

# **EAST DUNBARTONSHIRE COUNCIL**

## **FINANCIAL REGULATIONS**

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## **1. INTRODUCTION**

- 1.1. Financial Regulations are integral to the Council's stewardship of public funds. Adhering to the Regulations ensures that all financial transactions of the Council are conducted in a manner, which demonstrates openness, integrity and transparency. These regulations form a significant part of the governance of the Council. The Regulations provide references to a number of linked documents, which form an integral part of the Financial Regulations. Some of the linked documents are intended for internal use and can only be accessed through the Council's Intranet site. The Policy and Resources Committee will be responsible for regulating and controlling the finances of the Council in conformity with these Regulations.
- 1.2. The Local Government (Scotland) Act 1994 requires Members to secure economy, efficiency and effectiveness in service provision. Section 95 of the Local Government (Scotland) Act 1973 requires all local authorities in Scotland to have adequate systems and controls in place to make sure that their finances are managed properly. They must also appoint an appropriate officer with the full responsibility for monitoring how they do so. These Financial Regulations set out the responsibilities of the Chief Executive, Depute Chief Executives & Chief Financial Officer, who has been appointed as the 'Proper Officer' per the Act along with the responsibilities of Executive Officers as appropriate.
- 1.3. The Financial Regulations should be read in conjunction with other Regulations of the Council including:
  - (i) Standing Orders
  - (ii) Schemes of Delegation and Administration
  - (iii) Disciplinary Procedures,

and with other legislation / regulations observed by the Council including:

- (a) The Data Protection Act
  - (b) CIPFA Code of Practice on Local Authority Accounting in Great Britain
  - (c) CIPFA Code for Treasury Management in Local Authorities
  - (d) The Prudential Code for Capital Finance in Local Authorities
- 1.4. In addition the Regulations listed above should be read alongside the Financial Regulations of the East Dunbartonshire Integration Joint Board (IJB) when dealing with budgets delegated to the Council by the IJB.

## **2. COMPLIANCE**

- 2.1. All officers employed within the Council must fully comply with the Financial Regulations. Failure to comply with the requirements contained within these Regulations and the associated guidance and procedures may result in an investigation under the Council's relevant disciplinary policy.
- 2.2. Any breach or non-compliance with these Regulations must, on discovery, be reported immediately to the Chief Finance Officer. The Chief Finance Officer may consult other officers.

including the Chief Executive, in order to determine the appropriate action. Employees who deliberately obstruct or unreasonably fail to provide information to Finance, Auditors or Investigation Officers within the specified period may be subject to disciplinary action. All budget holders must immediately notify the Chief Finance Officer of any budget that is or is likely to be overspent so that this can be reported through the relevant streams and dealt with accordingly.

### **3. RESPONSIBILITIES**

- 3.1 All officers employed by the Council, or by a company/trust etc. associated with the Council, whether or not their financial statements are consolidated in the Group Accounts of the Council, must ensure that all financial transactions are within the legal power of the authority.
- 3.2 **Responsibility of the Chief Finance Officer** - It shall be the responsibility of the Chief Finance Officer, or designated officer, to ensure that these Financial Regulations are kept up to date, revised where appropriate, and monitored for its effectiveness. Changes in Statute, professional guidance or Council policy that have a financial impact shall be reflected in the Financial Regulations. The Chief Finance Officer shall determine the detailed form of capital and revenue estimates. It shall be the responsibility of the Chief Finance Officer to keep Elected Members informed at all times on financial matters.
- 3.3 **Responsibility of Deputy Chief Executives/ Executive Officers** - It shall be the duty of each Depute Chief Executive / Executive Officer (including members of the HSCP) to ensure that these Financial Regulations, Local Code of Governance, and all associated documents, as listed within these regulations are made known to appropriate staff members and shall ensure full compliance with them. Each Depute Chief Executive / Executive Officer shall prepare revenue and capital estimates in respect of their Service after consultation with the Chief Finance Officer (or designated officer). Executive Officers shall ensure that the Chief Finance Officer (or designated officer) is informed of financial matters that will have a significant impact on the Service, seeking financial advice where necessary.
- 3.4 Depute Chief Executives / Executive Officers shall ensure that arrangements are in place to properly establish the correct liability, process and accounting for VAT. For major works, service reform and other changes in service delivery, full information must be provided to the Council's Principal Accountant responsible for VAT at an early stage of the planning. In response, the Principal Accountant will provide appropriate VAT advice. This will include identification of any potential risks, restrictions and/or liability to charge VAT on any identified income or funding. Appropriate mitigating actions will be recommended where required. Any VAT debt, including associated interest and/or penalty, arising from failure to adhere to this may be recovered against the budget of the particular Service. Similarly, any associated interest and/or penalty arising from improper operation of a tax in general may be recovered against the budget of the particular Service.
- 3.5 Executive Officers are also responsible for the submission of an Annual Statement of Internal Control and completion of an Annual Governance Questionnaire.
- 3.6 **Responsibility of Managing Directors and Chief Executives of Associated or Subsidiary Companies including Trusts.** It shall be the responsibility of all Managing Directors and Chief

Executives of associated or subsidiary companies, trusts etc. whose accounts form part of the Council's Group Accounts to adhere to the principles of good financial management. This will include the requirement to maintain their own regulations in relation to financial matters as required by accounting regulations relevant to their operations.

- 3.7 It is recognised that related companies and charitable trusts will be required to operate to different regulatory standards of financial accounting and reporting. In all other matters Managing Directors and Chief Executives will be expected to follow the principles laid down in these codes. Managing Directors and Chief Executives shall ensure that their organisation has sound Corporate Governance arrangements in place. Each will provide a return to the Council each year setting out adherence to these requirements.
- 3.9 **Responsibility of the Audit Manager** - The Chief Finance Officer has ultimate responsibility for the provision of the Internal Audit service to the Council. The management of Internal Audit is under the control of the Audit Manager. The Audit Manager also has a responsibility to ensure that all audit functions within the Council operate in accordance with best practice. It shall be the responsibility of the Audit Manager to provide the Chief Executive and Elected Members with an annual assurance statement, including annual audit opinion and co-ordinate a group of officers to compile the annual governance statement on behalf of the Chief Executive and Council Leader.
- 3.10 Executive Officers / Depute Chief Executives / Managing Directors / Chief Executives of associated or subsidiary companies and trusts will provide such assistance as the Audit Manager may require to provide assurance to the Chief Executive, Chief Finance Officer and Elected Members.
- 3.11 The purpose, authority and principal responsibilities of the Council's Internal Audit Section are laid out in the Audit Charter. The Audit Manager or duly authorised representative has unrestricted access to all Council records whether manual or computerised, cash, stores and other property, can obtain explanations, may enter Council property or land and has unrestricted access to all locations and officials, where necessary on demand and without prior notice.
- 3.12 The Audit Manager may from time to time engage specialist auditors from out-with the Council to carry out audit work. These auditors are the Audit Manager's representatives and will be afforded the same rights and privileges as a member of Internal Audit. The Chief Solicitor & monitoring Officer will ensure that all specialist auditors engaged by the Council will have full access rights as listed above.
- 3.13 Whenever any matter arises which involves, or is thought to involve, irregularities concerning funds, stores or other property of the Council, or associated or subsidiary companies and trusts or any suspected irregularity in the exercise of the functions of the authority, the Executive Officers / Depute Chief Executives / and Managing Directors / Chief Executive concerned shall notify in writing to the Audit Manager who shall take whatever steps are necessary by way of investigation and report.
- 3.14 The Audit Manager shall deal with such irregularities in accordance with the Council's Whistleblowing and Response Policy and following consultation with the Chief Executive or

Director of Governance and Solicitor to the Council shall, where appropriate, report the matter to the Police.

3.15 **Elected Members** - A Committee of the Council shall be charged with overseeing the work of the Audit function. The terms of reference for the Committee will be published in accordance with the standing orders of the Council. A full copy of the Committee's terms of reference can be found on the Council's Internet site

3.16 **External Audit** - The Council's External Auditor shall have the right of access to all records (electronic or manual), documents and correspondence relating to any financial or other transactions of the Council and receive such explanations as are necessary concerning any matter under examination. Officers of the Council, officers in associated or subsidiary companies, trusts etc. and officials of grant-aided bodies will ensure that these rights are given to External Auditors.

3.17 **Observance** - Any breach or non-compliance with these Regulations must on discovery be reported immediately to the Chief Finance Officer who may consult the Chief Executive and/or the Depute Chief Executive/ Executive Officers considered appropriate in order to determine the proper action to be taken.

