

SOUTH LANARKSHIRE COUNCIL

FINANCIAL REGULATIONS

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FINANCE and IT RESOURCES
MAY 2007

1. INTERPRETATION

- 1.1 The Interpretation Act 1978 or any amending legislation, will apply to the interpretation of these Regulations as it applies to the interpretation of an Act of Parliament.
- 1.2 Reference in these Regulations to Chief Officers means a reference to the Chief Executive and Executive Directors or any one or more of them as the context may require.
- 1.3 Any matter requiring legal interpretation shall be referred to the Head of Legal Services as Solicitor to the Council.

2. GENERAL

2.1 New Policy Proposals Affecting the Council's Finances

- 2.1.1 Where a Committee proposes a new policy, a variation of an existing policy or a variation of the means or timescale of implementing an existing policy, which affects or may affect the Council's finances, a report will be submitted to the Executive Committee for consideration.

2.2 Matters Affecting Materially the Finances of the Council

- 2.2.1 Each Executive Director will consult the Executive Director of Finance and IT Resources with respect to any matter that is liable materially to affect the finances of the Council before any provisional or other commitment is incurred or before reporting thereon to another Committee.

2.3 Cross reference to Scheme of Delegation

- 2.3.1 It should be noted that the Financial Regulations should be read in conjunction with the Scheme of Delegation.

3. FINANCIAL ADMINISTRATION

3.1 Responsibility of the Executive Director of Finance and IT Resources

- 3.1.1 Subject to the terms of reference of Committees, the Executive Director of Finance and IT Resources will be the Proper Officer of the Council for the purposes of Section 95 of the Local Government (Scotland) Act 1973 for the administration of the financial affairs of the Council and the legislation in force from time to time to regulate the way in which the Council operates its financial affairs.

3.2 Executive Director of Finance and IT Resources as Adviser

- 3.2.1 The Executive Director of Finance and IT Resources will act as Financial Adviser to the Council and all its Committees.
- 3.2.2 The Executive Director of Finance and IT Resources will report to the Executive Committee with respect to the level of financial resources proposed to be utilised in each financial year by the Council and shall keep the Executive Committee informed as to the detailed administration and application of such resources. The Executive Director of Finance and IT Resources is charged with ensuring that adequate arrangements exist whereby committees are informed with respect to the financial implications of their activities.

3.3 Responsibility of the Finance and IT Resources Committee.

- 3.3.1 The Finance and IT Resources Committee will be responsible for regulating and controlling the financial activities of the Council within the guidelines determined by the Council and the legislation in force from time to time to regulate the way in which the Council operates its financial affairs.
- 3.3.2 The Finance and IT Resources Committee will be responsible for making and revising from time to time such Financial Regulations as it considers necessary for the supervision and control of the finances, accounts, income, expenditure and assets of the Council.

3.4 Responsibility of Resource Committees

- 3.4.1 Each Committee of the Council will at all times endeavour to secure value for money, make full use of all common supplies and services provided by any other Committee of the Council and encourage the use throughout Resources or services of best management techniques.
- 3.4.2 Each Committee will at all times be responsible for complying with Standing Orders and these Regulations in relation to all manner of contractual arrangements and other arrangements in relation to income and expenditure falling within its area of responsibility.

3. FINANCIAL ADMINISTRATION (cont.)

3.5 Responsibility of Executive Directors

- 3.5.1 Except in an emergency, and as authorised by Standing Orders (SO 5.2 – Competition Requirement as it relates to the circumstances set out in SO 11.3 (f) – Negotiated Procedure) or the Scheme of Delegation of Powers, each Executive Director will consult with the Executive Director of Finance and IT Resources with respect to any matter affecting the Executive Director's Resource Area which is liable to affect materially the finances of the Council before any provisional or other commitment is incurred or before reporting thereon to a Committee.
- 3.5.2 Each Executive Director should at all times endeavour to secure the best value for expenditure incurred by them, and monitor said expenditure incurred by them, with the objective of achieving the policies of the Council in terms of securing the best price for the required quality / standard and should be prepared to demonstrate their compliance with this regulation to the Executive Director of Finance and IT Resources. Executive Directors should comply with the Standing Orders relating to contracts where applicable.

4. FINANCIAL POLICY

- 4.1 The Executive Committee will advise the Council generally as to the financial and economic policies and the allocation and control of financial resources and the compliance with all statutory or other guidance relevant to the Council.

5. THE REVENUE BUDGET AND BUDGETARY CONTROL

5.1 Revenue Estimates

- 5.1.1 The detailed procedures for and form of Revenue Estimates will be determined by the Executive Director of Finance and IT Resources in accordance with the general directions of the Executive Committee.

