



Report to Audit and Governance Committee

Date: **11 March 2013**

Report of: **Director of Finance and Resources**

Subject: **LATEST FINANCIAL REGULATIONS UPDATES**

SUMMARY

Officers are currently carrying out a detailed review of each Financial Regulation in order to streamline them down to the key controls that members and officers are expected to adhere to.

Three more regulations have now been reviewed and are submitted for comment. These cover Regulation 13 - Physical Assets, Regulation 17 - Petty Cash and Regulation 20 - Taxation.

RECOMMENDATION

That the proposed changes are considered and any comments forwarded to the Council, to aid its decision in approving these revised regulations.

INTRODUCTION

1. Financial Regulations form part of the Council's constitution and provide a detailed strategic and operational framework for managing the authority's financial affairs. We currently have 21 Financial Regulations.
2. Since November 2010, officers have been reviewing individual regulations and streamlining them down to the key rules that are necessary for the Council to adequately manage its financial affairs. Nine regulations have been completed to date.
3. The review has been completed for three more regulations which are now being brought to members for comment.

FINANCIAL REGULATION 13 - PHYSICAL ASSETS

4. [Appendix A](#) and [Appendix B](#) give the current regulation and the proposed new Regulation 13. The name has been changed from Fixed Assets to Physical Assets to match the terminology in the statement of accounts.
5. This regulation has been subjected to a robust challenge which has included:
 - (a) Focusing the content on what a member of the public would expect to see as the top level rules and changing any local terminology to more generic terms.
 - (b) Taking out any of the detail of our processes in practice and confining them to a new support document number 41 to cover who is tasked with each of the responsibilities listed for different types of building (now rule 13.2.5).
 - (c) Taking out information that would sit better in other regulations, such as storage of cash arrangements.
 - (d) Taking out anything that was considered too obvious, prescriptive or which would be governed by professional codes of practice (such as new rule 13.2.4).
 - (e) Amalgamating lists of checks or responsibilities where possible, for example responsibility for due care of assets (now general rule 13.1.3) and reporting discrepancies found in stock checks (now general rule 13.1.5)
6. There have also been some areas where we have sought to clarify, strengthen or make the rules more practical. In particular these have included:
 - (a) New rule added on the need to report break-ins and thefts, and any significant shortages found during inventory and stock checks to the Statutory Chief Finance Officer and Nominated Audit Manager.
 - (b) The value of assets that need to be included on an inventory has been increased from £50 to £200 as well as anything else assessed by Head of Service as being vulnerable or important to the service. The definition of assets to include has also been expanded.
 - (c) The frequency of physically verifying equipment and stocks has been made less prescriptive and for the Head of Service to determine based on the vulnerability of the item.
 - (d) Clarification of the different methods of disposal endorsed and what approval needs to be obtained in order to proceed with the chosen method of disposal.

- (e) New rule added that disposal rules do not apply to the assets disposed of under a statutory obligation such as Right to Buy.

FINANCIAL REGULATION 17 - PETTY CASH

7. [Appendix C](#) and [Appendix D](#) give the current regulation and the proposed new regulation. There have been limited changes made to this regulation as highlighted. Most changes relate to removing details of the procedures to be followed which will now be kept just to the Support Document Number 32 (as per [Appendix E](#)).

FINANCIAL REGULATION 20 - TAXATION

8. [Appendix F](#) and [Appendix G](#) give the current regulation and the proposed new regulation. This regulation has been significantly reduced on similar lines to that of a neighbouring council to stipulate the key rules which are applicable for all the types of tax. The responsibilities for individual tax streams have been kept to the Support Document number 23 (as per [Appendix H](#)).

RISK ASSESSMENT

9. There are no significant risk considerations in relation to this report

CONCLUSION

10. The proposed new approach to streamlining Financial Regulations will continue to guide the strategic and operational financial affairs of the authority in accordance with the latest national and local requirements.

Appendices:

Appendix A: Financial Regulation 13 - Physical Assets – Current version ([separate attachment](#)).

Appendix B: Financial Regulation 13 – Physical Assets - Proposed new version ([separate attachment](#)).

Appendix C: Financial Regulation 17 - Petty Cash - Current version ([separate attachment](#)).

Appendix D: Financial Regulation 17 - Petty Cash - Proposed new version ([separate attachment](#)).

Appendix E: Financial Regulation Support Document 32 - Operation of Petty cash Accounts ([separate attachment](#)).

Appendix F: Financial Regulation 20 - Taxation - Current version ([separate attachment](#)).

Appendix G: Financial Regulation 20 - Taxation - Proposed version ([separate attachment](#)).

Appendix H: Financial Regulation Support Document 23 - Responsibility for Tax Administration ([separate attachment](#)).

Background Papers: None

Reference Papers:

Report of the Director of Finance and Resources to the Audit Committee on 30 November 2010 "Annual Review of Financial Regulations".

Enquiries:

For further information on this report please contact Elaine Hammell. (Ext 4344)