#### **4. FINANCIAL ADMINISTRATION**

4.1. The Policy and Resources Committee will be responsible for regulating and controlling the finances of the Council in conformity with these Regulations.

4.2. The Policy and Resources Committee will keep under review the state of the Council's finances.

4.3. The Chief Finance Officer will, for the purposes of Section 95 of the Local Government (Scotland) Act 1973, be the Proper Officer, under the general direction of the Council and the Chief Executive, for the administration of the Council's financial affairs. In addition, the Chief Finance Officer is responsible for ensuring the legality of all expenditure and that it is not *ultra vires* the authority of both Members and Officers.

4.4. In addition to the provisions of these Regulations, the Chief Finance Officer may, from time to time, issue financial instructions in amplification of these Regulations, and may alter such instructions from time to time as may be considered appropriate. Subject to the approval of the Chief Finance Officer, the Chief Executive, Depute Chief Executives and Statutory Officers may also, from time to time, issue financial instructions relative to the functions of their service.

4.5. The financial aspects of any report to a Committee made by the Chief Executive, Depute Chief Executives or Statutory Officers must be the subject of prior consultation with the Chief Finance Officer who must be provided with full details of the financial implications prior to the report being finalised. The Chief Finance Officer must also be consulted by the Chief Executive, Depute Chief Executives and Statutory Officers before any commitment is incurred on matters delegated to them which are liable materially to affect the finances of the Council.

4.6. The Financial Regulations will be reviewed on an annual basis by, or on behalf of, the Chief Finance Officer, with changes being brought to the Council for approval.

4.7. It will be the duty of the Chief Executive, Depute Chief Executives and Statutory Officers to ensure that both Revenue and Capital expenditure is within the legal powers of the Council. In cases of doubt, the Depute Chief Executives and Chief Finance Officer should be consulted prior to any expenditure being incurred. Expenditure on new service developments, initial contributions to other organisations and responses to emergency situations must be clarified as to their legality prior to being incurred.

## **5. FOLLOWING THE PUBLIC POUND**

5.1. Where a Council task is carried out by a third party which receives finance from the Council regard must be given to the guidance in the COSLA / Accounts Commission following the Public Pound. The Chief Executive, Depute Chief Executives and Executive Officers will be responsible for ensuring that any funding relationships with external bodies, other than those which are operated on a contractual basis, are operated in accordance with the “Code of Guidance on Funding External Bodies and Following the Public Pound” issued by the Accounts Commission, the associated COSLA Operational Guidance, and the Council’s own local guidance notes

## **6. PLANNING AND BUDGETING - COMMITTEES OF THE COUNCIL**

6.1. The Policy and Resources Committee will be responsible for determining and monitoring the medium/long term policy and resource framework for the future development of Council policies and programs, and will provide each Committee or Sub-Committee with such guidance as may be considered appropriate on the priorities to be followed in the preparation of the financial aspects of service plans generally, as well as annual and medium term budgeting estimates of revenue and capital expenditure.

6.2. The Policy and Resources Committee will, from time to time, consider such detailed procedural arrangements as may be considered appropriate for the preparation of the annual revenue and capital budgets to be followed by Service Committees. The budgets for both income and expenditure must be prepared in accordance with the Council’s budgeting principles and approved timelines in support of the Council’s Strategic Business Planning.

6.3. The Depute Chief Executive and Executive Officers, in consultation with, and with the assistance of, the Chief Finance Officer, will be responsible for the preparation of detailed estimates in respect of both capital and revenue expenditure for the ensuing financial year and later years in accordance with the medium and long-term financial planning cycle. These will be prepared in accordance with the guidelines and procedural arrangements approved from time to time in terms of Paragraphs 5.1 and 5.2 above. The Chief Executive, Depute Chief Executives and Executive Officers shall keep the Conveners of their Committees fully informed of all Capital and Revenue Estimates.

6.4. The draft revenue estimates, together with such directions as may be made by Council, including such recommendations relating to the fixing of the Council Tax and rates of charges for the forthcoming financial year(s), will be submitted to the Council at a meeting to be held no later than the date prescribed by statute and set by the Council. Council will revise the estimates as it

may consider appropriate, approve them as so revised, authorise the expenditure, determine the Council Tax and rates of charges to be levied, and pass such resolutions as may be required.

- 6.5. The draft capital estimates, will be submitted to the Policy and Resources Committee with recommendations from the Council's Corporate Asset Management Group. The draft capital estimates, together with such recommendations as may be made by the Policy and Resources Committee will be submitted to the Council. After considering the submissions and any recommendations by the Policy and Resources Committee, the Council will revise the estimates as considered appropriate, approve them as so revised, authorise (subject to the requirement to obtain all necessary Government authority) the expenditure, and pass such resolutions as may be required.
- 6.6. The Prudential Indicators will be determined in accordance with CIPFA's "Prudential Code for Capital Finance in Local Authorities", and will be submitted for approval to the Council's Audit and Risk Management Committee.
- 6.7. The inclusion of items in approved revenue or capital budgets will constitute authority to the Committee or Chief Executive, Depute Chief Executives or Executive Officers as appropriate, in terms of the Scheme of Delegation, to incur such expenditure, save to the extent to which the Policy and Resources Committee or the Council has placed reservation on any such items. Expenditure on any such reserved matters may be incurred only when, and to the extent that, such reservation has been removed.

## **7. PLANNING AND BUDGETING – OFFICERS**

- 7.1. The Depute Chief Executives are responsible for preparing a revenue budget in accordance with guidance issued by the Chief Finance Officer. This should also reflect service planning arrangements. It is a legal, statutory duty and requirement of the Council to set a balanced budget i.e. expenditure cannot be more than the Council's income, including use of reserves.
- 7.2. The Depute Chief Executive - Place, Neighbourhood and Corporate Assets will be responsible for reviewing the requirement for any Trading Accounts in consultation with the Chief Finance Officer to ensure there is full awareness of the impact on other accounts of the Council.
- 7.3. The Chief Finance Officer will present the estimates to the Council for approval.
- 7.4. Depute Chief Executives are responsible for preparing a capital budget in accordance with guidance issued by the Corporate Asset Management Group. Guidance will be in accordance with CIPFA's "Prudential Code of Practice for Capital Finance in Local Authorities". Capital Projects must be sanctioned by the Corporate Asset Management Group prior to being presented to the Council for approval.
- 7.5. The Chief Finance Officer will be responsible for making recommendations on the overall affordability of the capital programme in accordance with the Prudential Code, through the calculation and application of Prudential Indicators.
- 7.6. The detailed format of the revenue and capital budgets should be developed jointly by the Depute Chief Executives and the Chief Finance Officer.

- 7.7. The Council follows the key principles of CIPFA's Prudential Code for Capital Finance in Local Authorities (the Prudential Code). The Chief Finance Officer will be responsible for making recommendations on the overall affordability of the capital programme in accordance with the Prudential Code, through the calculation and application of Prudential Indicators.
- 7.8. A budget is required for all revenue items which form part of the Council's budgets, including General Revenue Fund and Housing Revenue Accounts
- 7.9. The budgets for both income and expenditure must be prepared in accordance with the Council's budgeting principles and approved timelines in support of the Council's Strategic Business Plan. The budgets will be prepared jointly by the Depute Chief Executives and Chief Finance Officer.
- 7.10. The Chief Officer - Finance shall prepare a consolidated draft budget, incorporating a Medium Term Financial Plan, together with a report on its financial implications. This budget report must be submitted to the Council Budget meeting. Once approved by Council the Budgets will constitute the Revenue Budgets for the relevant financial year.

## **8. BUDGETARY CONTROL - CAPITAL EXPENDITURE**

- 8.1. It will be the duty of each Committee, the Chief Executive, Depute Chief Executives and Statutory Officers to monitor and control expenditure within the financial allocation provided in the Capital budget.
- 8.2. The Chief Finance Officer will provide services with access to appropriate the corporate Financial Management Systems that will provide statements of income and expenditure.
- 8.3. The Chief Finance Officer will report on the total Capital Programme to Members on a regular and timeous basis in accordance with the appropriate systems established and in place for the monitoring of income and expenditure. In the event of a major variance, the Policy & Resources Committee will consider appropriate action to bring the General Services Capital Programme back in line.
- 8.4. The Chief Finance Officer will monitor and report on the Council's performance against the Prudential Indicators and will recommend changes or corrective action when necessary.
- 8.5. It will be the duty of the Chief Executive, Depute Chief Executives and Statutory Officers to ensure that expenditure charged to Capital is provided for within the Capital Programme, that individual projects are in accordance with the criteria set out in the project bid approved by Council and that they meet the criteria of capital expenditure as defined with the relevant Accounting Codes of Practice. Clarification should be sought from the Chief Finance Officer or their representatives, if there is any doubt as to the capital nature of the expenditure.
- 8.6. It will be the duty of Depute Chief Executive of Place, Neighbourhood and Corporate Assets and the Chief Finance Officer, to submit capital budget monitoring reports every cycle (August to March) to Policy & Resources Committee. These reports will identify any variations in income or expenditure. If a project is expected to overspend the manner of how this will be addressed should be detailed in conjunction with the Corporate Asset Management Group.

