

**Decision Maker:**      **AUDIT SUB-COMMITTEE**

**Date:**                    **Tuesday 1 December 2015**

**Decision Type:**        Non-Urgent                    Non-Executive                    Key

**Title:**                   **FINANCIAL REGULATIONS & CONTRACT PROCEDURE  
RULES**

**Contact Officer:**     Luis Remedios, Head of Audit  
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**Chief Officer:**        Chief Executive

**Ward:**                    (All Wards);

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1.    Reason for report

It has been over three years since Members approved the last update to Financial Regulations and the Contract Procedure Rules. It has been necessary to update both documents as a result of legislation changes, government requirements, organisational change and technology.

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2.    **RECOMMENDATION(S)**

- a)    **Members are asked to note and comment on the changes proposed for Financial Regulations before referral to the General Purposes and Licensing Committee and Council.**
  
- b)    **Members are asked to note and comment on the changes proposed for the Contract Procedure Rules before referral to the General Purposes and Licensing Committee and Council.**

### Corporate Policy

1. Policy Status: Not Applicable:
  2. BBB Priority: Excellent Council:
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### Financial

1. Cost of proposal: Not Applicable:
  2. Ongoing costs: Not Applicable:
  3. Budget head/performance centre: Internal Audit
  4. Total current budget for this head: £540K including £174K fraud partnership costs
  5. Source of funding: General fund, Admin subsidy, Admin penalties, Legal cost recoveries
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### Staff

1. Number of staff (current and additional): 6 FTE including 0.5 FTE risk officer post for Internal Audit (Financial Regulations) & 3 FTE for Procurement (Contract Procedure Rules)
  2. If from existing staff resources, number of staff hours: N/A
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### Legal

1. Legal Requirement: Statutory Requirement:
  2. Call-in: Not Applicable:
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### Customer Impact

1. Estimated number of users/beneficiaries (current and projected): All staff, Members, contractors are required to comply with both documents
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### Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments: N/A

### **3. COMMENTARY**

#### **3.1 Financial Regulations**

3.2 The last update of Financial Regulations was completed in 2012 and the main proposed changes set out below. The changes in the Financial Regulations 2015 submitted to Members of this Committee are tracked changed for ease of reference but remain largely unchanged. Members are asked to comment on and approve the new changes.

3.3 The Financial Regulations have operated well over the past three years with little adverse comments. However, where changes are necessary these have been incorporated in the current document as described below

3.4 The key changes are:

Title changes following organisational changes;

- Changes in officer responsibility/contact for particular regulations e.g. Insurance
- Proposals to allow electronic signatures to cut down on bureaucracy;
- Clarification on paying for services in advance of delivery;
- Increase in the individual debt write off limit delegated to Chief Officers to cut down on bureaucracy and align LB Bromley to limits operated in some other local authorities;
- New appendix on the transparency requirements as set out in the Local Government Transparency Code that is attached as an appendix to the Financial Regulations.

3.5 Members should refer to the Financial Regulations with track changes for ease of reference which is attached as Appendix A, comment and approve the document.

#### **3.6 Contract Procedure Rules (CPR)**

3.7 The Contract procedure Rules have been amended to reflect the requirements of the 2015 Public Contract Regulations, which set out the statutory requirements for Public Sector Procurement with a value of £25,000 and above and the Local Government Transparency Code 2015. Increasingly the Governments agenda on openness and transparency requires that the authorities approach is modified and strengthened to reflect these changes, which are often prescribed within Statutory Regulations (such as the Public Contract Regulation 2015 (PCR2015)– and associated Statutory Guidance, issued by Crown Commercial, which regulate how the bulk of our third party engagement and contracting is required to be conducted.

3.8 A summary of the amendments and guidance is attached as Appendix B. The Contract Procedure Rules with the proposed changes incorporated are attached as Appendix C. Changes made to the CPR are highlighted for ease of reference and is attached as Appendix D.

3.9 Members should refer to the Contract Procedure Rules, comment and approve the document attached as Appendix C.

### **4. POLICY IMPLICATIONS**

The Financial Regulations and Contract Procedure Rules are key documents which the Council requires adherence to as part of the constitution.

## 5. FINANCIAL IMPLICATIONS

Non adherence to these two key documents could result in value for money issue, losses, poor practice, fraud and malpractice. Compliance will promote strong controls, value for money and consistency adopted across the Authority.

## 6. LEGAL IMPLICATIONS

Breaches of both the requirements of both documents could lead to legal/statutory requirements not being met and leave the Authority at risk.

## 7. PERSONNEL IMPLICATIONS

Breaches of Financial Regulations and the Contract Procedure Rules could lead to officers facing disciplinary action.

<b>Non-Applicable Sections:</b>	None
Background Documents: (Access via Contact Officer)	Financial Regulations 2012/ Contract Procedure Rules 2012