

CONSTITUTION AND DEMOCRATIC SERVICES COMMITTEE

Date of Meeting	Thursday 12 January 2023
Report Subject	Financial Procedure Rules
Cabinet Member	Cabinet Member for Finance, Inclusion, Resilient Communities including Social Value and Procurement
Report Author	Corporate Finance Manager
Type of Report	Operational

EXECUTIVE SUMMARY

The purpose of the report is to provide Constitution and Democratic Services Committee with the proposed updated Financial Procedure Rules (FPR's) for comment and endorsement prior to approval at County Council on 24 January 2023.

The FPR's were considered and endorsed by Governance and Audit Committee on 14 November who raised some questions and asked for clarification regarding some of the changes. Feedback from the Audit Committee is included in 1.10 of the report.

The updated FPR's are attached as Appendix 1 with the tracked changes, including one minor amendment following the feedback from Audit Committee attached as Appendix 2. A glossary of terms is attached as Appendix 3.

RECOMMENDATIONS

1	That Constitution Committee endorse the updated Financial Procedure Rules and recommend that they are submitted to Council for approval.
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REPORT DETAILS

1.00	EXPLAINING THE FINANCIAL PROCEDURE RULES (FPR'S)
1.01	Section 151 of the Local Government Act 1972 and the Accounts and Audit (Wales) Regulations require the Council to make arrangements for the proper administration of its financial affairs.
1.02	To conduct its business efficiently, the Council needs to ensure that it has sound financial management policies in place and that they are adhered to. Part of this is the establishment of financial procedures that set out the financial policies of the Authority.
1.03	The FPR's are set out into six main sections: <ol style="list-style-type: none">1. Status of Financial Regulations2. Financial Management – General roles and responsibilities3. Financial Planning4. Risk Management and Control of Resources5. Financial Systems and Procedures6. External Arrangements
1.04	The Councils FPR's are reviewed every two years. Previous reviews have updated them to reflect the CIPFA guidance on financial regulations.
1.05	The FPR's were last updated and approved by Council in October 2020.
1.06	The main revisions made to this updated version are set out in para 1.07 to 1.09.
1.07	Salary Overpayments Amendment to simplify the process for the recovery of overpayments of salaries to, wherever possible, agree the deduction of an agreed amount from future salary payments with the employee.
1.08	Write-off - Bad Debts Amendment to the thresholds for approvals of bad debt write-offs as follows: <ul style="list-style-type: none">• Single debts up to £10,000 to be approved by Corporate Finance Manager (previous level £5,000) Debts between £10,000 and £25,000 to be written off in consultation with the Cabinet Member and any debts over £25,000 will continue to be referred to Cabinet for approval.

