
CONSTITUTION REVIEW - 2010/11

To: **Governance and Audit Committee – 15 March 2011**

By: **Corporate & Regulatory Services Manager**

Classification: **Unrestricted**

Ward: **N/A**

Summary: **To note the changes to the Financial Procedure Rules agreed by Council on 4 February 2011.**

For Decision

1.0 Introduction and Background

1.1 The Council is required by law to keep its Constitution under review and it discharges this obligation through the Constitutional Review Working Party which first considers all proposed constitutional amendments. The Working Party then makes recommendations to the Standards Committee, which in turn, makes recommendations to full Council.

2.0 Review Cycle 2011/12

2.1 The 2011/12 Review Cycle included proposals to amend the Council's Financial Procedure Rules in order to implement a high priority action in a Payroll Audit conducted in 2007. In that case the Auditor had recommended that that the responsibility for writing off bad debts be clearly set out in the Constitution.

3.0 Amendments to the Financial Procedure Rules in relation to Writing- Off Bad Debts

Constitutional Review Working Party -26 January 2011

3.1 Following consultation with the Chief Financial Officer (CFO), the Constitutional Review Working Party was asked to consider and approve amendments to the Financial Procedure Rules which would give the CFO the power to write off debts below £20,000 and to write off debts between £20,000 and £30,000 in consultation with the Cabinet Portfolio holder for Resources. All debts exceeding £30,000 would continue be reported to Cabinet for write off. The Constitutional Review Working Party agreed the proposed amendments and also recommended that a procedure be developed whereby all members receive regular reports concerning all debts written off at officer level.

Standards Committee - 8 February 2011

3.2 When the Standards Committee came to consider the recommendations of the Constitutional Review Working Party, it concluded that the write off thresholds were too high. Following a detailed discussion on the issue the Standard Committee decided recommended to Council that the CFO be authorised to write off debts up to £10,000 and be authorised to write off debts between £10,000 and £20,000 in consultation with the Portfolio holder for Resources. As a consequence, all debts proposed for write off in excess of 20,000 would be reported to Cabinet. The Standards Committee also recommended that the Monitoring Officer consults the CFO on the adoption of a procedure that enables Members to be informed of all debts proposed for write off in advance of write off. As this can be implemented without constitutional amendment it is intended to take suitable proposals to the next meeting of the Governance & Audit Committee.

Council - 24 February 2011

- 3.3 Council approved the recommendations of the Standards Committee. At the meeting held on 24 February 2011 and the approved amendments to the Financial Procedure Rules are set out for information purposed underlined in bold at **Annex 1**.

4.0 Corporate Implications

4.1 Financial

There are no direct financial implications arising from this report.

4.2 Legal

Council must approve all amendments to the Constitution.

4.3 Corporate

None

4.4 Equity and Equalities

There are no specific equity and equality consideration that need to be taken into account in relation to this report.

5.0 Recommendation

- 5.1 That the report and the amendments to the Financial Procedure Rules be noted.
- 5.2 That a report be received at the next meeting of the Governance & Audit Committee setting out proposals for a procedure whereby members are informed of debts proposed to be written off at officer level.

Contact Officer:	Harvey Patterson - Corporate & Regulatory Services Manager and Monitoring Officer
Reporting to:	Sue McGonigal, Chief Executive Designate

Annex List

Annex 1	Proposed Amendments to the Financial Procedure Rules: Regulation D ("Systems and Procedures") and Appendix D ("Financial Procedure Note – Financial Systems and Procedures")
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Background Papers

Title	Details of where to access copy
None	N/A

Corporate Consultation Undertaken

Finance	N/A
Legal	N/A