

## Appendix B

### Matrix of Amendments

#### Revisions to the City of London Financial Regulations 2018

A summary table of the changes to the relevant rules contained in the City of London Corporation Financial Regulations as approved by the Finance Committee on 11<sup>th</sup> December 2018 is provided below.

	<b>Section TITLE OF THE SECTION</b>	<b>Change</b>
<b>1</b>	Title Page	<ul style="list-style-type: none"><li>• 'Approved by the Finance Committee 11 December 2018' amended to 'Approved by the Finance Committee April 2021'.</li></ul>
<b>2</b>	Contents	<ul style="list-style-type: none"><li>• Additional sections included - Section 23 Document Retention and Section 24 Verification of Contractors &amp; Consultants Final Accounts.</li></ul>
<b>3</b>	Section I: Introduction	<ul style="list-style-type: none"><li>• The date in which this version of the financial regulations was approved by Finance Committee has changed from 23 January 2018 to April 2021.</li><li>• Reference to finance manual has been removed as this has now merged with the Financial Regulations.</li></ul>

4	Section II: Recent Version History	<ul style="list-style-type: none"> <li>• Table has been updated to include the recent updates/changes made to the financial regulations which will be subject to Finance Committee approval in April 2021.</li> <li>• The wording in the first paragraph has been slightly altered to reflect that this version of the Financial Regulations which now replaces the January 2018 version.</li> </ul>
5	Section 1: General	<ul style="list-style-type: none"> <li>• Paragraph 1.3 – Slight alteration to the wording on charities complying with the guidance issued by the Charity Commission.</li> <li>• Paragraph 1.6 – 1.10 – Wording taken directly from finance manual. These paragraphs cover areas including the Deputy Chamberlain being consulted in cases involving the interpretation of Financial Regulations, all IT expenditure and development work must conform to IT strategy, corporate IT standards and other guidance issued by City's IT Director.</li> <li>• The title Chamberlain's IT Director changed to City's IT Director.</li> <li>• Para 1.12 – UK added before the word GDPR and abbreviation DPA fully expanded to Data Protection Act.</li> </ul>

6	Section 2: Resource Allocation, Revenue Estimates and Capital Budgets	<ul style="list-style-type: none"> <li>• Paragraph 2.3 – 2.11 - Additional text included on the budget management process for revenue expenditure and income including chief officer responsibilities.</li> <li>• Paragraph 2.4 – Examples of local risk items taken from text within finance manual. Definition of recharge risk budgets included.</li> <li>• Sub heading 'Managing Budgets' deleted.</li> <li>• Sub heading 'Treatment of Year End Balances' included above the narrative on carry forward requests.</li> <li>• Paragraph 2.13 – Last sentence taken from finance manual. Reference to SO 48(9) has been added.</li> <li>• Paragraph 2.14ii - Bridge House Estates (charitable funding commitments) and Open Spaces Charities (fundraising budgets) included within the list of where separate carry forward arrangements apply. In addition, have made clear that it is the Managing Director of the Barbican Centre that can incur a deficit of up to £500k at any one time but this should be repayable in the next financial year. These deficits should be one off and not continuous from one year to the next..</li> <li>• Paragraph 2.14 iv – New wording. Clarification on carry forward arrangements in respect of Open Spaces fundraising income relating to donations and legacies to the Charities.</li> <li>• Paragraph 2.15 Central risk carry-forwards to be agreed by Chairman and Deputy of RASC to be consistent with local risk.</li> <li>• Paragraph 2.16 - New paragraph and heading on the formal process to agree the setting up of new reserve balances.</li> <li>• Paragraph 2.17 - Change of header name from Virement to Scheme of Virement.</li> <li>• Paragraph 2.17a – List of central risk items deleted and included in paragraph 2.4. Definition of a virement has been reworded.</li> <li>• Paragraph 2.17c – Text taken from finance manual detailing the rules around virements for the Barbican Centre Managing Director and the Commissioner of Police.</li> <li>• Paragraph 2.18 - 2.25 - Additional information added on the process of managing capital and supplementary revenue project budgets and virements of capital and supplementary revenue project budgets.</li> </ul>
7	Section 3: Accounting	<ul style="list-style-type: none"> <li>• Paragraph 3.5e – Deadline for which all three funds audited and published financial statements are to be presented to the Court of Common Council has changed from a fiscal date to in accordance with the statutory deadline.</li> <li>• Paragraph 3.8 – Text taken from finance manual which makes reference to where details of the City Corporation Finance Information System can be found.</li> </ul>

