

Committee(s): Finance Committee – For decision	Date(s): 11 December 2018
Subject: Financial regulations update	Public
Report of: The Chamberlain	For Decision
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Summary

The current Financial Regulations were approved by Finance Committee on 23 January 2018. Part 1 of the Financial Regulations is maintained by Finance Committee. The purpose of this report is to seek the Committee's approval to amend Part 1 of the Financial Regulations.

Recommendation

Members are asked to:

- Approve the updated Financial Regulations, Part 1 as detailed in paragraph 8 of the main report.

Main Report

Background

1. In January 2018 the Financial Regulations were approved by Finance Committee. Part 1 of the regulations is maintained by Finance Committee and Part 2 of the regulations (also known as the Finance Manual) is maintained by the Chamberlain.

Current Position

2. The Chamberlain's department carries out a periodic review of financial regulations to determine whether amendments would be beneficial because of any changes to corporate objectives, identified control weaknesses, legislative changes, etc.
3. An internal audit of expenses, procurement and petty cash was carried out as part of the 2017/18 audit plan. The City's Financial Regulations define the rules with regard to Expenses, Procurement Cards and Petty Cash, which Officers must comply with. Financial Regulations are supported by the following: Employee Handbook, Business Travel Scheme and Procurement Code.
4. The internal audit found there is no policy or guidance on the timeliness of expense claims (i.e. having to claim within 3 months of incurring the expense)

and the process of dealing with late claims. Where there is no policy or guidance for timeliness of expense claims, there is a risk that excessive claims made up of backdated claims could be approved, which may affect financial reporting and decision making.

5. The internal audit report recommended that a policy should be introduced setting the timeframe in which expense claims must be submitted and the process that should be followed where claims fall outside of this defined timeframe.
6. The terms of reference for the Finance Committee include being responsible for:
 - a. Ensuring effective arrangements are made for the proper administration of the City Corporation's financial affairs; and
 - h. dealing with requests for allowances, expenses, insurance, business travel, treasure trove and Trophy Tax.

Proposals

7. In order to address the recommendation from internal audit, the Financial Regulations, Part 1 should be amended to include a clause regarding the timeliness of expense claims being made.
8. The proposed change to the wording of the Financial Regulations, Part 1, is detailed below:
 - a. Regulation 11.1:

Current wording:

All claims for reimbursement of travelling, subsistence and minor personal expenses shall be made via the payroll system (self-service through the HR/Payroll System). Items or services purchased on behalf of the City must not be reimbursed through the HR System. Each claim shall be promptly submitted for payment through the HR system detailing the expenditure incurred, supported by receipts, dated, coded, and approved electronically by the appropriate authorising officer.

Proposed Wording:

All claims for reimbursement of travelling, subsistence and minor personal expenses shall be made via the payroll system (self-service through the HR/Payroll System). Items or services purchased on behalf of the City must not be reimbursed through the HR System.

Claims for reimbursement of travelling, subsistence and minor personal expenses should be submitted on a regular monthly basis and within three months of the date the expenditure being incurred. The reimbursement of claims falling outside of this timeframe will require the permission of the Chamberlain. Such permission will only be given following Chief Officer justification for the late submission of the claim. Claims for expenses, where more than six months has lapsed since the expenditure was incurred, will not be allowed. Each claim shall be promptly submitted for payment through the HR system and must detail the expenditure incurred,

supported by receipts, dated, coded, and approved electronically by the appropriate authorising officer.

9. The Employee Handbook will be updated to reflect the amended Financial regulations, Part 1, referencing the time limit on expense claims.

Conclusion

10. The proposed changes to the Financial Regulations, Part1, will strengthen the financial control environment by placing a time limit on expense claims. Should Members approve the change, Chief Officers will be notified by email on the introduction of the three month time limit for expense claims and the rationale behind why it is needed.

Appendices

- None

Background Papers

- Revised Financial Regulations, Finance Committee, 23 January 2018.

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