

## **Update to Financial Procedure Rules**

### **SUMMARY**

- 1.1 The Council's Financial Procedure Rules – FPRs – were previously updated in November 2009. Given the significant changes to the Council's systems, processes and personnel since then, a full review of the FPRs has now been carried out and a number of key changes are proposed.
- 1.2 The key changes proposed in the revised FPRs include clarification and revisions to:
- Virement approval limits for cross-directorate and cross-portfolio transfers – Appendix 2
  - Use of Earmarked Reserves and Corporate Contingency Budgets – section C2 and Appendix 1
  - Capital Programme Development and Monitoring – section C3 and Appendix 1
  - Treasury Management, including banking arrangements and the use of credit/purchase cards – section D7
  - Asset acquisitions and disposals, including leases and inventories – section D8
  - Working with Third Parties, Partnerships and Accountable Body Arrangements – sections F1 and F2
  - External Funding Arrangements – section F4

### **RECOMMENDATION**

- 2.1 To approve the revised Financial Procedure Rules

### **REASONS FOR RECOMMENDATION**

- 3.1 The Local Government Act 2000 requires every council to have a written constitution that acts as its rule book. The constitution includes details of financial procedures.
- 3.2 The Council's FPRs were last updated in November 2009. The Council has experienced significant changes in systems, processes and personnel since this date, and the FPRs need to be updated to reflect current best practice.

### **SUPPORTING INFORMATION**

- 4.1 The Financial Procedure Rules form part of the Constitution of the Council and provide the framework for managing the Council's financial affairs. They apply to every Member and employee of the Council and anyone acting on behalf of the Council.
- 4.2 The objective of the FPRs is to specify a number of rules and key control measures which ensure that public accountability and high standards of financial integrity are exercised in the use of public funds. The Rules also identify the responsibilities of the Strategic Director of Resources and of Chief Officers.
- 4.3 The revised FPRs were reviewed and recommended for approval by the Council's Audit and Accounts Committee on 29 March 2012.

<b>OTHER OPTIONS CONSIDERED</b>
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- 5.1 The proposed changes to the FPRs are not implemented. This option is not recommended as the current FPRs are out of date and do not reflect current best practice.

**This report has been approved by the following officers:**

<b>Legal officer</b> <b>Financial officer</b> <b>Human Resources officer</b> <b>Service Director(s)</b> <b>Other(s)</b>	Martyn Marples, Director of Finance and Procurement
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<b>For more information contact:</b> <b>Background papers:</b> <b>List of appendices:</b>	Chloe Kenny tel: 01332 643369 e-mail: <a href="mailto:chloe.kenny@derby.gov.uk">chloe.kenny@derby.gov.uk</a> None Appendix 1 – Implications Appendix 2 – Revised Financial Procedure Rules
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<b>IMPLICATIONS</b>
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**Financial and Value for Money**

1.1 As outlined in the report

**Legal**

2.1 None directly arising

**Personnel**

3.1 None directly arising

**Equalities Impact**

4.1 None directly arising

**Health and Safety**

5.1 None directly arising

**Environmental Sustainability**

6.1 None directly arising

**Asset Management**

7.1 None directly arising

**Risk Management**

8.1 None directly arising

**Corporate objectives and priorities for change**

9.1 None directly arising