
MEETING: **RESOURCE AND PERFORMANCE SCRUTINY
COMMISSION
THE EXECUTIVE
COUNCIL**

DATE: **26 August 2008
3 September 2008
10 September 2008**

SUBJECT: **REVISIONS TO FINANCIAL REGULATIONS**

REPORT FROM: **Executive Member for Resource**

CONTACT OFFICER: **M Owen – Director of Finance and E-Government**

TYPE OF DECISION: **Council**

REPORT STATUS: **FOR PUBLICATION**

PURPOSE/SUMMARY:

This report provides details of the amendments that are proposed to be made to the authority's Financial Regulations to take account of three specific developments.

The Financial Regulations are written to set out the arrangements for the proper administration of the Council's financial affairs and they continue to be reviewed regularly (and at least annually) with amendments being brought to the attention of both the Executive and Council.

They are intended to direct Officers and Members in the undertaking of their financial responsibilities and all Officers and Members are bound by their requirements. The Regulations are intended to protect the interests of the community of Bury, the Council, Members and individual members of staff.

Changes have been made to the Regulations in respect of the payment of accounts and orders for goods and services to reflect the implementation of the 'procure to pay' process and in connection with the write off of accounts.

The changes are detailed in Section 2.

OPTIONS AND RECOMMENDED OPTION:

Executive is asked to consider and recommend for Council's approval the proposed up-dates to the Financial Regulations and the resulting changes to the Council's Constitution

IMPLICATIONS -

Financial Implications and Risk Considerations

The responsibility for financial management is a collective one and it is important that the Authority recognises and takes seriously individual and collective responsibilities for the stewardship and use of resources and the financial accountabilities to our external stakeholders. All levels of management and Members need to fully understand the financial environment in which the Council operates. If the Financial Regulations are not revised, updated and implemented the risk of achieving the above could be seriously undermined.

The Financial Regulations form part of the Council's governance arrangements and control framework and if they are not revised and adopted, further risks include the non-compliance with the regulations and the subsequent non-review of financial procedures in order to reflect the changes within the financial regulations

Corporate Aims/Policy Framework:

Do the proposals accord with the Policy Framework? Yes

Are there any legal implications? Yes

Considered by the Monitoring Officer?

Financial Regulations are one of the main internal controls within the Council. The proposed revisions to the Financial Regulations have been drafted to continue to meet the legal requirements of the Local Government Act 1972 and the Local Government Finance Act 1988 and will have to be approved by Council, as they form part of the Constitution.

Statement by Director of Finance and E-Government:

To conduct its business efficiently, the Council needs to ensure that it has sound financial management policies in place and that they are strictly adhered to. Part of this process is the establishment of financial regulations that set out the financial policies of the Authority.

The Financial Regulations provide clarity about the financial accountabilities of individuals, Executive Members, the Chief Executive, the Monitoring Officer, the Director of Finance and E-Government, and other Chief Officers. Each of the Financial Regulations sets out the overarching financial responsibilities.

Equality/Diversity implications

No

Staffing/ICT/Property:

None

Wards Affected:

None

Scrutiny Interest:

Resource and Performance Scrutiny Commission

TRACKING/PROCESS

DIRECTOR: Mike Owen

Chief Executive/ Management Board	Executive Member/ Chair	Ward Members	Partners
	Executive Member for Resource		KPMG
Resource and Performance Scrutiny Commission	Executive	Committee	Council

1. INTRODUCTION

- 1.1 The Financial Regulations provide the framework for managing the authority's financial affairs. They apply to every Member and Officer of the Authority and anyone acting on its behalf.
- 1.2 The Regulations identify the financial responsibilities of the full Council, Executive, Scrutiny Management and Resource and Performance Members, the Head of Paid Service (the Chief Executive), the Monitoring Officer, the

Director of Finance and E-Government and other Chief Officers. Executive Members and Chief Officers should maintain a written record where decision making has been delegated to members of their staff, including seconded staff. Where decisions have been delegated or devolved to other responsible Officers, such as school governors, references to the Chief Officer in the regulations should be read as referring to them.

- 1.3 All Members and staff have a general responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of these resources is legal, is properly authorised, provides value for money and achieves best value.
- 1.4 Part of this is the establishment and updating of Financial Regulations that set out the financial policies of the Council and reflect the changing environment in which it operates.
- 1.5 This report asks Members to make three minor changes to the Regulations. The first two are required as a result of the implementation of the new Agresso system and reflect the authority's move towards more efficient automated processes for raising orders and paying invoices. The third change reflects a downward delegation of duties within Revenues and benefits to improve the efficiency of the process for writing-off debts.

2. SUMMARY OF MAIN CHANGES TO FINANCIAL REGULATIONS

- 2.1 The changes to the financial regulations are as follows:

3.8.10 Payment of Accounts (page 18)

- (f) All invoices processed through 'Procure to Pay' must be matched to the official authorised order and requisition that have been previously authorised by a budget holder on the Agresso financial management system. Invoices for goods and services which have not been procured through the Agresso 'Procure to Pay' system will not be processed for payment (except at the Director of Finance & E-Government's discretion). The Procure to Pay system will match invoices to orders and pass for payment subject to previously determined tolerances, and confirmation that goods have been received

5.14 Orders for Work, Goods and Services (page 30)

Upon the implementation of Procure to Pay within each Department, orders for goods and services must be placed through the Agresso Procure to Pay system; any exceptions to be by prior agreement with Director of Finance & E-Government.

The system requires that;

- A relevant expenditure code is provided at the time of requisitioning
- There is sufficient budgetary provision (virement requests to be made to relevant service accountant)

- All orders are authorised independently from the officer inputting the order

3.5.3(j) Writing off of Debts (page 13)

Any debits/ credits under £50 and irrecoverable should be written off by the appropriate Principal Officer within Revenues and Benefits as approved by the Head of Revenues and Benefits, and reported retrospectively annually in accordance with agreed reporting mechanisms.

4. NEXT STEPS

- 4.1 Once the amended Financial Regulations are approved, the amendments will be promoted throughout the authority.
- 4.2 Financial procedures will be reviewed in light of the changes and also as part of the continuing requirement to ensure the efficiency and effectiveness of those procedures.
- 4.3 A copy of the Financial Regulations can be found on the intranet and as part of the Council Constitution.

**COUNCILLOR PETER REDSTONE
EXECUTIVE MEMBER FOR RESOURCE**

For further information on the contents of this report, please contact:

Mike Owen, Director of Finance and E-Government

Tel: 0161 253 5002

e-mail: M.A.Owen@bury.gov.uk