

REPORT OF Finance Manager and Section 151 Officer

To: Full Council

Subject: Revision to Financial Procedures

Date: 20th February 2023

Reference:

PURPOSE OF REPORT:

To report on proposed changes to the Council's Financial and Contract Procedure rules.

1. INTRODUCTION

The Council's Financial and Contract Procedure rules were last amended and approved by Full Council on the 1st February 2021. The Council aims to update its Financial and Contract Procedure rules at least every two/three years.

2. REPORT

Audit and Governance Committee on 17th January 2023 recommended that Full Council approve the following amendments to the current financial procedures.

The proposed revisions to the financial procedures reflect the impact of inflation, there being no adjustment to financial limits within financial procedures since 2016. The aim in proposing these amendments is to strike a balance between oversight and control against operational efficiency.

For ease of understanding the report, the proposed changes to the financial procedures are *in italics and dark blue*

Revision 1: Section 3 - Page 8

Current Wording

Total Value ex VAT	Quotations / Tendering for Goods and Services	Short listing
Up to £7,500	A minimum of one quotation, but good practice to seek most favourable prices and terms	Operational Manager or Designated Officer
£7,500 - £50,000	A minimum of three written quotations Where practical the Council's E-Procurement portal (Pro Contract) should be used to solicit quotations	Operational Manager or Designated Officer



Suggested Wording

Total Value ex VAT	Quotations / Tendering for Goods and Services	Short listing
Up to £10,000	<i>A minimum of one quotation, but good practice to seek most favourable prices and terms</i>	<i>Operational Manager or Designated Officer</i>
£10,001 - £50,000	<i>A minimum of three written quotations</i> <i>Where practical the Council's E-Procurement portal (Pro Contract) should be used to solicit quotations</i>	<i>Operational Manager or Designated Officer</i>

Rationale

With inflation at historic highs and the current financial limits not being updated since 2016, it would be sensible to increase the threshold at which managers needs to formally seek three tenders.

Revision 2: Section 4.2.13 - Page 15

Current wording

Postal franking machines must be securely held and officers responsible will keep proper records of usage and certify the balance held in the machine at the 31st March each year.

Suggested Wording

Postal franking machines must be securely held

Rationale

There is no need for officers to record the balance held on the franking machines as at the 31st March as the potential balances are below the threshold level (£5,000) at which the Council posts year end accrual journals.

Revision 3: Section 6.1.7 - Page 39

Current wording

Shall provide each operational manager/member of SMT with a monthly budget report showing receipts and payments against budget.

Suggested Wording

Shall provide each operational manager/member of SMT with a quarterly budget report showing receipts and payments against budget.

Rationale

This aligns with the current quarterly QBR reporting to Internal Overview and Scrutiny, managers in practice can request an update on their budget position at any time.



Current wording

Assets valued at over £10,000 must be entered onto the Council Asset Register.

Suggested Wording

Assets valued at over £15,000 must be entered onto the Council Asset Register

Rationale

For accounting purposes Capital is currently defined as expenditure over £10,000 on an item with a life of over one year. Multiple purchase of similar assets can be combined to be treated as capital, e.g. purchasing a suite of ICT equipment with individual values of less than £10k could be classed as capital.

Full Council approval is required in order for all additions to the Council's approved capital program. The capital limits having not been raised for several years, consequently relatively minor equipment purchases now fall within Capital limits. Capital expenditure is accounted for differently from day to day revenue expenditure, requiring.

- Creation of an entry on the Council's asset register
- Depreciation of asset over the life of the asset
- Identification of funding for all capital items

3. IMPLICATIONS

Legal Implications

n/a

Financial Implications

The financial implications are detailed within the report.

Human Resources Implications

None

Sustainability/Biodiversity Implications

None

Equality/Diversity

None

Risk Management

None

Compliance with Policies and Strategies

The report is written with reference to the Council's requirement to update its procedure rules on a regular basis.

Data Protection (GDPR) Implications

None

Lead Member View

The revisions to the Financial Procedures were discussed at length at Audit and Governance Committee on the 17th January 2023. There was unanimous agreement from



the members of the committee that the proposals were a sensible and measured update of the financial procedures.

4. CONCLUSIONS

The Financial and Contract procedures as amended are a measured update reflecting the changing environment in which the Council operates.

5. RECOMMENDATIONS

It is recommended that:

- a) Full Council approve the amendments to the Financial Procedures rules detailed in this report

SUPPORTING INFORMATION

Consultations:	Date of Consultation – 03/02/2022 Officers Consulted – Chief Executive, Head of Legal and Governance, Head of Communities and Place
Contact Officer:	David Heyes
Background Papers:	