- 8.7. It will be the duty of the Depute Chief Executive of Place, Neighbourhood and Corporate Assets and the Chief Finance Officer, to inform the appropriate Service Committee where it is forecast that the basic nature of the Capital Project has changed substantially from that approved within the Capital Programme.
- 8.8. It will be the duty of the Chief Executive, Depute Chief Executives and Executive Officers to ensure that any and all necessary Government approvals have been obtained prior to the commencement of a Capital Project.
- 8.9. All reports presented to Committee must specifically identify the extent of any financial implications, identifying cost/income variances in the current and future years, for both revenue and capital, and how these will be financed. This does not remove the requirement for revenue bids to be submitted to the annual revenue budget process or for capital bids to be submitted in accordance with guidance from the Corporate Asset Management Group.

## **9. BUDGETARY CONTROL - REVENUE EXPENDITURE**

- 9.1. It will be the duty of the Chief Executive, Depute Chief Executives and Executive Officers to monitor and control expenditure within the financial allocation provided in the Revenue Estimates. The budgets for both income and expenditure must be prepared in accordance with the Council's budgeting principles and approved timelines in support of the Council's Strategic Business Plan.
- 9.2. The Chief Finance Officer will provide services with access to the corporate Financial Management System and, will provide regular statements of income and expenditure to all service areas for their review. The Executive Officers should ensure that these statements are accurate and complete in order that reports can be prepared to Policy & Resources.
- 9.3. It will be the duty of the Chief Finance Officer, to submit budget reports to Policy and Resources Committees every cycle during August to March and to inform the Committee of any variations in income or expenditure. Any projected material variations, where adverse or favourable, will be highlighted and reported to the Committee for appropriate action.
- 9.4. The Chief Finance Officer will report on the Council's total Revenue Expenditure to members on a regular and timeous basis in accordance with the appropriate systems in place for the monitoring of income and expenditure.
- 9.5. Relevant Depute Chief Executives, in consultation with the Chief Finance Officer, are responsible for reporting on the financial performance of the Housing Revenue Account to the relevant Committee.
- 9.6. It will be the duty of the Chief Executive, Depute Chief Executives and Executive Officers to ensure that expenditure charged to the Revenue Account is provided for within the Revenue Estimates, unless:
  - A supplementary estimate has been agreed in principle by the appropriate Service Committee and approved by Policy and Resources; or

- In emergency situations in terms of any Schemes of Delegation; or
- As provided for in Section 7 of these Regulations - '*Virement*'.

Service Budgets are delegated and so are ultimately the responsibility of the relevant Executive Officers however for operational purposes these will be delegated to operational teams. These financial regulations and wider scheme of delegation provide a governance framework and guide as to how these are operated.

- 9.7. If it becomes apparent that any item of income and/or expenditure is likely to vary significantly (in excess of the virement limit) from that appearing in the Revenue Estimates, it will be the duty of the Chief Executive, Depute Chief Executives and Executive Officers, in conjunction with the Chief Finance Officer, to prepare a report for submission to the Policy and Resources Committee detailing the variance and the remedial action proposed. It is incumbent on Services to endeavour to reduce and minimise all operating costs where practicable.
- 9.8. No expenditure shall be incurred unless it can be met from an approved budget. For the avoidance of doubt, any officer who fails to comply with these Financial Regulation may be subject to disciplinary action.
- 9.9. These regulations should be reviewed in line with the Devolved Management of Resources (DMR), within Education, which should be reviewed every three years.
- 9.10. All reports presented to Committees must specifically identify the extent of any financial implications, identifying cost/income variances in the current and future years, for both capital and revenue, and how these will be financed. It will be the duty of the Chief Executive, Depute Chief Executives and Statutory Officers to ensure that no budget commitment is made which would result in the revenue budget cash limit being breached in future years, without prior approval from the Policy & Resources Committee.
- 9.11. It is important to note that any likely overspend of Revenue will have an impact on the Councils reserves (discussed below) and the future viability of the Council.

## **10. SUPPLEMENTARY ESTIMATES**

- 10.1. Any proposal for a supplementary estimate should relate to a new policy or variation of existing policy, which may have an impact upon the corporate plans of the Council and will be subject to the approval of the Policy and Resources Committee.
- 10.2. Supplementary estimates should not be sought for expenditure which is expected to be met from within the revenue and capital budgets and which is subject to agreed Budget Control Mechanisms. The financial regulation on virement is in place to facilitate this.
- 10.3. Requests for supplementary estimates can only be made once the service Depute Chief Executive has confirmed that the above criteria have been met, and approval has been given by the Chief Finance Officer.
- 10.4. Supplementary estimates must be approved by the Policy and Resources Committee.

## **11. VIREMENT**

- 11.1. A virement is the authorised transfer of a budget from one financial code to another. Any proposal for virement involving a new policy, or variation of existing policy, which may have a significant impact upon the corporate plans of the Council, will be subject to the approval of the Policy and Resources Committee. This is separate from a movement in budgets to reflect changed responsibilities or organisation structures.
- 11.2. The Chief Executive, Depute Chief Executives and Executive Officers may exercise virement within the overall Revenue Budget for the Service provided:
  - That where the virement is material and more than £100,000 there has been consultation with the Convener and Vice-Convener of the Committee on the matter, and that a report has been prepared for submission to the Policy and Resources Committee. Where this is not reported separately, it should be incorporated into the Corporate Budget Monitoring report to the Policy and Resources Committee;
  - Any virements over £100,000 that are based on redeterminations from the Scottish Government can be automatically applied to budgets but Executive Officers should prepare a paper to Policy & resources to note how this will be spent.
  - The Chief Finance Officer (or delegated officers) has been formally notified; and
  - The virement does not create an additional financial commitment into future financial years.
  - Virements under £100,000 only require to be authorised by the Executive Officer (and under £50,000 by the service manager).
- 11.3. The Chief Executive, Depute Chief Executives and Statutory Officers may exercise virement within the overall Capital Budget provided that:
  - Agreement has been obtained from the Council's Corporate Asset Management Group;
  - The amount of the individual virement does not exceed £100,000 or 10% of the approved Capital Expenditure Programme for the Service, whichever is the lesser sum;
  - There has been consultation with the Convener and Vice-Convener of the Committee and that a report has been prepared for submission to the Policy and Resources Committee. Where this is not reported separately, it should be incorporated into the Corporate Capital Monitoring report to the Policy and Resources Committee;
  - Where the virement required is for more than £100,000 a separate report should be prepared for “in principle” approval by the Service Committee, followed by full approval by the Policy & Resources Committee.
  - The Chief Finance Officer has been notified in writing; and
  - The virement of expenditure is to an existing project within the approved Capital Expenditure Programme.
- 11.4. The Education Service operates a scheme of Devolved School Management (DSM). This is governed by an approved Scheme of Delegation. Powers devolved to Head Teachers correspond

with that scheme rather than with general Financial Regulations in relation to virement. Changes in the DSM scheme in relation to virement must be approved by the Policy and Resources Committee every three years.

## **12. ACCOUNTING**

- 12.1. All accounting procedures and all accounting and related records of the Council and its Officers will be determined by the Chief Finance Officer in accordance with the relevant professional Codes of Practice. Where such procedures and records are maintained in a Service other than under the direct control of the Chief Finance Officer, the Chief Executive, the appropriate Depute Chief Executives or Executive Officers concerned will be consulted. All officers must ensure that they follow all year-end procedures.
- 12.2. All accounts and accounting records of the Council will be compiled by, or under the direction of, the Chief Finance Officer.
- 12.3. The following principles will be observed in the allocation of accounting duties:
  - The duties of providing information regarding sums due to, or by, the Council, and of calculating, checking and recording these, will be separated as completely as possible from the duty of collecting or disbursing them; and
  - Officers charged with the duty of examining and checking the accounts of cash transactions will not themselves be involved in maintaining these accounts.
  - Appropriate officers in each service will be required to ensure that all required Reconciliations are provided on a monthly basis to ensure financial records are correct.
- 12.4. The Chief Executive, Depute Chief Executives and Executive Officers shall, at dates to be specified by the Chief Finance Officer, submit:
  - A copy of the certified stock list for his/her department as at the end of the financial year (or any other date as laid down by the Chief Finance Officer);
  - All information relating to Grants; and
  - All information relating to leases; and
  - Any information required to allow Accountants to prepay or accrue amounts at the financial year end;
  - A certificate confirming that inventories of all moveable furniture, equipment, plant and other items kept on a continuous basis in all locations under his/her control; and
  - Any other information necessary to close the Council's accounts.
- 12.5. The Annual Accounts and Financial Statements of the Council and any other relevant body will be compiled by, or under the direction of, the Chief Finance Officer.
- 12.6. The Chief Finance Officer will advise the Chief Executive, Depute Chief Executives and Executive Officers of the specific timescales and deadlines set in order to complete the Abstract of Accounts by the statutory deadline.

