

# Waverley Borough Council

**Report to:** Audit & Risk Committee

**Date:** 8<sup>th</sup> July 2024

**Ward(s) affected:** All

**Report of Director:** Richard Bates, Joint Strategic Director - Finance

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**Executive Portfolio Holder/ Lead Councillor responsible:** Councillor Mark Merryweather, Portfolio Holder for Finance, Assets and Property

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**Report Status:** Open

**Key Decision:** No

## Proposed Changes to the Financial Procedure Rules

### 1. Executive Summary

- 1.1 This report presents the proposed Financial Procedure Rules as part of the review of the Constitution of the Council.
- 1.2 The review of the Financial Procedure Rules has been undertaken by the Joint Constitutions Review Group (JCRG), at their meetings held on 29 May and 20 June 2024.
- 1.3 At its meeting on 20 June 2024, the JCRG agreed to recommend approval of the revised Financial Procedure Rules, as set out in

Appendix 1 to this report, to both the Corporate Governance & Standards Committee and to Waverley's Standards & General Purposes Committee at their special meetings to be held simultaneously on Monday 1 July 2024, with a further recommendation that each Committee recommends the adoption of the revised Financial Procedure Rules to their respective full Council meetings<sup>1</sup>.

## **2. Recommendation**

- 2.1 The Audit & Risk Committee is asked to recommend to full Council the revised Financial Procedure Rules, as set out in Appendix 1 to this report, be adopted into the Waverley Borough Constitution.

## **3. Reason(s) for Recommendation:**

- 3.1 Financial Procedure Rules which are materially the same for both Councils, whilst being owned by each Council in respect of their services, will help to promote more efficient joint working and will support the transformation programme by aligning officer decision making across both Councils.
- 3.2 The recommended changes will improve the governance procedures for each Council and will ensure that there is greater clarity over financial decision making.
- 3.3 The reductions in financial limits will ensure that key decisions are made by the Executive, thereby promoting accountability and transparency.
- 3.4 Aligning both Councils' Financial Procedure Rules supports the Councils Collaborative and Transformation programme and provides clarity for those officers employed to provide a joint service across

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<sup>1</sup> Ordinary council meetings scheduled for 16 July (Waverley), and 23 July (Guildford)

both Councils. The rules will replace the existing Financial Procedure Rules (Guildford) and Financial Regulations (Waverley).

#### **4. Exemption from publication**

4.1 No part of this report is exempt from publication.

#### **5. Purpose of Report**

5.1 This report is presenting the proposed revised Financial Procedure Rules, set out in the Appendix 1, for members to consider.

5.2 The purpose of the revised Financial Procedure Rules is to align financial limits and procedures across the two Councils where possible.

#### **6. Strategic Priorities**

6.1 This report will assist in the delivery of the Council's Corporate Plan priorities and collaborative working agenda.

#### **7. Background**

7.1 To conduct its business effectively, a Council needs to ensure that it has sound financial management policies in place which are strictly adhered to. Part of the financial management is having an established set of Financial Procedure Rules which set out the financial policies of the Council. They provide the rules for the Council to follow to protect public money and give clarity to members and officers regarding responsibility for financial management.

7.2 Financial Procedure Rules apply to every member and employee of the Council. Both Councils currently each have a different set of Financial Procedure Rules and financial limits. This means that

officers must refer in detail to each set of Rules to check them before making a decision. This leads to a lack of clarity for members of the Joint Management Team, as they work across both Councils but with differing decision levels across their services, as well as staff within their teams.

7.3 Financial Procedure Rules cover the following general principles:

- (a) There should be adequate and understood separation of duties so as to maintain control over financial transactions.
- (b) There should be a clear hierarchy of control.
- (c) There should be adequate training and supervision of staff with management and audit trails.
- (d) There should be appropriate management of risks.
- (e) Operational financial procedures should be clearly documented, key risks identified with business continuity plans in place to maintain effective administration of the Council's finances at all times.

7.4 The Financial Procedure Rules is designed to work in conjunction with the Scheme of Delegation and Contract Procedure Rules.

## **8. Consultation**

8.1 These revised Financial Procedure Rules have been designed with Legal Services so that they form part of a set of constitutional amendments. The Joint Management Team have been made aware of the proposals and asked for any comments.

8.2 They have also been considered by members at the Joint Constitution Working Group, and will be considered by the Standards & General Purposes Committee on 1<sup>st</sup> July. Any changes recommended by the Standards & General Purposes Committee will be reported verbally to the meeting.

## **9. Key Risks**

9.1 There is a risk of poor decision making and a lack of accountability where financial controls are unclear. This can be mitigated by having

a clearly expressed set of Financial Procedure Rules which is the same for both Councils, and training officers as necessary.

- 9.2 There is a risk that by reducing the financial limits, the Executive, whilst having greater oversight, has a busier agenda at its meetings. This can be mitigated by ensuring that Executive decision making provides suitable delegations to officers, thereby ensuring that the Executive have retained overall control and made decisions for officers to implement. It could be further mitigated by the Executive considering greater use of delegated authority to Individual Portfolio Holders where appropriate.

## **10. Financial Implications**

- 10.1 There are no direct financial implications resulting from this report.
- 10.2 The indirect financial implication is that officer spending limits will be reduced to key decision levels.

## **11. Legal Implications**

- 11.1 Councils have a responsibility to keep their Constitution up to date, under Section 9P Local Government Act 2000. The Financial Procedure Rules form part of the Constitution of the Council.

## **12. Human Resource Implications**

- 12.1 There are no direct HR implications.

## **13. Equality and Diversity Implications**

- 13.1 There are no equality and diversity implications arising from this report. This report has given due regard to the requirements of the Public Sector Equality Duty (Equality Act 2010) when making any recommendations concerning constitutional arrangements.

## **14. Climate Change/Sustainability Implications**

14.1 There are no climate change or sustainability implications.

## **15. Conclusion**

15.1 The Audit & Risk Committee are asked to consider the proposed revised Financial Procedure Rules attached as Appendix 1 to this report.

The Audit & Risk Committee may:

(a) accept the draft revised Financial Procedure Rules and agree to recommend them to full Council for formal adoption, or

(b) suggest amendments to any part of the draft revised Financial Procedure Rules; or

(c) choose not to recommend that the draft revised Financial Procedure Rules are adopted.

## **16. Background Papers**

16.1 Annexed to this report - Existing Financial Regulations – Waverley Borough Council (Part 4 of the WBC Constitution)

## **17. Appendices**

17.1 Appendix 1 – Financial Procedure Rules

17.2 Appendix 2 – Changes to Financial Procedure Rules

Please ensure the following service areas have signed off your report.

Please complete this box, and do not delete.

Service	Sign off date
Finance / S.151 Officer	Richard Bates 27.06.2024
Legal / Governance	Deborah Upton 26.06.2024
HR	Jon Formby 26.06.2024
Equalities	
Lead Councillor	Clr Merryweather 27.06.2024
CMB	N/A
Executive Briefing/Liaison	N/A
Committee Services	27/6/24