5.2 Financial Plan for Revenue Expenditure

- 5.2.1 It will be the duty of each Executive Director, in conjunction with the Executive Director of Finance and IT Resources, to prepare Annual Estimates of Income and Expenditure on the Revenue Account in respect of the Executive Director's Resource Area in accordance with the guidelines laid down by the Executive Committee and to a timetable set by the Executive Director of Finance and IT Resources with the approval of the Chief Executive.
- 5.2.2 Each Executive Director will therefore provide timeously to the Executive Director of Finance and IT Resources all relevant information regarding the Resource Area's requirements and such details as may be required for the purpose of reporting to the Executive Committee on the financial planning of revenue expenditure including data on the levels of existing services.

5.3 Committee Approval

- 5.3.1 The Revenue Estimates will be considered by the appropriate Committee and the Executive Committee, and thereafter submitted to the Council for approval along with the recommendations by the Executive Committee as to the rate of Council Tax to be levied.
- 5.3.2 Any proposal to a Committee which would involve Committee approval as above shall be accompanied by a report from the Executive Director concerned and the Executive Director of Finance and IT Resources as to the sufficiency or otherwise of the financial provision thereof in the Revenue Estimates. All reports presented to Committee by Executive Directors must specifically identify the extent of any financial implications. Any such implications must be clearly stated in the reports to Committee, identifying cost and income in the current and future years and the impact on capital and revenue spending.
- 5.3.3 Each Member of the Council will be provided with a summary of the proposed Revenue Estimates together with a report by the Executive Director of Finance and IT Resources of the effect on the Council's finances and the rate of Council Tax to be levied before the meeting of the Council at which such matters will be considered.
- 5.3.4 No Resource will submit to a Committee any proposal that has financial implications without first consulting with the Executive Director of Finance and IT Resources.

5. THE REVENUE BUDGET AND BUDGETARY CONTROL (cont.)

5.4 Authorisation Procedure

- 5.4.1 The inclusion of an item of expenditure in the Revenue Estimates will confer authority upon the Executive Director to incur that expenditure, subject to the contractual provisions of Standing Orders and these Regulations, unless inclusion of the item is subject to further Committee consideration and approval.

5.5 Budgetary Control Statements

- 5.5.1 In liaison with Executive Directors and under arrangements approved by the Executive Director of Finance and IT Resources, all Committees will be provided with Budgetary Control Statements to allow a valid comparison of actual results with the estimated income and expenditure of the service.
- 5.5.2 It shall be the responsibility of each Executive Director concerned to provide such information as may be required for this purpose and to ensure that the heads of approved Annual Revenue Estimates are not overspent and that income and expenditure conforms to the requirements of Standing Orders and these Regulations subject to any variations which may have been agreed with the Executive Director of Finance and IT Resources due to special or unforeseen circumstances (See Financial regulation 5.7.1).
- 5.5.3 Each Executive Director will comment timeously on all Budgetary Control Statements to the Executive Director of Finance and IT Resources.
- 5.5.4 Executive Directors will also provide the Executive Director of Finance and IT Resources with whatever assistance and information considered necessary in order to ensure the effectiveness of the budgetary control system. This will include the allocation of budgets to cost centres and subjective/sub-analysis codes, the phasing of budgets over accounting periods, the explanation of budgetary variances and the determination of probable outturns.

5.6 Monitor and Review Performance

- 5.6.1 It will be the duty of each Committee to monitor or regulate its financial performance during the currency of each Estimate period.

5.7 Variances

- 5.7.1 Where it appears that the amount of any head of estimate of approved revenue income or expenditure has or may significantly deviate from that included in the Revenue Estimates, resulting in a significant change to the department's overall financial position, or impacting upon the policy of the Council, or revenue implications for future years, it will be the duty of the Executive Director concerned to consult with the Executive Director of Finance and IT Resources timeously.
- 5.7.2 If the Executive Director of Finance and IT Resources is advised that significant change is likely to the Council's overall financial position, the deviation involves a change of policy of the Council, or results in revenue implications for future years, a report will be provided for the Committee concerned in good time detailing the financial consequences to enable appropriate action to be taken timeously.

5. THE REVENUE BUDGET AND BUDGETARY CONTROL (cont.)

5.8 Exemptions

5.8.1 No Executive Director shall incur, and no Committee will cause or allow to be incurred, expenditure chargeable to the Revenue Account unless it has been included in the Revenue Estimates except: -

- (i) in emergency situations in consultation with the Chair and appropriate Chief Officers and thereafter reported to the appropriate Committee and the Policy and Resources Committee.
- (ii) as authorised by the Scheme of Delegation.
- (iii) as authorised by Standing Orders.

SO 3 Exemptions 3.1 – 3.6 subject to the express terms of SO 5 – Competition Requirement, SO 3 – Exemptions 3.7

5.9 Virement

5.9.1 Any proposal for virement will be discussed and agreed with the Executive Director of Finance and IT Resources in advance.

5.9.2 Unless excepted by a scheme of devolved management approved by the Executive Director of Finance and IT Resources, virement will be permitted only after consultation with the Executive Director of Finance and IT Resources in the following circumstances:-

- (i) where the proposal for virement is less than £100,000 and does not involve a change in the policy of the Council, the transfer will be agreed between the Executive Director of Finance and IT Resources and the Executive Director concerned, with the provision that there are no ongoing revenue consequences and the transfer would not involve a change of policy of the Council.
- (ii) where the cumulative amount exceeds £100,000 in the financial year and/or involves a change in the policy of the Council the transfer will be approved by the appropriate Committee.
- (iii) if the transfer has revenue implications for future years then the approval of the Executive Committee must be obtained.

5.10 Additional Expenditure

5.10.1 No expenditure may be incurred for an individual revenue project estimated to cost above £100,000 unless and until the project has been the subject of a report to the Executive Director of Finance and IT Resources as to the estimated annual income and expenditure which will arise from the project. The report should include a reference to the extent to which the project has been included in the Revenue Estimates for that year and shall seek permission to go to tender, where appropriate.

5.10.2 Any item of expenditure of an 'emergency' nature is subject to Section 7 Emergency Expenditure.

6. THE CAPITAL BUDGET AND BUDGETARY CONTROL

6.1 Capital Programme

- 6.1.1 The annual Capital Programme will detail committed capital projects and new capital projects on which the Council intends to incur expenditure. This will form part of an approved programme, which will be revised on an annual basis. The length of the approved programme may vary.
- 6.1.2 The Capital Programme will also detail the various funding sources used to finance the capital expenditure. This will provide the basis for the calculation of the Prudential Code indicators.
- 6.1.3 It is the duty of the Executive Director of Finance and IT Resources to determine the procedures for and co-ordinate the preparation of a Capital Programme for capital expenditure on Non Housing projects to conform to Scottish Executive requirements as to timescale and format and/or the instructions of the Executive Committee.
- 6.1.4 It is the duty of the Executive Director of Housing and Technical Resources to co-ordinate the preparation of the Housing Capital Programme in accordance with the policies set out in the Housing Programme and recognising the requirements of Central Government as to timescale and format.
- 6.1.5 It is the duty of the Executive Director of Enterprise Resources to co-ordinate the preparation of the Community Regeneration Fund Capital Programme, recognising the requirements of Central Government as to timescale and format.
- 6.1.6 It is the duty of the appropriate Executive Director, in conjunction with the Executive Director of Finance and IT Resources, to submit details of the estimated revenue costs of capital projects and of the department's requirements at the time of preparation of the Capital Programmes.
- 6.1.7 All Executive Directors will provide timeously such information as may be required for the purposes of preparation of the above programmes. In particular, a Capital Bid Form will be prepared by the appropriate Executive Director and submitted with each project.

6.2 Asset Management Planning

- 6.2.1 The appropriate Executive Director will ensure that an Asset Management Plan is produced annually for every Resource within the Council. The outcome of these Resource Asset Management Plans will contribute to the Corporate Asset Management Plan relating to all Council operational properties.

6.3 Committee Approval

- 6.3.1 The Capital Programme, together with reports by the appropriate Officials, will be submitted to and considered by the Executive Committee in such form and by such dates as the Committee shall require.
- 6.3.2 The Executive Committee will determine the overall programme of priorities for the Capital Programme of the Council that thereafter shall be considered by the Council for approval.

6. THE CAPITAL BUDGET AND BUDGETARY CONTROL (cont.)

6.3 Committee Approval (cont).

- 6.3.3 The Finance and IT Resources Committee will approve the Prudential Code indicators for the three year period based on the programme of capital expenditure and funding. These indicators will be updated annually based on the Council's capital borrowing and funding requirement each year and throughout the year as necessary.
- 6.3.4 The approval of the Executive Committee is required before a capital project contained within the Capital Programme for future years is advanced into the Capital Programme for the current year, or before a new capital project is introduced into the Capital Programme. The Capital Budget Scrutiny Group, who will also be responsible for ongoing detailed monitoring, will be notified of any future years' projects or introduction of new projects to the capital programme.
- 6.3.5 Money may be diverted from one project to another only with the approval of the Executive Committee and any application for such approval shall be accompanied by a financial appraisal of the proposal showing the likely effect of the proposal on the current and future years' finances.