12.7. The Chief Executive, Depute Chief Executives and Executive will submit to the Chief Finance Officer all information necessary, including that specified in 11.4 above, to close the Accounts as detailed in the Guidance Notes and Procedures issued annually to each service.

## **13. IMPRESTS**

13.1. The Principal Accountant responsible for income management (and under the general direction of the Chief Finance Officer) will provide such imprests as considered appropriate for such officers of the Council as may require them for the express purpose of defraying petty cash and other expenses.

13.2. Where appropriate, the Principal Accountant will open a bank account for use by the imprest holder who will not cause such account to be overdrawn. Bank accounts will not be opened by any officer other than the Principal Accountant.

13.3. Subject to the approval of the Principal Accountant responsible for Income Management, the Chief Executive, Depute Chief Executives and Statutory Officers may determine arrangements to enable minor items of expenditure, which are considered reasonable and appropriate by the Principal Accountant, to be paid from imprest accounts. Such payments will be supported by receipted vouchers, whenever possible.

13.4. No income received on behalf of the Council may be paid into an imprest account, but must be deposited in the Authority's main bank account(s), or paid over to the Authority in a form as provided elsewhere in these Regulations.

13.5. An officer responsible for an imprest will, when requested, provide the Principal Accountant responsible for Income Management with a certificate as to the state of the imprest.

13.6. Officers will be personally responsible for imprests which they hold, and, on leaving the employment of the Council or otherwise ceasing to be entitled to hold an imprest, they shall account to the Principal Accountant responsible for Income Management for the amount advanced. A formal record of this accounting will be retained within the service department concerned for inspection.

13.7. All imprest accounts will be maintained in accordance with guidance notes issued by, and under the general direction of, the Principal Accountants. Reconciliations of any imprest accounts should be sent to the Principal Accountant on a monthly basis.

13.8. The Principle Accountant should review the use of imprest accounts, including card holders on an annual basis.

## **14. INCOME**

14.1. As part of the Annual Budgeting process, the Chief Finance Officer will advise of a standard change to income from fees and charges.

14.2. The Chief Executive, Depute Chief Executives and Executive Officers will, in consultation with their respective Conveners, review specific charges or tariffs for their service as required.

- 14.3. The Chief Executive, Depute Chief Executives and Statutory Officers will furnish the Principal Accountant responsible for income management (under the general direction of the Chief Finance Officer) with such particulars in connection with work done, goods supplied, or services rendered, and of all other amounts due, in such detail as may be required by the Principal Accountant, to ensure that all monies due to the Council are correctly recorded and properly accounted for.
- 14.4. Within the remit of the particular service, the Chief Executive, Depute Chief Executives and Executive Officers will notify promptly the Principal Accountant of all monies due to the Council, and of contracts, leases and other agreements, and any other arrangements entered into, which involve the receipt of money by the Council.
- 14.5. Except as otherwise agreed with the Chief Executive, Depute Chief Executives and Executive Officers will, in respect of matters for which there is a legal or administrative responsibility, render accounts for all work done, goods supplied, services provided, and all other amounts so due, such accounts being rendered at such times, and at such frequencies, as may be determined by the Principal Accountant and Executive Officer – Customer & Digital Services.
- 14.6. All receipt forms, receipt ticket books, and other forms of accountable stationery used to record financial and related transactions, will be in a form approved by the Chief Finance Officer, and will be ordered, controlled, and issued to Services by, or under arrangements approved by, the Executive Officer – Customer & Digital Services.
- 14.7. No officer will give a receipt for money received on behalf of the Council on any medium other than an official receipt form or ticket provided or approved by the Chief Finance Officer for this specific purpose. This regulation will not necessarily apply for any monies received and for which a receipt is contained in a document under seal of the Council, and where the Chief Finance Officer has been advised of the execution of the document and the sum of money received.
- 14.8. All monies received by an employee on behalf of the Council will, without delay, be passed directly to the Revenues and Benefits, or as may be directed, to the Council's bank account, or transmitted directly to any other body or person entitled thereto. No deduction may be made from such monies save to the extent that the Executive Officer – Customer & Digital Services may specifically authorise.
- 14.9. Personal cheques will not be cashed out of any monies held on behalf of the Council, nor can personal cheques be substituted for cash collected on behalf of the Council.
- 14.10. Every transfer of official money from one member of staff to another shall be evidenced in the records of the service concerned by the signature of the receiving Officer.
- 14.11. No debt in respect of an amount due to the Council, once correctly established, will be discharged otherwise than by payment in full, or by a resolution of the Policy and Resources Committee authorising the writing-off of the debt or the unpaid portion thereof, except that the Chief Finance Officer may write it off where:

- there are good and sufficient reasons for so doing (including circumstances where:- the debt is not economic to pursue; the debtor is deceased with no prospect of collection from an estate; the debtor is in Liquidation; there is a Sheriff Officer recommendation; the debt is outwith statutory prescribed periods); or
- the sum due on residual balance is less than £2,000

14.12. The Principal Accountant may authorise write off subject to 10.11 where the sum due is less than £500.

#### **14.13. COUNCIL TAX AND NON-DOMESTIC RATES**

##### **Council Tax**

The Chief Finance Officer will ensure that;

- An accurate Council Tax bill is issued to every property contained in the valuation list based on bandings determined by the Valuation Joint Board, levying the Council Tax charge for that band as declared by the Council and applying such reliefs, exemptions and discounts as are due to the Council Tax Payer.
- There are proper accounting arrangements and payment facilities in place to enable payments to be posted to and accounted against the Council Tax Payers' accounts and issue appropriate receipts, where requested.
- There are arrangements in place to issue appropriate follow up notices for unpaid Council Tax.
- Appropriate arrangements are in place to ensure that in the event of non-payment, agents are employed to effect appropriate diligence to secure recovery.
- There are arrangements in place to refund sums overpaid by a Council Tax payer.
- Information is provided regarding entitlement to reliefs and discounts.
- There are arrangements in place to regularly review all exemptions, discounts, and reliefs awarded, in order to ensure that they are only awarded in valid circumstances.
- Write-off arrangements are consistent with 13.11 above.
- Any amendment to Council Tax is authorised at Council through the appropriate means.

##### **Non Domestic Rates**

The Chief Finance Officer will ensure that;

- An accurate Non Domestic Rates bill is issued to every property in the Valuation Roll based on the Rateable Value determined by the Valuation Joint Board, levying the National Non Domestic Rates as declared and applying any reliefs due by the Rate Payer.
- There are proper accounting arrangements and payment facilities in place to enable payments to be posted to and accounted against Rate Payers' accounts and issue appropriate receipts, where requested.

- There are arrangements in place to issue appropriate follow up notices for underpaid and unpaid Non Domestic Rates.
- Appropriate arrangements are in place to ensure that in the event of non-payment, agents are employed to effect appropriate diligence to secure recovery.
- There are arrangements in place to refund sums overpaid by a Rate Payer.
- Information is provided to Rate Payers regarding entitlement to reliefs and discounts.
- There are arrangements in place to regularly review all reliefs awarded, in order to ensure that they remain valid.
- Write-off arrangements are consistent with 13.11 above.

## **15. GOVERNMENT GRANTS**

- 15.1. The Chief Finance Officer shall be advised timeously of all the relevant information necessary to submit or certify applications for Government Grants due to the Council. This information, although held centrally by the legal team, requires to be passed to Finance to ensure recorded correctly.
- 15.2. All such grants received are to be paid directly to the Executive Officer responsible for such grant and processed in accordance with the regulations as set in Section 14 Income, Subparagraph 14.8 (“*All monies received by an employee on behalf of the Council will, without delay, be passed directly to the Executive Officer- Customer & Digital Services, or as may be directed, to the Council’s bank account, or transmitted directly to any other body or person entitled thereto. No deduction may be made from such monies save to the extent that the Customer and Shared Services Manager may specifically authorise*”).
- 15.3. The Council has to account for and provide disclosures in relation to grants and contributions in accordance with IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*, except where adaptations to fit the public sector are detailed in the Code. This will ensure that income related to grants is appropriately coded in the relevant year.

## **16. BANKING ARRANGEMENTS AND CHEQUES**

- 16.1. All arrangements with the Council’s bankers will be made by, or under arrangements approved by, the Chief Finance Officer, who shall be authorised to operate such bank accounts as may be considered necessary for the running of the Council.
- 16.2. All cheques and other forms enabling payment to be made from any Council bank account, but excluding cheques drawn on authorised imprest accounts, will be ordered only on the authority of the Chief Finance Officer, who will ensure that proper arrangements have been made for their safe custody, and that adequate controls exist over the usage and production of cheques.
- 16.3. Cheques drawn on the Council’s main bank accounts will bear the facsimile signature of Chief Finance Officer or be signed by the Chief Finance Officer, or other officers authorised to do so by the Policy and Resources Committee. All computer generated and manually raised cheques must be accounted for as an integral part of the bank account reconciliation process.

- 16.4. All arrangements for the receipt and payment of monies using the Clearing House Automated Payment System (CHAPS) and the Bankers Automated Clearing Services (BACS) will be made by, or under arrangements approved by, the Chief Finance Officer. This must be done in communication with the relevant Principal Accountant to ensure that cash flows are considered.
- 16.5. The treatment of monies collected shall be as follows;
  - All monies received shall be paid into the Council's bank accounts daily or remitted to the Chief Finance Officer without delay at such intervals as may be approved by the Chief Finance Officer
  - All money received by an officer on behalf of the Council shall without delay be remitted to the Chief Finance Officer, or as otherwise directed, to the Council's bank accounts.
  - No deduction may be made from such money save to the extent that Chief Finance Officer may specifically authorise.
  - Each officer who banks money shall enter on the paying-in slip a reference to the source of the income.
  - Maximum limits for cash holdings shall be agreed with the Chief Finance Officer and shall not be exceeded without express permission.
- 16.6. Council bank accounts shall only be opened or closed with the approval of Chief Finance Officer, or nominated officer (in line with the Financial Services Scheme of Delegation).
- 16.7. All bank accounts must be reconciled on a monthly basis, and those reconciliations must be returned to the responsible Principal Accountant.
- 16.8. The responsible Principal Accountant will review bank accounts in use on an annual basis as well as associated items e.g. signatories.

## **17. PAYMENT OF ACCOUNTS**

- 17.1. All payments of monies due from the Council are controlled through the Executive Officer – Organisational Transformation (except imprest payments made under Regulation 12.3) will be by cheque or other instrument drawn on, or by, the automated transfer of funds from the Council's main bank account(s).
- 17.2. The Chief Executive, Depute Chief Executives, and Executive Officers issuing an order is responsible, except as otherwise specifically arranged with the Executive Officer – Organisational Transformation or the Chief Finance Officer, for examining, verifying, and certifying the related invoice(s) and other appropriate related documentation, and similarly for any other payments generated within the Service, which may not be supported by an invoice or voucher from a third party. Such certification will be a signature in manuscript by, or on behalf of, the Chief Executive, Depute Chief Executives and Executive Officers or the Chief Finance Officer. The names of officers authorised to sign such records will be sent to the Chief Finance Officer by the Procurement Manager, together with specimen signatures, and will be amended on the occasion of any change. This authorised list will be updated annually (or as officers change).

17.3. Before certifying an invoice or other payment document, the certifying officer will have to be satisfied that;

- the work, goods, or services to which the invoice relates have been received, carried out, examined, and approved;
- the prices, extensions, calculations, trade discounts, other allowances, credits, and Value Added Tax (VAT), and any other applicable taxes, are correct;
- the relevant expenditure had been properly incurred, and is within the relevant estimate provision subject to these Regulations;
- appropriate entries have been made in inventories, stores records, or stock books, as required;
- the invoice had not been previously passed for payment;
- the invoice is in the name of the Council, or an integral part of it; and
- the charge is a proper liability of the Council.

17.4. Duly certified invoices will be passed, without undue delay, to the Accounts Payable team (under the supervision of the Executive Officer - Organisational Transformation) for payment, and may be examined to the extent considered necessary, for which purpose the Chief Finance Officer shall be entitled to make such enquiries, and to receive such information and explanations, as may be required. In the case of electronic feeders, invoices are input locally within the Service subject to the standard creditor invoice procedures and then processed directly for payment via the Chief Finance Officer. This must be carried out in line with East Dunbartonshire's Procurement regulations.

17.5. The Chief Executive, Depute Chief Executives and Executive Officers have a duty to ensure that invoices are processed for payment as soon as possible following receipt. The normal measure of performance for the payment of invoices is within 30 days from the date of the invoice, with some suppliers having agreed shorter terms with the Council. There is a duty on Executive Officers not to put the Council at risk of incurring interest payments for the late payment of invoices.

17.6. The Chief Executive, Depute Chief Executives and Executive Officers will, as soon as possible after 31 March in any given year, notify the Chief Finance Officer, by a date which may be specified each year, of all significant outstanding expenditure relating to the previous financial year.

17.7. As a general practice, payments made on behalf of the Council for goods and services received will be made only against original and unaltered invoice documentation. However, and in exceptional circumstances only, payments may be made against duplicate invoices but only with the express approval of the Chief Finance Officer or Executive Officer - Organisational Transformation. The same verification, validation and approval process applicable for original documentation will also apply in cases where duplicate invoices have been presented.

## **18. SALARIES, WAGES AND PENSIONS**

- 18.1. The Chief Executive, Depute Chief Executives and Executive Officers will keep such records and provide such information with regard to salaries, wages and other emoluments as the Team Leader - Payroll (under the general direction of the Executive Officer – Organisational Transformation) may require, and will be responsible for the accuracy and authenticity of such information.
- 18.2. The payment of all salaries, wages, pensions, compensations and other emoluments to all employees, former employees and Elected Members of the Council, and all other payments made to employees as a consequence of their employment by the Council, will be made by the Team Leader - Payroll under arrangements approved from time to time by the Council.
- 18.3. The Chief Executive, Depute Chief Executives and Executive Officers will notify the Depute Chief Executive of Education People & Business, and the Team Leader - Payroll as soon as possible (including use of iTrent system), and in a prescribed form and manner, of all matters affecting the payment of such emoluments, and in particular:
  - appointments, including temporary and casual appointments, resignations, dismissals, suspensions, secondments and transfers;
  - absences from duty for sickness or other reason, apart from approved annual leave;
  - changes in remuneration, other than normal increments and pay awards and agreements of general application; and
  - information necessary to maintain records of service for superannuation, income tax, national insurance, and other such related items.

This should include for Education notifying the School Managers & Co-coordinators

- 18.4. The Depute Chief Executive of Education, People & Business will keep the Council informed as to changes in conditions of service, superannuation benefits, and other relevant matters.
- 18.5. Appointments of all employees will be made in accordance with the procedures approved by the Council, and in accordance with the approved establishments, grades, and rates of pay.
- 18.6. All time sheets, expense claims, and other documents which form the basis of a payment to an employee of the Council, will be in a form agreed with the Team Leader - Payroll. The names of Officers authorised to sign such records will be sent to the Team Leader - Payroll by the Chief Executive, Depute Chief Executives and Executive Officers, together with specimen signatures, and will be amended on the occasion of any change.
- 18.7. Any notes of overtime must be authorised by the Depute Chief Executives or Executive Officers.
- 18.8. In relation to overpayments of salaries or wages, The Depute Chief Executive shall ensure that all reasonable steps are taken to recover any identified overpayments. Executive Officers & Managers are responsible for ensuring that Payroll is promptly notified of any leavers.
- 18.9. A reconciliation of costing to posts and people on the Payroll system should be carried out quarterly and sent to the Executive Officers to confirm.

18.10. Any employee debt will be reviewed to be recovered through payroll by the Executive Officer – Organisational Transformation and the Chief Finance Officer.

## **19. TRAVEL, SUBSISTENCE AND FINANCIAL LOSS ALLOWANCES**

19.1. All claims for payment of subsistence allowances, and travelling and incidental expenses will be submitted to the Team Leader - Payroll (under the general direction of the Strategic Lead – Organisational Transformation), duly certified in an approved form, and made up to a specified day of each month. The names of officers authorised to sign such records will be sent to the Team Leader- Payroll, by the Chief Executive, Depute Chief Executives and Executive Officers, together with specimen signatures, and will be amended on the occasion of any change.

19.2. The certification by the certifying Officer is authorising that the journeys were appropriate, the expenses properly and necessarily incurred, and that the allowances are properly payable by the Council.

19.3. Employees claims submitted more than one months after the expenses were incurred will be paid only with the express approval of the Team Leader - Payroll. If the Team Leader - Payroll does not approve the payment, the claim may then be subsequently submitted to Chief Finance Officer for consideration and resolution. Any expenses claimed after two months will not be paid unless expressly agreed by a Depute Chief Executive.

19.4. Payments to Members of the Council, including co-opted Members of any Committee or Sub-Committee, who are entitled to claim travelling or other allowances, will be made by arrangements approved by the Team Leader – Payroll.

## **20. INTERNAL AUDIT**

20.1. The Chief Finance Officer has a statutory duty and responsibility to ensure that all departments of the Council have made proper arrangements for the administration of their financial affairs. Once such arrangements have been put in place and are operational, the Internal Audit Team is the medium through which the effectiveness of the internal control mechanisms is monitored. Consequently, Internal Audit will conduct an independent, continuous review of the accounting, financial and other operations of the Council.

20.2. Internal Audit is not a substitute for effective control mechanisms, the determination of the extent of which are the responsibility of management. Management cannot place sole reliance on the existence of an internal audit function in place of effective internal controls. The Internal Audit Team will, therefore, examine, evaluate and report to management on the adequacy and effectiveness of internal controls, and it is then for management to implement findings and recommendations or accept the risk resulting from not taking action. The Audit Manager, and/or authorised representatives, have the full authority, on production of identification, to:

- enter, at all reasonable times, any Council premises or land;
- have access to all records, documents, and correspondence including any data held on computer storage media which relate to the operation, administration, and financial transactions of the Council;

- require and receive such explanations which are considered necessary concerning any matter under examination; and
- require any employee or agent of the Council to produce, on demand, cash, stores, or any other Council property under their control or to which they have access.

20.3. The Chief Executive, Depute Chief Executives and Executive Officers are required to notify the Audit Manager of all financial irregularities, or of any circumstances, which may suggest the possibility of such irregularities, including those affecting cash, stores, contracts, or property.

20.4. The Audit Manager will then take such steps by way of investigation and report as considered necessary, including informing the Chief Executive, Depute Chief Executives, Chief Finance Officer and in all cases where it appears that there may be a crime or offence involved,. A subsequent report may then be made by the Audit Manager to the Police in such circumstances of financial irregularity where it appears that an offence may have been committed, any such action being taken fully in accordance with the Council's approved '*Corporate Fraud and Corruption Policy*' or '*Anti-Bribery Policy*'.

## **21. INSURANCE**

21.1. The Executive Officer – Customer & Digital Services will arrange all insurance cover for the Council and negotiate all claims in consultation with other officers where necessary.

21.2. The Chief Executive, Depute Chief Executives and Executive Officers will give prompt notification to the Executive Officer – Customer & Digital Services of all new or increased risk to properties, vehicles, equipment, and other assets, which require to be insured, and of any alterations affecting existing insurances.

21.3. The Chief Executive, Depute Chief Executives and Executive Officers will advise the Executive Officer – Customer & Digital Services of any activities within their specific service remit, which might result in any person or corporate body having a claim against the Council, and where the risk of such an event could be covered by insurance.

21.4. The Chief Executive, Depute Chief Executives and Executive Officers will immediately notify the Executive Officer – Customer & Digital Services in writing, of any loss liability or damage or any event likely to lead to a claim, and shall inform the Police where there is a legal liability to do so, or where, after consulting the appropriate officers of the Council, they have been so advised.

21.5. The Depute Chief Executive of Education, People and Business, or a nominated officer, will be informed of all cases involving personal injury.

21.6. All appropriate employees of the Council will be included in, and covered by, a suitable fidelity guarantee insurance.

21.7. The Executive Officer – Customer & Digital will annually, or at such other lesser period as may be considered necessary, review all insurances in consultation with the Chief Executive, Depute Chief Executives and Executive Officers, as appropriate.

21.8. The Chief Executive, Depute Chief Executives and Executive Officers will consult the Chief Finance Officer, and the Executive officer - Legal & Democratic Services regarding the terms of any indemnity, which the Council is required to give.

## **22. TREASURY MANAGEMENT**

22.1. The Council adopts the key recommendations of CIPFA's *Treasury Management in the Public Services: Code of Practice* (the Treasury Management Code), as described in Section 4 of that Code.

22.2. Accordingly, the Council will create and maintain, as the cornerstones for effective treasury management:

- A treasury management policy statement, stating the policies and objectives of its treasury management activities.
- Suitable treasury management practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

22.3. The content of the policy statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the Treasury Management Code, subject only to amendment where necessary to reflect the particular circumstances of the Council. Any amendments will not result in the Council materially deviating from the Treasury Management Code's key recommendations.

22.4. The Council will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, and an annual report after its close, in the form prescribed in its TMPs.

22.5. The Council delegates responsibility for the implementation and monitoring of its treasury management policies and practices to the Policy and Resources Committee, and for the execution and administration of treasury management decisions to the Chief Finance Officer, who will act in accordance with the Council's policy statement and TMPs, and, if he/she is a CIPFA member, CIPFA's *Standards of Professional Practice on Treasury Management*.

22.6. All borrowing and lending will be effected in the name of the Council, and will be in accordance with the current version of Treasury Management Code.

22.7. All funds in the hands of the Council will be aggregated for the purposes of Treasury Management, and will be under the control of the Officer designated for the purposes of Section 95 of the Local Government (Scotland) Act 1973, referred to as the Chief Finance Officer.

22.8. The Chief Finance Officer will be the Council's registrar of stocks, bonds, and mortgages granted by the Council, and shall maintain records of all borrowing of money by the Council.

22.9. All investments of money under its control will be made in the name of the Council, or in the name of nominees approved by the Policy and Resources Committee. Bearer securities will be excepted from this regulation, but any purchase of such securities shall be reported to the Policy and Resources Committee.

- 22.10. All heritable securities which are the property of, or in the name of, the Council or its nominees, and the title deeds for all property in its ownership, will be held in the custody of the Chief Solicitor & Monitoring Officer.
- 22.11. In line with the treasury management Code, the Council will receive reports on its treasury management policies, practices and activities, including, as a minimum, an Annual Treasury Management Strategy, an interim treasury management report, and an Annual Treasury Management Report after its close, in the form prescribed in its treasury management code.
- 22.12. The Council follows the Local Government Investments (Scotland) Regulations 2010 (the Investment Regulations), which permit local authorities to make investments, and Finance Circular 5/2010 provides the consent of Scottish Ministers and sets out the requirements attached to the consent when local authorities make investments.
- 22.13. In line with the Investment Regulations the Chief Finance Officer will produce an Annual Investment Strategy and an Annual Investment Report after its close.
- 22.14. All reports produced will be submitted to the Audit and Risk Management Committee for scrutiny and to East Dunbartonshire Council for approval. This is except for treasury management strategy which shall be presented to the policy and resources committee with recommendations to Council and then to Audit & Risk for Scrutiny.

## **23. TRUST FUNDS**

- 23.1. All trust funds will, wherever possible, be in the name of the Council.
- 23.2. The Chief Finance Officer & applicable Executive Officers will ensure the proper and safe custody and control of all charitable funds held by the Council, and that all expenditure is in accordance with the conditions of the fund and the general law relating to charities.
- 23.3. Subject to Regulation 22.2, all officers, acting as trustees by virtue of their official position, will deposit all securities, etc. relating to the trust with Chief Finance Officer, unless the deed otherwise provides.
- 23.4. The Chief Finance Officer will ensure the proper and safe custody and control of all charitable funds held by the Council, and that all expenditure is in accordance with the conditions of the fund and the general law relating to charities.
- 23.5. The Chief Finance Officer will ensure that all trusts formally registered with the Office of the Scottish Charity Regulator (OSCR) comply with the relevant Scottish Charity Accounts regulations in force.

## **24. LEASING**

- 24.1. Subject to Standing Orders and the Scheme of Delegation of Powers, no leasing of equipment or capital assets should be undertaken on behalf of the Council without the prior approval of the Chief Finance Officer, Executive Officer – Legal & Democratic & the Executive Officer –

Organisational Change in consultation with the Depute Chief Executive Education, People & Business.