8	Section 4: Internal Audit	<ul style="list-style-type: none"> <li>Paragraph 4.1 – Text reworded to highlight the responsibilities of both the City Corporation and the Chamberlain in terms of compliance with the statutory requirements for Internal Audit. Additional wording also added with regards to the City Corporation complying with the Public Sector Internal Audit Standards (PSIAS).</li> <li>Paragraph 4.3 – New paragraph. Clarification on who the Head of Audit and Risk Management reports to.</li> <li>Paragraph 4.5 – Additional text included on responsibility of Officers to provide all information requested by Internal Audit.</li> <li>Paragraph 4.6 – Text taken from finance manual regarding the retention/destruction of financial records.</li> </ul>
9	Section 5: Risk Management	<ul style="list-style-type: none"> <li>Paragraph 5.5 – New paragraph inserted. Charities must follow the City's Corporate Risk Management Strategy and governance processes unless in conflict with charity law and regulatory requirements.</li> </ul>
10	Section 6: Treasury Management	<ul style="list-style-type: none"> <li>Paragraph 6.1– Rewording on the adoption of CIPFA's Code of Practice on Treasury Management by the Court of Common Council.</li> <li>Paragraph 6.2 (The Court of Common Council) - Updated their responsibility to include reviewing reports on treasury management policies and approval of annual strategy.</li> <li>Paragraph 6.2 (The Financial Investment Board and Finance Committee) – Inclusion of Financial Investment Board. Responsibilities updated to include approval of/amendments to the treasury management policy statement and treasury management practices, budget consideration and approval, approval of division of responsibilities and reviewing regular monitoring reports.</li> <li>Paragraph 6.2 (Audit and Risk Management Committee) – New subheading which adds responsibility of reviewing treasury management policy and procedures and making recommendations to the responsible body.</li> <li>Paragraph 6.2 (The Chamberlain) – The responsibility "The review of the Treasury Systems Document" has been removed.</li> </ul>

11	Section 7: Investments, Borrowing and Trust Funds	<ul style="list-style-type: none"> <li>• No changes.</li> </ul>
12	Section 8: Procurement	<ul style="list-style-type: none"> <li>• Paragraph 8.3 – The wording Form of Tender has been removed.</li> <li>• Previous paragraphs 8.4 and 8.5 deleted as information was covered by 8.1.</li> <li>• Paragraph 8.4 – Approval limit of the use of P Cards for all expenditure increased from £100 to £1000 per transaction in accordance with the P-card Policy.</li> <li>• Paragraph 8.5 – Reference to PO's being approved by Chamberlain's Commercial Director and authorised by appropriate Chief Officer or their nominee has been removed.</li> <li>• Paragraph 8.7 – 8.9 wording taken directly from 'Finance Manual: Procurement Paragraph 1, 2 &amp; 4' detailing that prompt notification must be given to Chamberlain's Insurance team in regards to any alteration to the insurance status from award of contracts, ex gratia and non-contractual claims from contractors being referred to Deputy Chamberlain and to the Comptroller &amp; City Solicitor for comments before settlement is reached and the Deputy Chamberlain examining final accounts for contracts to satisfy the accuracy of the accounts.</li> <li>• Paragraph 8.8 – Text added in regards approval being sought from Finance Committee prior to settlement being reached in regards to ex gratia and non-contractual claims from contractors.</li> </ul>

