

<b>Report to:</b>	<b>COUNCIL</b>
<b>Date:</b>	5 October 2021
<b>Executive Member:</b>	Councillor Oliver Ryan – Executive Member for Finance and Economic Growth
<b>Reporting Officer:</b>	Kathy Roe – Director of Finance
<b>Subject:</b>	<b>REVIEW OF FINANCIAL REGULATIONS AND PROCEDURES</b>
<b>Report Summary:</b>	To consider and approve an update of the Council’s <i>Financial Regulations and Procedures</i> .
<b>Recommendations:</b>	That Members approve the updated Financial Regulations and Procedures for formal adoption which will be kept under review.
<b>Corporate Plan:</b>	Sound financial management is essential to ensure financial sustainability, for the benefit of all services and priorities of the Council.
<b>Policy Implications:</b>	Financial Management standards and financial sustainability support the policy choices that the Strategic Commission intends to pursue to support the Corporate Plan and Medium Term Financial Plan.
<b>Financial Implications:</b> <b>(Authorised by the statutory Section 151 Officer &amp; Chief Finance Officer)</b>	<p>One of the key characteristics of high performing Councils is good financial management. To conduct its business efficiently, a Local Authority needs to ensure that it has a sound financial management framework in place. The Financial Regulations provide the practices and procedures that underpin good financial management.</p> <p>The purpose of the Financial Regulations is to embed the smooth and efficient management of finance. The Financial Regulations and Procedures should set out the financial policies of the Authority, provide clarity about the financial accountabilities of individuals, and set out the overarching financial responsibilities which must be followed by those acting on the Authority’s behalf.</p>
<b>Legal Implications:</b> <b>(Authorised by the Borough Solicitor)</b>	To conduct its business efficiently, a 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 and Procedures that set out the financial policies of the Council. Financial Regulations & Procedures provide the framework for managing the Council’s financial affairs. They apply to every member and employee of the Council and anyone acting on its behalf who can be reasonably expected to be aware of them. An executive (or Key) decision should record any decision delegated to members, and officers and these are published on the website. Effective governance means that such regulations are reviewed regularly to ensure they remain fit for purpose.

**Risk Management:**

Failure to ensure high standards of financial management may result in the Council becoming financially unsustainable, resulting in service failure and loss of public confidence.

**Background Information:**

The background papers relating to this report can be inspected by contacting



Telephone: 0161 342 5584



e-mail: [ian.duncan@tameside.gov.uk](mailto:ian.duncan@tameside.gov.uk)

## **1. PURPOSE OF THE REPORT**

- 1.1 The purpose of this report is to attach for Members consideration and approval an update of the Council's *Financial Regulations and Procedures*.

## **2. BACKGROUND TO THE REPORT**

- 2.1 The *Financial Regulations and Procedures* form part of the Council's Constitution (part 4b) and provide the framework rules for the management of the Council's finances.
- 2.2 This responsibility includes ensuring that the Council complies with the law, implementing an effective system of governance, financial management and internal control, making proper arrangements for the management of risk, preparing accounts and budgets, undertaking effective internal audit, preventing and detecting fraud, and putting in place arrangements for securing economy, efficiency, and effectiveness in its use of resources, and achieving value for money.
- 2.3 The *Financial Regulations and Procedures* are designed to demonstrate how the Council will meet these financial responsibilities. They apply to every Member and Officer of the Council and anyone in the public or private sector who acts on behalf of the Council.
- 2.4 The Director of Finance is the Council's Chief Finance Officer (CFO), as required under Section 151 of the Local Government Act, who is responsible for the proper administration of the Council's financial affairs.
- 2.5 It should be noted that the framework for the procurement of all works, goods, materials, and services and tendering and contract procedures are set out separately in the Council's *Procurement Standing Orders* (part 4c of the Constitution).

## **3. FINANCIAL REGULATIONS AND PROCEDURES UPDATE**

- 3.1 Executive Cabinet recently received a report about the Council's level of compliance with CIPFA's Financial Management Code. The Code provides guidance for good and sustainable financial management in local authorities, giving assurance that authorities are managing resources effectively. Having up to date Financial Regulations are an integral part of having sound financial management arrangements in place.
- 3.2 The opportunity has been taken to have a fresh look at the entirety of the regulations and as such they have a revised format with each section the following format:
- Why is this important;
  - Key Controls, which must be followed;
  - Responsibilities of the Chief Finance Officer;
  - Responsibilities of Directors.
- 3.3 Accordingly it not possible to follow the normal practice of highlighting incremental changes to existing rules and regulations. The revised format is intended to allow easy navigation of the regulations so that quick reference can be made and so that the reader can fully understand the importance and reason for the regulations in safeguarding the finances of the Council. This should be particularly helpful to new officers to the Council.
- 3.4 The *Financial Regulations and Procedures* cover all areas of the financial management of the Council's affairs and are broken down into the following areas:-
- 3.4.1 Decision Making
- 3.4.2 Medium term Financial Plan

- 3.4.3 Annual Revenue Budget
- 3.4.4 Capital Programme
- 3.4.5 Budget Guidance and Timetable
- 3.4.6 Budget Control and Monitoring
- 3.4.7 Scheme of Virement
- 3.4.8 Grant Funding
- 3.4.9 Treatment of Year end Balances
- 3.4.10 Accounting Policies
- 3.4.11 Accounting Records and returns
- 3.4.12 Annual Statement of Accounts
- 3.4.13 Maintenance of Reserves
- 3.4.14 Internal Controls
- 3.4.15 Risk Management
- 3.4.16 Insurance
- 3.4.17 Treasury Management
- 3.4.18 Bank Accounts
- 3.4.19 Value for Money
- 3.4.20 Internal Audit
- 3.4.21 External Audit
- 3.4.22 Preventing and Detecting Fraud, Bribery and Corruption
- 3.4.23 Anti-Money Laundering
- 3.4.24 Gifts, Hospitality and Register of Interests
- 3.4.25 Asset Management
- 3.4.26 Financial Systems
- 3.4.27 Income Collection and Management
- 3.4.28 Ordering and Payment of Works, Goods and Services
- 3.4.29 Purchase Cards
- 3.4.30 Payments to Employees, Members and Pensioners
- 3.4.31 Taxation
- 3.4.32 Petty Cash
- 3.4.33 Funds Held on Behalf of Third Parties

3.5 In many cases the Financial Regulations are supported by more detailed policies and procedures in respect of specific areas including the Treasury Management Code of Practice, Internal Audit Code of Practice, Anti-Fraud and Corruption Policy, Purchase Ordering and Payments for Goods and Services Policy and the Income Collection and Debt Recovery Policy.

3.6 The updated Financial Regulations are attached to this report at **Appendix 1**.

#### **4. RECOMMENDATIONS**

4.1 As set out at the front of the report