

The Highland Council

Audit & Scrutiny Committee – 30th September 2015

Agenda Item	5
Report No	AS/18/15

Financial Regulations – Proposed amendments

Report by Head of Internal Audit & Risk Management

Summary

This report refers to an amendment to the Council's Financial Regulations arising from (i) the introduction of Integra, the Council's new Financial Management Information System and (ii) from audit work undertaken to support the Statement on Internal Control.

1. Background

- 1.1 A new Financial Management Information System was introduced from 1st April 2015 and minor changes are required to the Council's Financial Regulations resulting from this. In addition, a review of budgetary control procedures which was undertaken as part of the audit work to support the audit opinion within the Statement on Internal Control (reported to this Committee in June 2015) has identified that the Regulations need to be strengthened with regard to the reporting of revenue budget variances.

2. Amendments to Financial Regulations

- 2.1 Section 21 of the Council's Financial Regulations refers to the procedures relating to the payment of invoices. The amendments required are as follows:

(i) Existing text:

- 21.4 Payments will only be made on duplicate or photocopied invoices where the Budget Holder has undertaken sufficient checks to ensure that the original invoice has not been previously processed. In respect of Accounts Payable, the invoice should agree to an existing unmatched purchase order although for PECOS orders this is completed as a matter of course. The inability to match a copy invoice should alert the Budget Holder to the possibility that it is a duplicate invoice.

Revised text:

- 21.4 Payments will only be made on duplicate or photocopied invoices where the Budget Holder has undertaken sufficient checks to ensure that the original invoice has not been previously processed. If the invoice relates to a purchase order it should agree to an existing unmatched purchase order. The inability to match a copy invoice should alert the Budget Holder to the possibility that it is a duplicate invoice. If the invoice does not relate to a purchase order it should be a unique invoice number to that supplier.

(ii) Existing text

21.6 Where the sum invoiced by a supplier is incorrect, the invoice should be returned to the supplier for alteration. Alternatively, the supplier may issue a credit note which will be processed through the Accounts Payable module of Oracle.

Revised text

21.6 Where the sum invoiced by a supplier is incorrect, the invoice should be returned to the supplier for alteration. Alternatively, the supplier may issue a credit note which will be processed through the Purchase Ledger module of Integra.

2.2 Section 9 of the Council's Financial Regulations refers to the procedures relating to the control of revenue expenditure. The amendment required is as follows:

(i) Existing text

9.2 The Director of Finance will ensure that an appropriate framework for budgetary management and control is in place and that regular financial reports are produced in an appropriate format for monitoring purposes.

(ii) Revised text

9.2 The Director of Finance will ensure that an appropriate framework for budgetary management and control is in place and that regular financial reports are produced in an appropriate format for monitoring purposes. Service Directors must ensure that revenue monitoring reports contain sufficient explanatory detail, particularly with regard to reporting significant adverse or favourable revenue variances.

2.3 A full review of Financial Regulations was last undertaken in June 2014 and minor revisions were approved in March 2015 and June 2015. No further amendments are considered to be necessary at this time.

3. Implications

3.1 There are no Resource; Legal; Equalities; Climate Change/Carbon Clever; Risk, Gaelic and Rural implications as a direct result of this report.

Recommendation

Members are asked to consider the above revisions and recommend acceptance to the Council.
--

Designation: Head of Audit & Risk Management

Date: 17th September 2015

Author: Nigel Rose, Head of Audit & Risk Management

Background Papers: