

South Lakeland District Council
Audit Committee
Wednesday, 5 December 2018
Review of Constitution

Portfolio:	Not applicable
Report from:	Assistant Director Resources (Section 151 Officer)
Report Author:	Helen Smith – Financial Services Manager
Wards:	Corporate Issue
Forward Plan:	Not applicable

1.0 Expected Outcome

- 1.1 This report is presented to enable consideration of the results of the Audit annual review of the Council's Constitution for consideration by Audit Committee. It includes a number of recommendations to increase the efficiency of the procurement process and to improve internal controls.

2.0 Recommendation

2.1 It is recommended that Audit Committee:-

(1) considers and refers to Council for approval the recommended amendments to the Constitution as set out in the appendices to this report.

3.0 Background and Proposals

- 3.1 The Audit Committee Work Programme for 2018/19 includes an annual review of the Council's Constitution. This review concentrates on the areas of the constitution with a direct impact on the financial controls of the Council contained within the Financial Procedure Rules and the Contract Procedure Rules. It also feeds into the Monitoring Officer's annual review of the Constitution.
- 3.2 The changes proposed are shown as tracked-changes in Appendix 1 and Appendix 2. They are:
- 3.2.1 To extend the current virement rules for revenue budgets to capital programme and reserves;
 - 3.2.2 To clarify terminology and update references to other documents;
 - 3.2.3 To propose more delegation around the use of reserves. Under the current arrangements approval to use reserves is needed from Council as part of the final accounts process but there is not a Council meeting between the finalisation of the reserve movements and the approval of the accounts by Audit Committee;
 - 3.2.4 To clarify that the Monitoring Officer can agree it is not expedient to comply with certain contract requirements, such as signing under seal or the use of Council policies. This reflects the growing use of framework agreements where the terms and conditions to be used

have already been agreed and will give the Council appropriate protection;

3.2.5 To remove references to paper tenders: all tender documents are now submitted electronically.

3.3 The changes proposed will apply from the date of Council approval for the remainder of the current financial year and subsequent years.

3.4 Further amendment of the Constitution will be required to reflect changes to the Leadership structure and other changes to job titles. These changes will be included in the Monitoring Officer's review of the Constitution and will not be separately reviewed by Audit Committee before submission to Council.

4.0 Consultation

4.1 The Monitoring Officer, Solicitor to the Council and Procurement and Contracts Manager were consulted over the proposed changes to the Contract Procedure Rules. All Operational Managers were requested to submit proposals for changes to make processes more efficient.

5.0 Alternative Options

5.1 It is good practice to regularly review the Constitution. The recommended changes give a balance between operational efficiency and strong internal controls.

6.0 Links to Council Priorities

6.1 Being efficient and transparent in our dealings with the public.

7.0 Implications

Financial, Resources and Procurement

7.1 This report has no direct financial implications. The proposals clarify the existing rules and will increase efficiency through reduced need to produce reports for minor decisions.

Human Resources

7.2 There are no direct Human Resources implications of this report.

Legal

7.3 There are no direct legal implications of this report.

Health, Social, Economic and Environmental

7.4 Have you completed a Health, Social, Economic and Environmental Impact Assessment? No

7.5 If you have not completed an Impact Assessment, please explain your reasons: The update of the finance and contract procedure rules have no direct HSEE implications.

Equality and Diversity

7.6 Have you completed an Equality Impact Analysis? No

7.7 If you have not completed an Impact Assessment, please explain your reasons: The update of the finance and contract procedure rules have no direct equality and diversity impacts.

Risk

Risk	Consequence	Controls required
Failure to review Constitution	Potential failings in the internal controls contained	A thorough review and assessment based on

Risk	Consequence	Controls required
Failure to have effective delegation to officers in place	within the Constitution Potential delays in decision making	external guidance

Contact Officers

Helen Smith, Financial Services Officer, 01539 793147, h.smith@southlakeland.gov.uk

Appendices Attached to this Report

Appendix No.	Name of Appendix
1	Recommended changes to the Financial Procedure Rules
2	Recommended changes to the Contract Procedure Rules

Background Documents Available

Name of Background document	Where it is available
Council Constitution	

Tracking Information

Signed off by	Date sent
Legal Services	20/11/18
Section 151 Officer	20/11/18
Monitoring Officer	20/11/18
SMT	20/11/18

Circulated to	Date sent
Assistant Director	20/11/18
Human Resources Manager	N/A
Communications Team	N/A
Leader	N/A
Committee Chairman	N/A
Portfolio Holder	N/A
Ward Councillor(s)	N/A
Committee	5/12/18
Executive (Cabinet)	N/A
Council	18/12/18