13	Section 9: Payments of Accounts	<ul style="list-style-type: none"> <li>• Paragraph 9.1 - Altering the authoriser to the Corporate Treasurer alone rather than both the Corporate Treasurer and Deputy Director of Financial Services for payments of £1m or more (paid via BACS or cheque).</li> <li>• Paragraph 9.2a - Inclusion of Faster Payments with CHAPS.</li> <li>• Paragraph 9.2b – Taken from Finance manual subheading ‘Payment outside CBIS or P-Cards’. Clarification on the process in which payment requests in foreign currency or sterling payment to a non-UK bank account should be made.</li> <li>• Paragraph 9.4 – Additional text added regarding requirement of CityProc-Data Team to update PO approval hierarchy in City Finance System and authorised signatories for PO exempt payments. With the data being collected from respective departments and services. Taken from the Finance Manual.</li> <li>• Paragraph 9.5 - Text amended slightly regarding the requester of the PO being responsible for goods receipting in the City Finance System.</li> <li>• Paragraph 9.6 - Breakdown on authorisation amounts and required personnel of which payments are to be made in advance of the receipt of works, goods or services. Wording and tabled information taken from Finance Manual.</li> <li>• Paragraph 9.7 – 9.8- Wording taken from Finance Manual ‘Advance Payments’, advising on completion of short business case including the risks being included within the request for advanced payment. Can use the P-card without further authorisation, when used in compliance with the P-card policy for making payments in advance.</li> <li>• Paragraph 9.9 – Additional wording on compliance with the Purchase Card Policy being mandatory and non-compliance resulting in disciplinary action.</li> <li>• Paragraph 9.10 – Additional wording added on invoices being sent directly to the Accounts Payable team.</li> <li>• Paragraph 9.11 – Removal of the City aiming to pay undisputed invoices from small/medium businesses within 10 days of receipt in accordance with the Procurement Code.</li> <li>• Paragraph 9.12 – Rewording of text taken from Finance Manual, detailing where payments to contractors shall be made on receipt of a valid VAT invoice and be accompanied by a certificate issued/signed by Corporation’s designated officer which confirms value of work completed for contracts with a value more than £250k.</li> <li>• Paragraph 9.13 &amp; 9.14 – Taken directly from Finance Manual: ‘Payment via Corporation Finance System’ detailing the need to further check and corroborate the function and authenticity of payments as per the PO.</li> <li>• Paragraph 9.15 - Taken directly from the Finance Manual: subheading ‘Cheques and Giros’ This details the responsibility of the CityProc team in terms of</li> </ul>
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		unused cheques. Reference to giros has been removed.
14	Section 10: Imprest Accounts (Petty Cash)	<ul style="list-style-type: none"> <li>• Paragraph 10.4 – 10.5 - Taken directly from the Finance Manual. Detailing the need to use the petty cash claim form and a secondary approver being used in order to get a reimbursement.</li> <li>• Paragraph 10.8 - Taken directly from the Finance Manual: 'How to administer an imprest account'. Change in reconciliation of imprest account from quarterly to monthly basis. This also details the annual closing process of imprest accounts/petty cash.</li> <li>• Paragraph 10.14 - Taken directly from the Finance Manual: 'How to administer an imprest account' stating if there are any irregularities affecting petty cash/imprest account then the relevant Chief Officer must notify the Deputy Chamberlain or Head of Internal Audit.</li> </ul>
15	Section 11: Travelling and Subsistence Claims	<ul style="list-style-type: none"> <li>• Paragraph 11.1a – Addition detailing items/services purchased on behalf of the City must not be reimbursed through the HR system and instead a P-card should be used, if not possible then can use accounts payable to make the payment request claim.</li> <li>• Paragraph 11.1b – Additional wording on officers making purchases on behalf of the City using their own funds, should ensure they have prior approval in order to ensure that the that claim will be paid.</li> <li>• Paragraph 11.2 – Additional wording on the P-Card being the preferred method of payment/reimbursement for business travel expenditure outside a corporate contract. Travel up to £1,000 reimbursed with a P-Card, when travel is booked according to the City Corporation's Travel Policy. Approval limit increased from £100 to £1000.</li> <li>• Paragraph 11.4 – Rewording to include the need for keeping copies of claims and VAT receipts for accounting and audit purposes.</li> </ul>

