

ANGUS COUNCIL

RESOURCES & CENTRAL SERVICES COMMITTEE

17 JUNE 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 some interim amendments pending the full review of the Regulations which will be brought before this committee later in the calendar year.

1. RECOMMENDATIONS

It is recommended that the Committee:

- note that Report 355/02 (Finance & IT 12 March 2002) approved a requirement to conduct periodic full scale reviews of the Financial Regulations and submit these to committee;
- note that this report brings before members some interim amendments to the Regulations pending completion of the next full scale review, which will be brought before this committee later in the calendar year; and
- approve the proposed revisions to the Financial Regulations for operation within Angus Council as described in Section 3 below and as set out in the enclosed attachments. ([1](#), [2](#), [3](#))

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) and April 2003 (Report no. 505/03).

Additionally, Report 355/02 delegated to the Director of Finance the authority to approve and implement minor amendments to the Financial Regulations, with a collective report outlining any such delegated approvals to be submitted on an annual basis, with more significant alterations to the Financial Regulations, including periodic full scale reviews, continuing to be brought to this Committee for prior approval.

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.

3. SUMMARY OF PROPOSED AMENDMENTS

The following table details the amendments to the Financial Regulations that it is proposed be made on an interim basis pending completion of the next full scale periodic review (see section 4 below for more detail on this review). The proposed changes have been incorporated and highlighted within the appropriate pages of the Financial Regulations and these are presented as attachments to this report.

Change No.	Section	Section Content	Summary of Revision	Attachment No.
1	16	Contract Arrangements	<ul style="list-style-type: none">A number of amendments are proposed to this section generally, to provide for instances where only one tender is received and for recent changes in legislation regarding bus contract tendering arrangements.	1
2	Appendix 1	Contract Arrangement Limits	<ul style="list-style-type: none">Changes are proposed to reflect the bus tender changes reflected in section 16, updated EU procurement thresholds and a minor change to the term contract limit for construction works.	2
3	Appendix 11	Transportation Services - Best Value Pro Forma	<ul style="list-style-type: none">Insertion of a new appendix in relation to the bus tender changes reflected in section 16.	3

Change No. 1

The changes proposed in respect of section 16, have arisen in respect of two distinct issues.

Audit report 01/31 General Services Capital Programme drew attention to the fact that the Regulations currently contain no guidance in respect of actions to be taken where a tendering process results in only 1 tender being received by the Council. The changes highlighted in attachment 1 at Regulation 16.7 are proposed to address this situation.

Recent changes in legislation relating to tendering for bus service contracts have necessitated an amendment to the Council's Financial Regulations to allow deviation from normal tendering procedures through adoption of a Best Value approach to the award of such contracts in certain specific circumstances. The principles and procedures to be considered and applied in this respect were approved by the Infrastructure Services Committee of 22 January 2004 (appendix 3 to report 69/04 refers) and the amendments proposed reflect the content of that appendix.

As a result of the nature of the changes proposed to section 16 of the Regulations, the entire section has been included as attachment 1 to allow the proposed changes to be considered in their proper context.

Change No. 2

New EU procurement thresholds were brought into force as of 1 January 2004 and the opportunity has therefore been taken to incorporate these as part of this interim update of the Regulations.

Change No. 3

It was previously agreed by the Director of Finance under delegated authority, that the financial limit for construction works (term contract) contained in Appendix 1 to the Regulations be raised from £5,000 to £10,000. As with change no. 2, the opportunity has therefore been taken to incorporate this as part of this interim update of the Regulations.

4. PERIODIC FULL SCALE REVIEW OF THE REGULATIONS - 2004

A full scale review of the Financial Regulations is currently under way in accordance with the requirement for such reviews approved by report 355/02. It is envisaged that this review will be concluded in time to be reported to this committee prior to Christmas this year, allowing for the completion of the Council's final accounts, holiday periods and sufficient time for consultation with all interested parties.

Members will be aware that the Contract Services Department ceased to exist as of 1 April 2004, with the duties of that department being subsumed into the Environmental Health and Leisure Services departments. Members are asked to note that the Financial Regulations currently still refer to the Contract Services department throughout and that this issue will be addressed as part of the full scale review. In the interim however, any Contract Services reference in the Regulations can be read in the context of either Environmental Health or Leisure Services as appropriate.

5. FINANCIAL IMPLICATIONS

There are no financial implications arising directly from this report.

6. HUMAN RIGHTS IMPLICATIONS

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

7. CONSULTATION

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

8. CONCLUSION

A full scale review of the Council's Financial Regulations is currently underway to satisfy the requirement for such reviews approved by report 355/02.

As this review will not be concluded until later this calendar year, this interim report has been brought forward to seek approval of some amendments which it has been determined cannot wait until the conclusion of the full review and members are asked to consider these amendments accordingly.

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.