed are summarised in the following table. These changes have been incorporated within the appropriate pages of the proposed updated Financial Regulations and copies of these have been placed in the Members' Lounge for reference.

| Significant Change No. | Section | Section Content | Summary of Revision |
|------------------------|---------|---------------------------------|---|
| 1 | 2 | Revenue Budget | <ul style="list-style-type: none"> • Revised departmental year end carry forward of annual budget underspend provisions to reflect current revenue budget practices and amended Council department structure. |
| 2 | 4 | Revenue Budget Virement | <ul style="list-style-type: none"> • Revision of budget virement limits to reflect current revenue budget practices and amended Council department structure. |
| 3 | 5 | Capital Budget & Financial Plan | <ul style="list-style-type: none"> • New paragraphs detailing Council capital receipts policy and new section dealing with capital budget under and over spends. |
| 4 | 6 | Capital Project Appraisals | <ul style="list-style-type: none"> • Revised to reflect amended CPA guidance which it is intended will be presented to the CBSG on 20 December 2004, although this section will not effectively be called upon until the start of the next phase of the CPA process in 2005. |
| 5 | 7 | Capital Monitoring | <ul style="list-style-type: none"> • New section on Capital Project Monitoring Group inserted. |
| 6 | 10 | Accounting | <ul style="list-style-type: none"> • New section on responsibility of Councillors for Finance matters (including associated training). • New section on Car Parking Reserve and Arbroath Harbour Contingency. |

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| 7 | 12 | Internal Audit | <ul style="list-style-type: none"> Section has been comprehensively revised to update procedures. |
| 8 | 13 | Corporate Governance | <ul style="list-style-type: none"> Complete new section on Corporate Governance. Section 13 was blank prior to this insertion due to previous amalgamation into Section 12. |
| 9 | 16 | Contract Arrangements | <ul style="list-style-type: none"> This complete section has been revised and rewritten to clarify updated policies and procedures, including new financial limits. |
| 10 | 19 | Payment of Accounts | <ul style="list-style-type: none"> New section added covering advance payment of goods and services. |
| 11 | 33 | Receipt of Gifts, Gratuities and Hospitality | <ul style="list-style-type: none"> This section has been rewritten and should be read in connection with the relevant part of the Employee Code of Conduct. |
| 12 | Appendix 1 | Contract Arrangements | <ul style="list-style-type: none"> Financial Limits have been increased to reflect the effects of inflation since the last full review in May 2000. |
| 13 | Appendix 2 | Chief Officers Delegated Authority | <ul style="list-style-type: none"> Financial limits have been increased in line with Appendix 1. |
| 14 | Appendix 4 | Audit | <ul style="list-style-type: none"> Appendix has been rewritten to reflect the relationship with the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom (2003). |
| 15 | Appendix 7 | Tender Opening Procedures | <ul style="list-style-type: none"> Section has been rewritten to consolidate procedures. |
| 16 | Appendix 9 | Trading Accounts | <ul style="list-style-type: none"> Changed from 'Operating Agreement for Angus Contract Services'. As Contract Services is now amalgamated in either Leisure Services or Environmental & Consumer Protection, this section has been rewritten to apply to all departments required to prepare Trading Accounts. |
| 17 | Appendix 11 | Local Bus Service Provision – Best Value | <ul style="list-style-type: none"> Insertion of criteria as to when the Best Value approach to Local Bus Service provision can be adopted, as Best Value now replaces the Transport Act 1995. The Best Value pro-forma was previously inserted as part of the June 2004 minor update. |
| 18 | Appendix 12 | Common Good Funds | <ul style="list-style-type: none"> Insertion of policy guidelines and administrative procedures in respect of Common Good Funds. |

4. FINANCIAL IMPLICATIONS

There are no financial implications arising directly from this report.

5. HUMAN RIGHTS IMPLICATIONS

There are no Human Rights Implications arising directly from this report.

6. CONSULTATION

The Chief Executive and Director of Law & Administration have been consulted on the terms of this report.

7. CONCLUSION

This full review of the Council's Financial Regulations satisfies the requirement for such reviews approved by report 355/02.

This report seeks the approval of the amendments proposed to the Financial Regulations resulting from this full review. This report further seeks approval, subject to approval of the proposed amendments, of the complete revised Financial Regulations for operation within Angus Council.

Each Chief Officer is responsible for ensuring that all appropriate members of staff are aware of, have access to an up to date copy and comply with the Financial Regulations.

DAVID S SAWERS
Director of Finance

Note: No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information), were relied on to any material extent in preparing this report.