

NOTTINGHAM CITY HOMES**AUDIT COMMITTEE
1 MAY 2013****REPORT OF THE ASSISTANT DIRECTOR OF
FINANCE AND PROCUREMENT****STANDING ORDERS – DRAFT FINANCIAL REGULATIONS****1 SUMMARY**

- 1.1 Attached to this report is the Company's Standing Orders Part 2: The Financial Regulations (Appendix 1) which have been revised to ensure they are fit for purpose.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Audit Committee recommend the draft Financial Regulations to the Board for approval.

3 REPORT

- 3.1 The Financial Regulations of the Company form part of its overall system of financial and management control. The Articles of the Company, the Terms of Reference of the Board and its Committees, and the Standing Orders outline how the Company will be controlled and run. The Financial Regulations apply to every Board Member, Committee of the Board and staff member of the Company. They reflect the level and standard of financial management and control expected of partner organisations.
- 3.2 The Board approved the current Financial Regulations as part of the Company's Standing Orders, in November 2009. The draft Financial Regulations have been updated primarily to:
- Ensure they remain fit for purpose – notably through a reduction in the size of the document in line with best practice;
 - Reflect changes brought about by the newly implemented Oracle finance and payroll systems; and
 - Reflect recommendations made by the Company's Internal Auditors.
- 3.3 The draft Financial Regulations have been compiled in consultation with key managers across the Company and the Executive Management Team. The Company's internal auditors BDO LLP have also been consulted on the proposed changes and the draft document has been updated to reflect their suggested amendments. A copy of the existing Financial Regulations was circulated as part of the May Committee papers to enable members to review how the document has been updated and amended.
- 3.4 It is necessary to consult with the City Council on changes to the Financial Regulations to ensure that there is no divergence from the principles underlying their financial control systems. A copy of the

Regulations has been provided to the City Council's Head of Departmental Finance.

- 3.5 Where discussions with the City Council result in substantive, as opposed to minor amendments proposed to the draft Regulations, these will be brought to Board Member's attention prior to approval.

4 OTHER OPTIONS

- 4.1 Option to retain existing Financial Regulations was rejected due to need to bring the size of the document in line with best practice and to reflect changes brought about by the newly implemented Oracle finance and payroll systems.

5 FINANCE AND RISK IMPLICATIONS

- 5.1 Operating without policies and procedures in relation to tenders, contract and purchasing arrangements that are fit for purpose exposes the Company to significant risks in a number of areas e.g. financial standing, accountability and reputation. Therefore the revision and adoption of the Financial Regulations provides significant mitigation against such risks.

6 IMPLICATIONS FOR NOTTINGHAM CITY HOMES OBJECTIVES

- 6.1 Effective financial and governance arrangements are essential to enable the Company to be able to work towards achieving its objectives.

7 VALUE FOR MONEY & EFFICIENCY ISSUES

- 7.1 Robust financial and governance arrangements are a prerequisite for an efficient organisation. Authorisation, approval and other limits have been revised to improve efficiency whilst also ensuring that adequate controls, systems and procedures remain in place.

8 EQUALITY IMPACT ASSESSMENT

- 8.1 Has the equality impact of these proposals been assessed?
 Yes (EIA attached)
 No – report does not contain proposals which significantly impact on one particular user group and establishes standards and controls expected of all employees.

Effective policies and procedures will ensure that equality and diversity matters are supported by clear, transparent and unambiguous guidance for all staff and members as to their financial responsibilities.

9 BACKGROUND MATERIAL AND PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

- 9.1 Company's Standing Orders.
9.2 Draft Financial Regulations – Appendix 1

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