

## ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS

1.	<b>Meeting:</b>	<b>Audit Committee</b>
2.	<b>Date:</b>	<b>Wednesday 30th October, 2013</b>
3.	<b>Title:</b>	<b>Revised Financial Regulations</b>
4.	<b>Directorate:</b>	<b>Environment and Development Services</b>

### 5. Summary

The Council's Financial Regulations are periodically reviewed to ensure they are fit for purpose and meet current best practice.

The proposed revisions referred to in this report are recommended to reflect recent changes in the Council's structures, revised legislation and regulatory frameworks, and to provide further guidance in various areas where common issues have arisen over the last couple of years.

As has been the case in the past, Cabinet and Scrutiny will be consulted on proposals after any comments by the Audit Committee, and any ultimate changes will be adopted as part of the Council's constitution.

### 6. Recommendations

**The Audit Committee is asked to support the attached revised Financial Regulations and Guidance Notes.**

## 7. Proposals and Details

The most recent revisions to the Council's Financial Regulations were made over two years ago. Since then there have been some major changes to the Council's structures and its services that now need to be reflected in the Regulations.

In addition, over the same period there have been changes to legislation and regulatory frameworks that need to be reflected in revised Financial Regulations. There have also been a number of areas where common issues have arisen and where, in response, guidance notes have been drafted to assist officers, and where relevant Members, to deal with any situations arising in these areas.

The following are a summary of the main changes proposed to Financial Regulations in the attached revised version (see **Appendix A**).

- 7.1 The introduction has been augmented to explain the layout of the Financial Regulations, which is based on a format endorsed by CIPFA in its recent publication; *'Financial Regulations – A Good Practice Guide for an English Modern Council'*
- 7.2. General update to take account of changes to the structure of the Council including, in particular:
  - the vacancy of the Strategic Director of Resources post
  - the vacancy of the Director of Commissioning, Policy and Performance post
  - the movement of the procurement function to become the responsibility of the Strategic Director of Neighbourhoods and Adult Services.
- 7.3. Removal of all references to RBT.
- 7.4 Removal of residual references to 2010 Rotherham Ltd.
- 7.5 Changes in the statutory requirements for monitoring and reporting on performance, such as the production of a Corporate Performance Plan and Best Value Performance Indicators. Financial Regulations now include the CIPFA recommended 'Policy Framework' wording.
- 7.6 Recognition of changes relating to the appointment of external auditors and the scope of external audit, being introduced by the Local Audit & Accountability Bill 2013-14.
- 7.7 The inclusion of new guidance notes on Money Laundering, Contracts for Building, Construction & Engineering Works, and Ex-gratia payments.
- 7.8 Removal of the former Guidance Note relating to the Sundry Accounts Collection Policy. A new Sundry Accounts Policy has recently been produced that replaces the Guidance Note.
- 7.9 General updates where new or amended legislation or regulations have been introduced, including:
  - new accounting and disclosure requirements for entities preparing financial statements under International Financial Reporting Standards (IFRS).

- the CIPFA Service Reporting Code of Practice (SeRCOP) replaced the previous Best Value Accounting Code of Practice. SeRCOP applies to all local authority services throughout the UK from 1 April 2013 for the preparation of 2013/14 Budgets, Performance Indicators and Statements of Accounts.
- the requirement, under the Accounts and Audit Regulations 2011, to produce an Annual Governance Statement which gives an outline of the Council's governance controls and the procedures that are in place. This replaced the Statement of Internal Control.

7.11 Changes in requirements of Internal Audit have occurred:

- The Accounts & Audit Regulations 2011 now require 'local authorities to undertake an adequate & effective internal audit of its accounting records & of its system of internal control in accordance with the proper practices in relation to internal control'.
- Introduction of new Internal Auditing standards known as the Public Sector Internal Audit Standards [PSIAS].

All changes made are highlighted in red font in the revised Regulations appended to this report.

## 8. Finance

There are no direct financial implications arising from this report.

## 9. Risks and Uncertainties

Failure to keep the Council's Financial Regulations up to date and relevant could weaken their effectiveness and lead to criticism of the Council's financial management.

## 10. Policy and Performance Agenda Implications

The proposals should enhance the consistency with which the Council manages its financial affairs and enhance performance through effective and informative procedures.

## 11. Background Papers and Consultation

*"Financial Regulations: A Good Practice Guide for an English Modern Council"* (CIPFA, 2001)

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### Appendices:

**Appendix A – Revised Financial Regulations and Guidance Notes.**