

Report To:	Audit and Standards Committee
Date:	16 July 2019
Report Title:	Financial Procedure Rules
Report of:	Homira Javadi, Chief Finance Officer
Cabinet member	Councillor Phil Davis (Portfolio Holder for Finance)
Ward(s) Affected:	All
Purpose of report:	To present to Audit and Standards Committee updated Financial Procedure Rules, and seek comment on them.
Officer recommendation(s):	Audit and Standards Committee are asked to review the draft Financial Procedure Rules in advance of them being submitted to Full Council for approval.
Reasons for recommendations:	It is a duty of the Chief Finance Officer (CFO) to maintain an up to date set of Financial Procedure Rules to ensure the Council has effective governance of finances in place.
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1 Introduction

- 1.1** Lewes District Council exercises its powers and duties in accordance with the law and its Constitution. Part 4 of the Constitution of the Council sets out the Financial Procedure Rules of the Council. These Rules have been the subject of a number of incremental updates over recent years most recently in July 2014. Now that Lewes District Council and Eastbourne Borough Council are working very closely together it is timely that these rules are harmonized between the two councils and updated to reflect best practice.
- 1.2** The remit of the Audit and Standards Committee sets out that it is responsible for exercising the powers to maintain an overview of the Council's constitution in terms of contract procedure rules, financial regulations, and codes of conduct and behaviour. A report on the Financial Procedure Rules was also presented to Cabinet at its 1 July meeting. Following this meeting, the Financial Procedure Rules will be submitted to Full Council for approval.

2 Structure of the draft updated Financial Procedure Rules

- 2.1** Good practice and legislation have informed the draft update, including The Role of The Chief Finance Officer (CFO) in Local Government (CIPFA February 2016) and Section 114 of the Local Government Finance Act 1988. The Key elements of the structure of the draft update Financial Procedure Rules is set out as follows. Appendix 1 summaries key changes from the current Financial Procedure Rules.

- Introduction (Role of the CFO, a summary of Financial Procedure Rules and responsibilities to the Council, responsibilities of Personal, the CFO, Directors/ Assistant Directors and Heads of Service)
- Financial Planning (This sets out the procedures and responsibilities for budgeting and maintenance of reserves)
- Financial Management (This sets out the procedures and responsibilities for managing income and expenditure)
- Financial Accounting (This sets out the procedures and responsibilities for accounting policies, accounting records and returns and the statement of accounts).
- Control of Resources (This sets out the procedures and responsibilities for internal controls, audit requirements (both internal and external audit), preventing fraud and corruption, assets and treasury management, banking and petty cash.
- Financial Systems and Procedures (This sets out the procedures and responsibilities for systems, security of income and expenditure, taxation and trading accounts and business units (including Local Authority Trading Companies).
- External Arrangements (This sets out the procedures and responsibilities for partnerships, external funding and working for third parties)).

3 Financial Appraisal

- 3.1** There are no financial implications arising from the recommendations in this report other than those already contained within existing budgets.

4 Legal Implications

- 4.1** There are no direct legal implications arising from this report.

5 Risk Management Implications

- 5.1** If the Council does not have up to date Financial Procedure Rules reviewed and approved by Councillors, it will not be able to demonstrate that it has in place adequate means to safeguard Council assets and services, and could be subject to criticism from the Council's external auditor or the public.

6 Equality analysis

- 6.1** An equalities impact assessment is not considered necessary because the report is for information only and involves no key decisions.

7 Background Papers

The Constitution of Lewes District Council.

<https://www.lewes-eastbourne.gov.uk/about-the-councils/constitutions/>

8 Appendices

8.1 Appendix 1 – Key Changes to Financial Procedure Rules

Appendix 2 – Lewes District Council Draft Financial Procedure Rules