16	Section 12: Custody and Security of Assets	<ul style="list-style-type: none"> <li>Paragraph 12.4 - Taken directly from the Finance Manual: 'Assets'. Asset registers are required to itemise the date and cost of acquisition for assets acquired since 1<sup>st</sup> April 1990 and City Fund assets in excess of £1k. Chief officers are to maintain inventories for furniture and equipment within their control.</li> <li>Paragraph 12.5 – Clarification that authority to acquire new or add to existing assets with a value in excess of £50k is subject to Corporate Project Procedure or as required in accordance with standing orders.</li> <li>Paragraph 12.8 – New paragraph which clarifies that for acquisition of property, a completed acquisition statement shall be provided by Comptroller to Chamberlain prior to transaction completing.</li> <li>Paragraph 12.9 – 12.11 – Additional wording provided on the process/governance relating to the disposal of property/asset and the appropriate accounting treatment for disposals.</li> </ul>
17	Section 13: Insurance	<ul style="list-style-type: none"> <li>Chamberlain's Insurance Section amended to Chamberlain's Insurance and Risk Management Team.</li> <li>Paragraph 13.7 – Wording taken directly from the Finance Manual: 'Insurance'. Ensuring that Insurance team are notified of lost valuables belonging to private individual so that instructions can be given as to their recording and safe keeping.</li> </ul>
18	Section 14: Security and Data Protection	<ul style="list-style-type: none"> <li>Paragraph 14.5 – UK added in front of GDPR</li> <li>Paragraph 14.6 - Taken directly from the Finance Manual: 'Data Protection', detailing the requirement of responsible officers to comply with six data protection principles of GDPR, maintaining appropriate records such as Records of Processing Activities and doing Privacy Impact Assessment where necessary. Compliance required even when processing is contracted out to a 3<sup>rd</sup> Party.</li> <li>Chamberlain's IT Director changed to City's IT Director.</li> <li>Footnote at end of section removed.</li> </ul>
19	Section 15: Income & Banking Arrangements	<ul style="list-style-type: none"> <li>Paragraph 15.5 - Taken directly from the Finance Manual: Income &amp; Banking Arrangements. Detailing the need for departments to ensure reconciliation of amounts collected to the general ledger on a regular basis.</li> <li>Subheading 'Payments' removed.</li> <li>Paragraph 15.8 - Taken directly from the Finance Manual: Income &amp; Banking Arrangements detailing the procedure on the banking of money</li> <li>Paragraph 15.17 – Additional wording clarifying that the aggregate value shall be used where a series of debts are being proposed to be written off at same time</li> <li>Paragraph 15.21 – 15.23 – New text added in on Charitable Grant/Voluntary Income. For all charities for which the City is Trustee regard must be had to the Charities SORP in relation to the acceptance of grants/voluntary income.</li> </ul>



