

Audit Committee - 16th April 2009

Report of the Interim Director of Finance

Financial Regulations

Purpose of the Report

1. This report proposes a revision to Financial Regulations.

Background

2. The Audit Committee and Section 151 Officer are charged with ensuring good financial management of the affairs of the Council.
3. Financial Regulations assists in ensuring good financial management by providing rules and guidance to Members and Officers on the operation of financial and management controls in all aspects of the Council's activities.
4. The current set of Financial Regulations were approved by Council in October 2008 and changes to the operation of the Agresso accounting system mean that a minor amendment is required to Paragraph 14.2 which deals with orders for work, goods and services. The current Section 14 is attached as Appendix A.
5. It is intended that a self authorisation facility be introduced for orders below £200 such that the same Officer can deal with the procurement process from start to finish. Compensating controls will be introduced whereby all such orders will be subject to monthly review by the relevant manager.
6. The amendment would be the addition of a paragraph to Paragraph 14.2 to the effect :-

"This rule will not apply to self-certification of orders below a value which will be determined by the Director of Finance, and compensating controls will operate whereby managers will review any self approved orders raised for their area of responsibility each month."

Finance

7. This report has no direct financial effect.

Law

8. Each local Authority is required to have a Constitution which details the governance arrangements and responsibilities of Members, Governors and Officers.

Equality Impact

9. This report does not raise any equal opportunities issues.
10. Children and young people were not consulted on, or involved, with the preparation of this report.

Recommendations

11. That the Committee approve the proposed amendment.



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Interim Director of Finance

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Extract from Financial Regulations

Appendix A

14 Orders for Work, Goods and Services (in practice electronic requisitions)

- 14.1 Official Order requisitions are to be authorised by officers approved by Directors within the scheme of financial delegation. Authorised officers are responsible for ensuring that before an order is issued that there is an adequate budget provision and that Standing Orders relating to Contracts and Financial Regulations have been complied with.
- 14.2 The Director of Finance should be notified of all officers authorised by Directors to approve official orders. As Dudley MBC operates an electronic ordering system (Agresso) this means in practice those officers who are to be provided with access to approve the requisition on the system. It is a requirement that the officer who raises the requisition is different from the officer who approves the requisition. It is also a requirement that the officer who approves the requisition is different from the officer who receipts the goods or service.
- 14.3 Official orders should be issued for all work, goods or services to be supplied to the Council (except for small value purchases). Authorising officers must be able to demonstrate that the work, goods or services are required in order to provide Council Services. Orders do not have to be raised for supplies of utilities, periodic payments such as rent or rates, purchases made by petty cash or purchase card or such other exceptions as may be approved. If an Authorising officer does not consider an order should be raised for any other type of payment then they should seek the written approval of the Head of Audit Services.
- 14.4 The most cost effective method should be used to purchase low value items e.g. purchase card.
- 14.5 Telephone orders may be used in exceptional circumstances but must be confirmed by raising an order on the Corporate Financial System (Agresso) and marked "Confirmation Order" in the appropriate text field so that it will appear on the order, within 7 days of the verbal order being given.
- 14.6 Standard terms and conditions must not be varied without the prior approval of the Director of Finance. Goods and services should be checked on receipt to ensure they are in accordance with the order. The delivery/advice note should be signed to evidence the check and retained.
- 14.7 Official orders shall indicate clearly the date of the order, the quantity, quality and nature of the goods, works and services and the contract or agreed price. An estimated price shall be provided when an agreed price is not available.
- 14.8 A method of procuring goods or services is via a purchase card. The Purchase Card User Manual should be referred to for specific details on how the Purchase Card should be used and must be complied with.
- 14.9 Directors should ensure that action is taken to ensure invoices are paid within 30 days of being received or on the stipulated date so that any settlement discounts can be obtained.
- 14.10 Any interest charged to the Council in respect of late payment under the Late Payment of Commercial Debts (Interest) Act 1998 will be passed on to the Section that ordered the goods/services.
- 14.11 Officers should monitor the orders raised and ensure that goods/services are received/provided within the stipulated timetable. Where an order or part of an order is no longer required, then it should be cancelled off the system so that the outstanding commitment is amended on the appropriate budget report.