

Committee(s)	Dated:
Finance Committee – For decision	23 rd January
Subject: Revised Financial Regulations	Public
Report of: Chamberlain	For Decision
Report author: Theo Whitaker, Chamberlains	

Summary

The two-part approach to the Financial Regulations was adopted by your committee in 2009, with Financial Regulations Part 1 maintained by your Committee and Financial Regulations Part 2 maintained by the Chamberlain as Chief Financial Officer. The purpose of this report is to seek your Committee's approval of the revised Financial Regulations and to note the development of the Financial Regulations Part 2 into a Finance Manual to sit alongside these Financial Regulations.

This approach codifies the rules which regulate financial activity within the City Corporation approved by your Committee in the Finance Regulations and creates a Finance Manual for practical use by Officers which defines and gives the detail of the finance processes and procedures required to uphold the regulations.

Recommendation(s)

Members are asked to:

- Approve the updated Financial Regulations.
- Note the development of Financial Regulations Part 2 into the Finance Manual.
- Delegate to the Chamberlain the updating of future amendments to the Financial Regulations where they relate to changes in officer responsibilities because of restructuring or a job title change and to update links to new document locations where appropriate.
- Delegate authority to the Comptroller and City Solicitor to agree new standard clauses for indemnities and update the Financial Regulations appropriately.

Main Report

Background

1. The current Financial Regulations were last updated in 2009 and have not been updated in eight years.
2. The current Financial Regulations are in two parts; Part 1 the Financial Regulations, approved by your Committee in 2009 and Part 2 maintained by

the Chamberlain as Chief Financial Officer as mandatory accounting instructions.

3. Since the last update in 2009 many national laws, statutory requirements, and the general practice at the City of London has changed. This report and updated Financial Regulations codifies these changes.

Current Position

4. 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. The current review has also considered how the two-part financial regulations approach adopted in 2009, comprised of Financial Regulations Part 1 & Part 2, could be improved through greater detail on financial processes officers undertake for the Corporation.
5. The two-part model created in 2009 has not worked as well as anticipated and this report proposes the further development of the Financial Regulations Part 2 into a more user-friendly Finance Manual. The Manual should be written to be an easy to use reference for staff outside of the Chamberlains department and focus on the processes and procedures to be followed to uphold the regulations

Substantial Changes to the Financial Regulations

6. The 2017 Financial Regulations includes an Introduction and Version History. These sections were added to give context to the document and the grounding within the Standing Orders.
7. The section order of this document has been reordered to group common sections and to improve the overall readability.
8. Links to other relevant policies, intranet pages, and documents have been added to the Financial Regulations to give further reference where appropriate e.g. the Procurement Regulations.
9. Detail has been added on the specific requirements of the City as a trustee of the Charities defined by the Charities Commission. Regulation 1.3 codifies adherence to Charity Commission Guidance and Regulations. Regulation 5.4 codifies charitable funds' adherence to the Charity Commission on Risk Management.
10. The regulations relating to data protection have been expanded and clarified with regard to the Data Protection Act (DPA) and General Data Protection Regulations (GDPR). Regulations 1.6, 14.3, 14.4, 14.5 and 14.6 make clear rules and expectations of Officers regarding data and their responsibility for ensuring security.
11. The regulation regarding approval to the terms of any indemnity the City is required to give are being reviewed by the Deputy Chamberlain and the City Solicitor and new standard clauses are being developed. Regulation 13.6 has

been amended to reflect current practice and the arrangements for delegation of responsibility by Chief Officers.

12. Instructions to minimise the number of cash transactions has been codified in these Financial Regulations in Regulation 15.7. This requirement is also reflected in the encouragement of the use of purchasing cards for one off purchasing up to £100 and the use of the Payroll System for re-imburement of personal expenses in Regulations 21.1, 21.2 and 21.3.
13. This version includes new sections on Grant Making and Entertainment & Hospitality (sections 17 & 22), which codify regulations in respect of current practice.
14. Insurance and Risk Management have been separated out into two sections to help overall readability. Regulation 5.3 codifies the City's adherence to the Charity Commission Risk Management requirements. Regulation 5.4 adds detail of the City's Risk Management Statements.
15. A full log of the revisions to the Financial Regulations are shown in Appendix 2.

Proposals

16. It is proposed that the updated Financial Regulations are approved. By approving these updated regulations, the City of London will have an up to date set of regulations which can be referred to for all Financial matters and will replace the out of date regulations from 2009.
17. Financial Regulations Part 2 are developed into a Finance Manual. The development of a Financial Manual will give Officers a practical guide to the financial processes and procedures required to uphold the Financial Regulations.
18. Delegate to the Chamberlain the updating of future amendments to the Finance Regulations where they relate to changes in officer responsibilities due to restructuring or a job title change and to update links to new document locations where appropriate.

Corporate & Strategic Implications

19. The updating of the Finance Regulations and creation of a Finance Manual supports the following strategic aims in the Chamberlain's department business Plan: -
 - To secure sound financial management and,
 - To ensure operational excellence

Implications

20. There are no financial implications arising from this report. The Comptroller and City Solicitors has been consulted in the preparation of this report and their advice has been incorporated within the updates to the Financial Regulations where appropriate.

Conclusion

21. That Committee approve the revisions to Financial Regulations.

Next Steps

22. Publish the updated Financial Regulations and develop Financial Regulations Part 2 into the Finance Manual.

Appendices

- Appendix 1 – Financial Regulations (2018)
- Appendix 2 – Revision Log from 2009 Financial Regulations

Theo Whitaker

Graduate Trainee, Chamberlains

E: theo.whitaker@cityoflondon.gov.uk