20	Section 16: Partnerships	<ul style="list-style-type: none"> <li>Paragraph 16.1b – update to clarify the involvement of CityProc especially when partnership could lead to a contract.</li> <li>16.1 c – Additional text added detailing Chief Officers being required to consult with Chamberlain to ensure expenditure and income transactions are correctly accounted.</li> <li>Paragraph 16.3 - Taken directly from the Finance Manual: 'Partnership'. Reference made to Concession Contracts and that further information on this can be found in the Procurement Code.</li> </ul>
21	Section 17: Grant-Making	<ul style="list-style-type: none"> <li>Paragraphs 17.1, 17.2, 17.3 - Taken directly from the Finance Manual: Grant Making. Detailing all grants awarded from charitable funds managed by the City, shall be made in accordance with the SORP. Accounting treatment of grant award/commitments when a constructive obligation exists is explained in detail.</li> <li>Paragraph 17.4 – Last sentence taken from finance manual which explains the need to take advice from Central Grants Unit if consideration is being given to not following the SORP guidance.</li> <li>Paragraph 17.5 – New paragraph added in respect of grants made by the City Corporation from its non-charitable funds to other organisations to undertake work that deliver a corporate outcome and the approval of such funding i.e. capital grant funding to Museum of London.</li> </ul>
22	Section 18: Salaries, Wages and Pensions	<ul style="list-style-type: none"> <li>Paragraph 18.5 – Amendment to wording. Line Manager's are required to use the HMRC's Employment Status Service tool. This must also be used to ascertain the employment status of other off payroll workers who do not fall under IR35 but should be engaged on fixed term contract or variable contract due to the nature of the work.</li> </ul>
23	Section 19: Inventories	<ul style="list-style-type: none"> <li>Paragraph 19.3 - 19.4 - Taken directly from the Finance Manual: This details the information that should be provided within the inventory and the need to keep an up to date record each time there is an acquisition and disposal.</li> <li>Paragraph 19.6 – Additional wording on the need for disposal proceeds to be considered on an aggregated basis where acquisition of an asset has been aggregated into capital project. Disposal proceeds of these assets to be taken centrally and not used to supplement local risk or project budgets.</li> <li>Paragraph 19.7 - Taken directly from the Finance Manual: Inventories. At least one copy of the inventory should be held separately from the assets it lists in case of a disaster. Backup copies needed of electronical copies also.</li> <li>Paragraph 19.8 – assets (excluding furniture and equipment) more than £1k must be notified to a registrar for its separate inclusion in the asset register.</li> </ul>

<b>24</b>	Section 20: Stocks and Stores	<ul style="list-style-type: none"> <li>Paragraph 20.3 - Taken directly from the Finance Manual: Stocks and stores. Checks and reconciliations of stocks and stores, if possible, should be taken in the presence of a person independent of the keeping of the stores concerned.</li> <li>Paragraph 20.5 – Wording taken directly from the 'Finance Manual detailing the procedure of returning goods.</li> </ul>
<b>25</b>	Section 21: Motor Vehicles	<ul style="list-style-type: none"> <li>Paragraph 21.7 - Taken directly from the Finance Manual: Motor Vehicles. Records must be maintained of deliveries and issues when department has their own fuel pump.</li> <li>Paragraph 21.8 – New wording on the treatment of proceeds from the disposal of fleet vehicles.</li> </ul>
<b>26</b>	Section 22: Entertainment & Hospitality	<ul style="list-style-type: none"> <li>Paragraph 22.2 – Original paragraph deleted. This listed the elements available through City People Self – Service for personal business expenses.</li> <li>Paragraph 22.2 - Taken directly from the Finance Manual: Hospitality. All other business expenses are to be purchased through P-cards/Petty Cash.</li> <li>Paragraph 22.3 – Rewording. All business entertainment expenses must be incurred in accordance with the City Corporation's Business Travel Policy and Travel and Subsistence Policy.</li> <li></li> </ul>
<b>27</b>	Section 23: Document Retention	<ul style="list-style-type: none"> <li>Taken directly from the Finance Manual</li> </ul>
<b>28</b>	Section 24: Verification of Contractors and Consultants Final Accounts	<ul style="list-style-type: none"> <li>Taken directly from the Finance Manual</li> </ul>
<b>29</b>	Hyperlinks	<ul style="list-style-type: none"> <li>Hyperlinks removed from all sections.</li> </ul>