

WIRRAL COUNCIL

AUDIT & RISK MANAGEMENT COMMITTEE

24 NOVEMBER 2015

SUBJECT	FINANCIAL REGULATIONS
WARD/S AFFECTED	ALL
REPORT OF	HEAD OF FINANCIAL SERVICES AND ACTING SECTION 151 OFFICER

1.0 EXECUTIVE SUMMARY

1.1 The report sets out proposed revised Financial Regulations, in draft form, for consideration and approval by Audit and Risk Management Committee. The existing Financial Regulations were approved in 2013 and it is good practice to periodically review and where necessary update the Regulations.

2.0 BACKGROUND AND KEY ISSUES

2.1 Council was recommended by this Committee's meeting of 15 April 2013 to adopt the current Financial Regulations and Contract Procedure Rules. It is good practice and following recent changes to the scheme of delegation now is an opportune moment to revise and update the Financial Regulations.

2.2 A report elsewhere on this agenda sets out initial proposed revisions to the Contract Procedure Rules (CPR's).

2.3 The last revision to the Financial Regulations took into account:-

- (i) the overall commitment given to review the Council's Constitution and Schemes of Delegation as part of the Council's Improvement Plan and to respond to recommendations of the recent Peer Challenge in respect of clarification of Member and Officer roles and responsibilities.
- (ii) updating the existing Regulations to take account of current and potential future developments, for example, changes to the Council Management Structure and potential working with other authorities and organisations including shared services with other private, voluntary, community and faith organisations.
- (iii) the need to integrate existing functions with new functions and responsibilities in particular Health.

- 2.4 The current review of the Council's Financial Regulations has involved a small group of key financial staff providing input and suggested improvements. This has included officers from Financial Services, Internal Audit and Procurement.
- 2.5 The Financial Regulations adopted in 2013 were updated at the time Cheshire West and Cheshire and Wirral were looking at potential shared services, Wirral's Financial Regulations were amended to allow greater potential for shared arrangements.
- 2.6 This update to the Regulations incorporates revisions in the scheme of Delegation of Executive Functions to Cabinet Members and Scheme of Delegation of Executive Functions to Officers which were reported to Cabinet on 5 November 2015.
- 2.7 The Financial Regulations agreed two years ago also require further changes. Terminology has been updated to reflect the current structure of the council, legislative changes and latest best practice. References to the separate document Guidelines for Financial Systems have been removed as the regulations in operation since 2013 are more comprehensive and remove the need for separate guidelines outside of the Regulations. The most significant changes are detailed below.
- (i) Revenue and Capital Carry Forwards: The Regulations have been updated to limit the carrying forward of revenue budgets to circumstances where there is a specific requirement that will require initial approval from the Director of Resources (and/or section 151 Officer) and ratification by Members. Capital carry forwards will only be allowed where justification due to re-profiling of expenditure or other valid reasons are clearly demonstrated. These changes reflect the environment of financial constraint the authority is and will be operating in to ensure resource allocation is maximised against priorities.
 - (ii) Virements: the regulations have been updated to provide a clearer definition of what constitutes a virement. The regulations have also been updated and streamlined to outline the circumstances where officers can approve virements without member authority and here member approval is required.
 - (iii) Reserves: the regulations have been updated to formalise the existing practice of reserves being reviewed at least annually for appropriateness. This also reflects the environment of financial constraint the authority is and will be operating in to ensure resource allocation is maximised against priorities.
 - (iv) Internal Audit. The Regulations have been updated to reflect the Public Sector Internal Auditing Standards and the Local Audit Accountability Act 2014. This includes updating to the guidance on Preventing Fraud and Corruption.

3.0 RELEVANT RISKS

3.1 There are serious financial, legal and reputational risks to the Council when Financial Regulations are not followed. The intention of this review is to ensure that rules are clearly defined and relevant and therefore accountability is made clearer: that additional detail and guidance is available from the one source: that the regulations are simplified.

4.0 OTHER OPTIONS CONSIDERED

4.1 No other options have been considered for this report. The existing regulations underwent a substantial refresh in 2013.

5.0 CONSULTATION

5.1 This report is brought to the Audit and Risk Management Committee as a draft revised set of Financial Regulations for consideration and comment.

6.0 OUTSTANDING PREVIOUSLY APPROVED ACTIONS

6.1 There are no outstanding previously agreed actions. It is good practice that the Financial Regulations are subject to periodic review and updating.

7.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

7.1 The revised, proposed Financial Regulations (along with the proposed revised Contract Procedure Rules, are intended to provide clear processes, with relevant procedures set out, which are intended to support a clear and transparent contracting process, including with the Voluntary, Community and Faith sector.

8.0 RESOURCE IMPLICATIONS: FINANCIAL, IT, STAFFING AND ASSETS

8.1 The Financial Regulations are concerned with the management of Council resources which includes financial, IT, staffing and Assets.

9.0 LEGAL IMPLICATIONS

9.1 The revised Financial Regulations are intended to ensure that the Council's financial management processes and responsibilities comply with statutory legislation and therefore reduce the risk of challenge.

10.0 EQUALITIES IMPLICATIONS

10.1 There are no specific relevant equality factors resulting from this report.

11.0 CARBON REDUCTION AND ENVIRONMENTAL IMPLICATIONS

11.1 There are none arising directly from this report.

12.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

12.1 There are none arising directly from this report.

12.0 RECOMMENDATIONS

13.1 That the draft Financial Regulations at Appendix 1 be considered and Committee give its comments and views.

13.0 REASON FOR RECOMMENDATIONS

13.1 To ensure the framework for financial management of the authority's resources is robust, reviewed as appropriate and is fit for purpose.

13.2 That, if agreed the draft Financial Regulations are published and implemented with appropriate support for Members and Officers.

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APPENDICES

Appendix 1 – Draft Financial Regulations

BACKGROUND PAPERS

Existing Wirral Financial Regulations

SUBJECT HISTORY

Council Meeting	Date
Audit & Risk Management Committee Financial Regulations	15 April 2013