- 24.2. All leases must be effected in the name of the Council.
- 24.3. Financing of capital expenditure on all assets may be achieved through leasing or borrowing. In appropriate circumstances, services must have undertaken a funding options appraisal, which must be submitted to the Corporate Asset Management Group prior to being submitted to the Policy & Resources Committee for approval.
- 24.4. The Council shall account for leases in accordance with Accounting Regulations, except where adaptations to fit the public sector are detailed in the Code, when entering into a lease agreement provide copies of all documentation to the Chief Finance Officer.
- 24.5. The documentation for a lease must contain;
  - Commencement / inception date of the lease;
  - Contracts economic life;
  - Effective date if a modification is made;
  - Fair value of lease;
  - Initial Direct costs;
  - Interest rate implicit in the lease;
  - Lease term;
  - Lessees incremental borrowing rate; and
  - Period of use.
- 24.6. This documentation will be reported as required by accounting regulations.

## **25. ORDERS FOR WORK, GOODS AND SERVICES**

- 25.1. Official orders will be in accordance with the financial limits set within the Council's Scheme of Delegation and in a form approved by the Chief Finance Officer and Depute Chief Executive of Education, People & Business. The Chief Executive, Depute Chief Executives and Executive Officers will ensure that proper procedures exist for the custody, control, and authorisation of official order forms or electronic ordering systems. All Goods, Materials or services supplied to or work executed for the Council shall be ordered or confirmed in writing, in line with procurement guidance through the Executive Officer – Organisational Transformation, by means of.
  - the appropriate electronic procurement system,
  - written acceptance of a tender or offer and such acceptance will be signed only by officers authorised by the scheme of delegation.

Chief Officers should seek to eliminate the occurrence of off-contract spend.

25.2. Official orders will be issued to suppliers for all work, goods, or services to be supplied to the Council, except as follows:-

- Work, goods, or services which are covered by a prior written agreement which prescribed that payments will be made at certain intervals or under certain conditions;
- The metered element of telephone, gas, water, and electricity services but not the installation, alteration, or repair of such services;
- Periodic payments and statutory charges such as non-domestic rates;
- Purchases in cash for which reimbursement is made through an Imprest account; and
- Where the specific approval of the Chief Finance Officer has been obtained

25.3. Except as specifically agreed in writing with the Chief Finance Officer, all orders will be in via the Council's iProc system and will be given to the supplier in advance of any work, goods, or services being provided to the Council. However, in the view of the appropriate Executive Officer, the Chief Financial Officer, the Executive Officer – Organisational Transformation and the Chief Solicitor and Monitoring Officer, the contract is required so urgently that the use of such procedure is strictly necessary (for example, for the safety and protection of life and/or property), provided that such urgency has not arisen from circumstances attributable to the Council. In such circumstances a report will be submitted to the next meeting of the Policy and Resources Committee detailing the circumstances justifying the use of this exemption and the action taken

25.4. All orders will, by way of authorisation, be signed by the Chief Executive, Depute Chief Executives or Executive Officers, or by a person authorised via the approval hierarchy, with names and relevant information of such persons being supplied to the Chief Finance Officer.

25.5. Internal control arrangements must ensure a segregation of duties between the officer giving financial authorisation for a particular procurement transaction (i.e. the budget holder) and the person giving contractual authorisation through constituting a contract or by issuing a purchase order (the buyer), unless prior authorisation for iProc Self Approval has been secured. Any variation from this should be reported by the Corporate Procurement Manager prior to the transaction commencing to the relevant Executive Officer in line with Contract Standing Orders.

25.6. The person authorising any order will ensure that the expenditure to be incurred is legal, that funds have been provided in the budget to cover such expenditure, and that the order indicates clearly the nature and quantity of goods etc. to be supplied, any contract or agreed price relating thereto, and the budget head to which it is to be charged. Any expenditure where no budget exists should have prior approval through Policy & Resources Committee.

25.7. All aspects of the procurement process will be subject to the scrutiny of the Executive Officer – Organisational Transformation and must comply with the Corporate Procurement Strategy and Governance approach and any guidance or instructions issued. A copy of any order form or other information relating to the procurement transaction will, if so required, be supplied to the Chief Finance Officer or Executive Officer – Organisational Transformation.

25.8. Control of the approvers should be reviewed by Procurement on an ongoing basis to ensure that, for example, leavers are removed from the system.

## **26. INVENTORIES**

- 26.1. Inventories will be maintained on a continuous basis by all services, updated from invoices for new items as appropriate, and these will contain an adequate description of furniture, fittings, and equipment, plant, and machinery. The extent to which the property of the Council will be recorded and the form in which the inventories will be kept is to be determined by the Chief Executive, Depute Chief Executives and/or Executive Officers with the concurrence of the Chief Finance Officer. The Council's IT department has the responsibility for the maintenance of information technology (hardware and software) inventories.
- 26.2. The Chief Executive, Depute Chief Executives and Executive Officers will be responsible for maintaining an annual check of all items on the inventory, for taking action in relation to surpluses or deficiencies, and noting the inventory accordingly. Any material surplus or deficiency will immediately be notified to the Chief Finance Officer.
- 26.3. The Council's property will not be removed otherwise than in accordance with the ordinary course of the Council's business, or used otherwise than for the Council's purposes, except in accordance with specific directions issued by the Chief Executive, Depute Chief Executive and/or Executive Officer concerned.
- 26.4. Where an item on an inventory is surplus to Service requirements, the Chief Executive, Depute Chief Executives and Executive Officers will, before disposing of the item, consult other services within the Council with a view to the relocation of that asset into another relevant service area.

## **27. STOCKS AND STORES**

- 27.1. The care, custody and level of stock in any service area will be the responsibility of the Chief Executive, Depute Chief Executives or Executives, who will ensure that;
  - adequate arrangements have been made for the proper and secure storage of all stock;
  - stock levels are maintained at the minimum level sufficient to meet the operational requirements of the particular service;
  - all stocks received, issued, or otherwise disposed of, are accounted for in the manner prescribed by the Chief Finance Officer;
  - all stocks are checked at least once a year by persons independent of the day to day administration of those stocks; and
  - any surpluses or deficiencies found on stocktaking or at any other time, are investigated and reported to the Chief Finance Officer.
  - Any concerns on missing stock must be raised immediately with the appropriate Executive Officer and the Chief Finance Officer.
- 27.2. The Chief Finance Officer may, with the concurrence of the Chief Executive, Depute Chief Executive and/or Chief Officer concerned, write off losses of stock.

- 27.3. Surplus materials, stores, and equipment, will be disposed of by competitive tender or public auction except where the Chief Executive, Depute Chief Executives or Executive Officers, with the specific agreement of the Chief Finance Officer, certifies that the income likely to accrue from disposal is less than £1,000. No items, which collectively cost more than £5,000, can be disposed of without the approval of the Chief Finance Officer. Competitive tenders will be taken by the Depute Chief Education, People & Business or under arrangements approved by the Depute Chief Executive of Education People & Business.
- 27.4. An annual stock take must be performed on the last working day of the financial year and reported to Finance, if more than £5,000, with information requested from year-end guidelines.

## **28. PROTECTION OF PRIVATE PROPERTY**

- 28.1. The Chief Executive, Depute Chief Executives and Executive Officer will notify the Chief Finance Officer, in such form as may be required, of any case known where the Council had assumed a legal responsibility to prevent, or mitigate loss of, or damage to, movable private property, and will, in each case, cause an itemised inventory to be prepared in the presence of at least two Officers.
- 28.2. Where the Chief Finance Officer so determines, any valuables, such as jewellery, cash, or documents of sale, will be deposited for safe custody with the Chief Finance Officer.
- 28.3. Any person, who by virtue of employment with the Council is responsible for the custody or management of cash or property belonging to a third party, will, in so doing, employ standards of stewardship no less than those laid down in these Regulations and elsewhere for cash and property belonging to the Council.
- 28.4. Each employee will, if so required by the Chief Finance Officer or the Chief Executive, Depute Chief Executive or Executive Officer, provide immediately, a full and proper account of all cash and property received from, or on behalf of, a third party and will, if so directed, transmit such cash or property to any other specified person, or persons, who may be entitled to receive it.

