

AUDIT COMMITTEE

Revised Financial Regulations

Report of Chief Finance Officer 27 November 2024

PURPOSE OF REPORT

To seek the Committee's consideration and endorsement of the Council's updated Financial Procedures

This report is public

RECOMMENDATION

- (1) That the Audit Committee consider and endorse the revisions to the Council's Financial Procedure Rules

1.0 INTRODUCTION

1.1 The Audit Committee's Terms of Reference include "To consider and endorse amendments to the Council's Financial Procedure Rules and Contract Procedure Rules". Lancaster City Council Constitution (Part 2 section 5 para 6.12)

1.2 The Council's current Financial Procedure Rules were adopted in 2020. Since their introduction, there have been many changes both to the structure and operational management of the Council and to the environment in which it conducts its financial activities. A review is therefore due, with the refreshed version included at **Appendix A**.

2.0 PURPOSE OF THE REPORT

2.1 Efficient and effective financial management arrangements play an important role across the full range of the Council's activities and are necessary to enable achievement of the Council's ambitions and priorities

2.2 A key objective of the review has been to develop refreshed and updated set of rules and procedures which fit the Council's Management structure, and the changes made to the Constitution. Therefore, the following key changes are proposed.

a. Financial thresholds

Thresholds have been changed to replicate the those within the constitution and the wider budget & policy framework.

b. Roles and Responsibilities

Throughout the document the titles of specific officers or groups of officers have been changed to reflect the current management structure.

2.3 The Financial procedure rules form part of the Council's wider Budget & Policy Framework are designed to establish the fundamental controls and framework for financial management. They they will be accompanied by more detailed guidance in specific areas

such as VAT. Once the revised rules are endorsed, it is planned to deliver a programme of training and update the information and guidance provided via the Intranet.

3.0 DETAILS OF CONSULTATION

3.1 The revised Procedures have been developed by s151 Officer and Senior Finance Officers in accordance with his statutory functions.

4.0 OPTIONS AND OPTIONS ANALYSIS

	Option 1: Endorse the proposed rules as presented	Option 2: To endorse the proposed rules with changes	Option 3: Do nothing
Advantages	Aligns with the Constitution, Council Priorities and structures and gives officers clear instruction on procedures.		Officers generally have an overview of the current procedure rules they are inconsistent with other key Council documents.
Disadvantages	Resources will be required to deliver training Although not a fundamental rewrite it may take time to be fully adopted/ implemented.		The previous version is out of date and not aligned to the current management structure, Constitution and there is conflict between the two documents.
Risks	Potential for misunderstanding and mistakes until procedures are fully adopted (low impact)		Confusion over roles and responsibilities may lead to mistakes.

5.0 OFFICER PREFERRED OPTION (AND COMMENTS)

5.1 The officer preferred Option is 1 Endorse the proposed Financial Procedure Rules as presented. Implementation of the new Regulations will be covered by existing resources within the within Financial Services.

6.0 CONCLUSION

6.1 An update of the Council's Financial Procedure Rules is timely to ensure they remain current and in tune with modern practices and continue to make an effective contribution to the Council's vision and priorities

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

Not applicable

FINANCIAL IMPLICATIONS

None directly arising from this report

SECTION 151 OFFICER'S COMMENTS

The Section 151 Officer has authored this report

LEGAL IMPLICATIONS

It is important to ensure that the Council's financial arrangements and administration are kept up-to-date and fit for purpose. The section 151 officer has a statutory duty to make arrangements for the proper administration of their financial affairs. The updated financial regulations and procedures ensure that this duty is being met.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments

BACKGROUND PAPERS

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