1.09	<p>Other Minor Changes</p> <p>Further minor changes include changes to job titles where appropriate, updated reference to guidance e.g. CIPFA codes, changes to committees and other minor clarifications regarding payment terms and conditions.</p>													
1.10	<p>Governance and Audit Committee considered the revised FPR's on 14 November and feedback and questions raised by the committee is set out below:</p>													
	<table border="1"> <thead> <tr> <th data-bbox="320 495 852 528">Audit Committee Question</th> <th data-bbox="852 495 1398 528">Response</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 528 852 786"> <p>In relation to the budget virement level, do we consider the virement levels in other local authorities?</p> </td> <td data-bbox="852 528 1398 786"> <p>Levels of virement are a local choice and the virement levels were increased as part of the last review. We will look at the level in the other North Wales authorities to compare in the future.</p> </td> </tr> <tr> <td data-bbox="320 786 852 1043"> <p>In relation to bad debt write-offs, are we certain that there is a rigorous process in place by the revenues team to maximise debt recovery.</p> </td> <td data-bbox="852 786 1398 1043"> <p>Assurance was given that the revenues team have rigorous processes in place and that all options are explored prior to a write off being recommended and approved.</p> </td> </tr> <tr> <td data-bbox="320 1043 852 1267"> <p>Further clarification sought on what is a "true copy" of an invoice. (h) P.41.</p> </td> <td data-bbox="852 1043 1398 1267"> <p>This relates to a copy of an invoice that should include all of the original details, system produced and not compromised or hand written.</p> </td> </tr> <tr> <td data-bbox="320 1267 852 1861"> <p>Clarification sought regarding the checking of goods and services under "Key Controls" (d) P.38.</p> </td> <td data-bbox="852 1267 1398 1861"> <p>The amendment removed the sentence "goods should not be received by the person who placed the order". This now reads "Goods and services received are checked to ensure they are in accordance with the order".</p> <p>An alternative wording has now been included changing this to, "Goods and services received should be checked by the person who placed the order to ensure they are in accordance with the order."</p> </td> </tr> <tr> <td data-bbox="320 1861 852 2076"> <p>Committee asked how raising the awareness of the FPR's is undertaken.</p> </td> <td data-bbox="852 1861 1398 2076"> <p>Attendance at Portfolio management teams, training sessions undertaken and reinforced through Internal Audit work.</p> </td> </tr> </tbody> </table>	Audit Committee Question	Response	<p>In relation to the budget virement level, do we consider the virement levels in other local authorities?</p>	<p>Levels of virement are a local choice and the virement levels were increased as part of the last review. We will look at the level in the other North Wales authorities to compare in the future.</p>	<p>In relation to bad debt write-offs, are we certain that there is a rigorous process in place by the revenues team to maximise debt recovery.</p>	<p>Assurance was given that the revenues team have rigorous processes in place and that all options are explored prior to a write off being recommended and approved.</p>	<p>Further clarification sought on what is a "true copy" of an invoice. (h) P.41.</p>	<p>This relates to a copy of an invoice that should include all of the original details, system produced and not compromised or hand written.</p>	<p>Clarification sought regarding the checking of goods and services under "Key Controls" (d) P.38.</p>	<p>The amendment removed the sentence "goods should not be received by the person who placed the order". This now reads "Goods and services received are checked to ensure they are in accordance with the order".</p> <p>An alternative wording has now been included changing this to, "Goods and services received should be checked by the person who placed the order to ensure they are in accordance with the order."</p>	<p>Committee asked how raising the awareness of the FPR's is undertaken.</p>	<p>Attendance at Portfolio management teams, training sessions undertaken and reinforced through Internal Audit work.</p>	
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	Clarification on employee contractual clauses relating to recovery of salary overpayments	Confirmation given that employee contracts do include reference to repayment of any salary overpayment.
1.11	A summary of the FPR's will also be available which is intended to be an easy reference guide for budget holding managers and other staff. This will include practical advice and references to more detailed information when requested.	
1.12	Following approval of the FPR's the Finance Team will continue to undertake awareness raising with management teams to ensure that managers and their staff understand their responsibilities with regard to the FPR's and emphasis will be put on the requirement of <u>all</u> staff to ensure compliance.	
1.13	Once approved, the adherence to the FPR's will be monitored by finance teams with any breaches or concerns reported to Chief Officers on a regular basis.	

2.00	RESOURCE IMPLICATIONS	
2.01	There are no resource implications arising directly from the report although the implementation of the FPR's ensure robust, consistent financial processes across the Authority.	

3.00	IMPACT ASSESSMENT AND RISK MANAGEMENT	
3.01	The FPR's contribute to minimising the financial risks across the Council	

4.00	CONSULTATIONS REQUIRED/CARRIED OUT	
4.01	The proposed changes have been prepared in consultation with the Chief Officer Team, Financial Management Team and Internal Audit.	

5.00	APPENDICES	
5.01	Appendix 1 – Financial Procedure Rules Appendix 2 – Financial Procedure Rules (With tracked Changes) Appendix 3 – Glossary of Terms	

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	None

7.00	CONTACT OFFICER DETAILS
7.01	Contact Officer: Sara Dulson, Strategic Finance Manager Telephone: 01352 702287 E-mail: Sara.dulson@flintshire.gov.uk

8.00	GLOSSARY OF TERMS
8.01	See Appendix 3