## **29. SECURITY**

- 29.1. The Chief Executive, Depute Chief Executives and Executive Officers are responsible for maintaining proper security at all times for all buildings, stocks, stores, furniture, equipment, cash, etc. under their respective control. The appropriate officers will be consulted in any case where security is thought to be defective or where it is considered, or has been advised that, security may be inadequate, or that special security arrangements may be required.
- 29.2. The Chief Executive, Depute Chief Executives and Executive Officers will advise the Chief Finance Officer of all circumstances within the Service where cash is held, or is otherwise under the control of employees of the Council, and shall ensure that all amounts of cash so held or controlled do not exceed such amounts as may be prescribed by the Chief Finance Officer.
- 29.3. Keys to safes and similar receptacles containing cash or valuable documents or articles, will be carried on the person of those responsible, or be otherwise kept secure, and the Chief Executive, Depute Chief Executives and Executive Officers will, in each case, determine the person

responsible or approve the arrangements for keeping the keys secure. A register of all such keyholders will be kept in each Service area, and the loss of any such keys will be reported immediately to the Chief Executive, Depute Chief Executive and/or Executive Officers, and also the Chief Finance Officer.

- 29.4. All employees who may be required to receive or hold cash or property on behalf of the Council, and any such other employees or groups of employees as the Chief Executive, Depute Chief Executives and Executive Officers may direct, will be furnished with an identity card bearing a photograph of the holder, and must produce the card to any person having reasonable grounds for seeking verification of the identity of the holder.
- 29.5. The Chief Executive, Depute Chief Executives and Executive Officers whose areas receive payslips for distribution to employees will arrange adequate security measures, covering the payslips from the time of receipt until they are handed over to the individual employees. Payslips, which, for any reason cannot be distributed, will be returned to the Team Leader - Payroll with a written explanation of the appropriate circumstances.
- 29.6. The Chief Executive, Depute Chief Executives and Executive Officers will be responsible for ensuring that proper privacy and security is maintained in respect of information held on all computer systems and equipment operated by the Council, and that the requirements of the Data Protection Act 1998 and any other relevant legislation are fully complied with.
- 29.7. All employees and elected members will ensure that they comply with the Council's information security policies and guidance notes.
- 29.8. The Chief Executive, Depute Chief Executives and Executive Officers will ensure that the information held on any computer storage medium, and the use to which that information is put, is in accordance with Councils Policy on Data protection and data retention and the Principles of the Data Protection Act 1998.

## **30. VEHICLES, PLANT AND EQUIPMENT**

- 30.1. The Chief Executive, Depute Chief Executives and Executive Officers will be responsible for the operation and control of all vehicles in use within that particular service area in accordance with the Council's Fleet Management policies and procedures. For the purposes of these Regulations, the term '*vehicles*' will include all vehicles, mobile plant, and equipment, whether owned, leased, or hired by, or otherwise in the custody or control of, the Council.
- 30.2. Except as may be determined by an appropriate Committee of the Council, the Chief Executive, Depute Chief Executive and Chief Officer, or nominated Officer, will be responsible for ensuring that all vehicles are presented for service/maintenance as required by the Depute Chief Executive of Place, Neighbourhood and Corporate Assets or nominated Fleet Management Officer, and will take such steps as are considered necessary by way of action or advice, to ensure that all legal and safety requirements in respect of their operation are complied with.
- 30.3. All vehicles will be used only for the purposes of the Council, and by such persons and in such a manner as the Chief Executive, Depute Chief Executives and Chief Officer shall direct, and only

by employees who have been assessed and approved to drive Council vehicles by the nominated Fleet Management Officer.

- 30.4. No employee may take a vehicle home unless officially rostered for standby duty, and the vehicle is required for the performance of such duty, or the prior permission of the Chief Executive, Depute Chief Executive and/or Executive Officer has been granted, which permission will not be given unless such use of the vehicle is essential for the conduct of Council business. In such circumstances, the unofficial or unauthorised use of a vehicle, including the carrying of unauthorised passengers, is prohibited.
- 30.5. If any vehicle is involved in an accident, whether or not there is injury to any person or damage to any vehicle or property, the person in charge of the vehicle at the time of the accident will, not later than by the end of the current shift, or earlier if the nature of the accident so warrants, inform the Chief Executive, Depute Chief Executive or Executive Officer of the relevant circumstances, and will complete an accident report on the standard form, which will be forwarded immediately to Fleet Management.
- 30.6. All usage of vehicles will be recorded in such forms or log books as required by the nominated Fleet Management Officer.
- 30.7. All vehicles surplus to the requirements of a Depute Chief Executive or the Council will be returned to Fleet Management from where they will be disposed of in the most economically advantageous manner. Where leased vehicles are considered surplus to requirements prior to the end of their lease period, Fleet Management will negotiate the most economically advantageous terms for their early return, or, where possible, find an alternative use. The costs associated with the return of the leased vehicles prior to the contracted end of their lease period shall be borne by the user Service.

## **31. PROPERTY & ASSETS**

- 31.1. The Depute Chief Executive of Place, Neighbourhood and Corporate Assets will maintain a register of all properties owned or leased by the Council, recording the holding Committee, purpose for which the facility is held, its location, extent, and plan reference, purchase details, particulars or nature of third party interest and rent payable, and particulars of any tenancies granted.
- 31.2. The Depute Chief Executive of Education, People and Business will have the custody of all title deeds under secure arrangements.

## **32. RELATIONSHIPS WITH ARMS LENGTH EXTERNAL ORGANISATIONS**

- 32.1. The Chief Executive and Depute Chief Executives will be responsible for ensuring that any funding relationships with external bodies, other than those which are operated on a contractual basis, are operated in accordance with the “Code of Guidance on Funding External Bodies and Following the Public Pound” issued by the Accounts Commission, the associated COSLA Operational Guidance, and the Council’s own local guidance notes.

32.2. Elected Members and officers who are representatives or actively involved with such external organisations should declare their interest to the Depute Chief Executive of Education, People & Business.

### **33. BREACH OF REGULATIONS**

33.1. Every Committee, Sub-Committee, Member of the Council, Officer and Agent of the Council to whom these Regulations apply will observe the provisions of these Financial Regulations. It will be the duty of the Chief Executive and Depute Chief Executives to secure compliance with these Regulations, by ensuring that all employees and agents of the Council are made aware of them and their individual requirement to fully conform. Any breach of the Financial Regulations may invoke subsequent disciplinary action in accordance with the Council's approved and agreed disciplinary process.

33.2. Any breach or non-compliance with these Financial Regulations must, immediately upon discovery, be reported to the Chief Finance Officer who will discuss the matter with the Chief Executive and/or Depute Chief Executive of Education, People & Business and/or any other such Depute Chief Executive as may be appropriate in order to determine the proper action to be taken.

### **34. RISK MANAGEMENT**

34.1. The Corporate Risk Officer is responsible for ensuring that there is a consistent approach to risk management across the Council. The Corporate Risk Officer will present annually a review and update of the Corporate Risk Register. The Officer will report periodically to the Corporate Management Team and to the Audit & Risk Management Committee on the status of the Council's Risk Management arrangements. Executive Officers must ensure that appropriate Risk Management arrangements are established within their Service. A Service Risk Register must be drawn up and maintained by each Executive Officer. This may be supported by subsidiary divisional Risk Registers or project specific Risk Registers. Services will operate their risk management systems in accordance with corporate guidance. Executive Officers must have a comprehensive Business Continuity Plan(s) in place for their Service, covering all operational activities and locations. The relevant staff must be aware of, and properly trained to ensure the effectiveness of, the Plan. Plans should be tested at least annually.

### **35. RESERVES**

35.1. Council Policy on Reserves is applied in accordance with current best practice guidance included in LAAP Bulletin 99.

35.2. The Council has the ability to hold financial reserves under Section 93 (1) of the Local Government (Scotland) Act 1973. The Act includes the requirement for the Council to maintain a General Fund, as the main reserve.

35.3. In addition Schedule 3, Section 22 (1) of the Local Government (Scotland) Act 1975 sets out the option to establish a capital fund and/or a repair & renewal fund and sets the basis for an insurance fund that was subject to the further primary legislation as part of the Local

Government (Scotland) Act 1994. The 1975 act also requires that the Council establish a loans fund which will be part of the Council's General Fund.

- 35.4. The Local Government in Scotland Act 2003 provided the statutory basis for local authorities to create and maintain a pension reserve. This reserve was the necessary consequence of enhanced disclosers required in relation to pensions. It is requirement as good financial practice that the Council has a documented and approved Financial Reserve Policy. This policy concentrates on those 'usable', cash backed reserves, rather than those unusable balances constituted by revaluations, pensions, financial instruments etc.
- 35.5. Within the existing statutory and regulatory framework, it is the responsibility of the Chief Finance Officer to advise the Council about the level of reserves that it should hold and to ensure that there are clear protocols for their establishment and use. Reserves should not be held without a clear purpose.