6.4 Authorisation Procedure

- 6.4.1 The approval of the capital programme will give authority to an Executive Director to incur expenditure contained therein.
- 6.4.2 No expenditure chargeable to the Capital Account shall be incurred unless the appropriately phased expenditure is provided for in the Capital Estimates and arrangements are made, with the prior approval of the appropriate Committee, to contain such expenditure within the limits as defined by the Prudential Code (see 6.4.4). This limit may be adjusted by over and under spending brought forward from the previous year, usable capital receipts applied, external funding and capital financed from current revenue.
- 6.4.3 No expenditure should be incurred on a capital project until a CR1 Form (Proposal to Incur Capital Expenditure Liability) has been completed to the satisfaction of the Executive Director of Finance and IT Resources. The CR1 form must be signed by Housing and Technical Resources, Finance and IT Resources and the spending Resource.
- 6.4.4 The approval of the Capital Estimates and the Prudential Code indicators by the Council and the receipt of supported borrowing from the Scottish Executive permits Executive Directors to proceed with projects within the Capital Estimates unless: -
 - (i) the actual tender cost of the project or the revised estimate of the project exceeds the provision in the Capital Estimates; or
 - (ii) the nature and size of the capital project has changed substantially from that envisaged when the Capital Estimates were approved.

In these cases, confirmation of approval is necessary from the Executive Committee before the project proceeds.

6. THE CAPITAL BUDGET AND BUDGETARY CONTROL (cont.)

6.4 Authorisation Procedure (cont.)

6.4.5 The approval of the Capital Programme by the Council permits Executive Directors:

- (i) to incur preliminary expenses and design costs in respect of projects included in subsequent years of the approved Programme. Capital expenses must be included in the Capital Programme of the financial year in which the expenditure will be incurred
- (ii) in prior consultation with the Head of Legal Services and the Executive Director of Enterprise Resources, to take the steps necessary to acquire land associated with projects included in the Programme. Capital expenses must be included in the Capital Programme of the financial year in which the expenditure will be incurred

6.4.6 Where special circumstances may arise, the Executive Director of Finance and IT Resources, in consultation with the Chair of the Executive Committee, allows expenditure to be incurred in respect of a new capital project outwith the Capital Programme, or in respect of a capital project contained within the Capital Programme in future years which is advanced into the Capital Estimates for that year, such expenditure being contained within the total capital allocation for that year. Formal approval for any such projects should be sought from the Executive Committee.

6.5 Availability of Land and Buildings for Capital Programmes

6.5.1 Upon approval by the Council of these Capital Programmes, Executive Directors will take steps as are reasonably practicable to ensure that all statutory and non-statutory approvals and permissions including legal entry to any land or buildings, are available in due time.

6.6 Budgetary Control

6.6.1 In liaison with Executive Directors and under arrangements approved by the Executive Director of Finance and IT Resources, the Resource Committees, as appropriate, will be provided with Budgetary Control Statements to allow a valid comparison of actual financial performance with the respective Capital Estimates.

6.6.2 The Capital Budget Scrutiny Group will carry out monitoring of the Capital Budget at a detailed level.

6.6.3 It is the duty of the Executive Director concerned to ensure that the provision in the Capital Estimates is not exceeded and that the expenditure conforms to the requirements of these Regulations.

6.6.4 The Executive Director will provide the Executive Director of Finance and IT Resources with whatever assistance and information considered necessary to ensure the effectiveness of the budgetary control process.

6. THE CAPITAL BUDGET AND BUDGETARY CONTROL (cont.)

6.7 Monitor and Review Performance

- 6.7.1 It is the duty of the Executive Committee to monitor and regulate overall capital spending and the Executive Director of Finance and IT Resources will make the appropriate arrangements to ensure that a continuous assessment of capital spending as against the approved Programmes is carried out.
- 6.7.2 The Executive Director of Finance and IT Resources will make suitable arrangements for monitoring the Prudential Code indicators. These arrangements will ensure that any changes to the financing structure of the capital programme are accurately reflected in the indicators and reported accordingly.
- 6.7.3 The monitoring arrangements for the Prudential Code indicators will also ensure that the Council is able to report on the authorised limit for external debt. Any breaching of this limit will be reported to the Finance and IT Resources Committee and will highlight any corrective action that is considered necessary.

6.8 Variance during the Life of a Project

6.8.1 If it becomes apparent that;

- (i) after commencement of a major capital project, it will be under or overspent by more than £100,000 and by 5% of the total contract figure, whichever is the greater, or
- (ii) the phasing of expenditure within current year and project life will be materially different from that planned,

it is the duty of the Executive Director concerned to report immediately to the Executive Director of Finance and IT Resources and agree the appropriate action to be taken with regard to that project or to other projects within the Capital Estimates.

6.9 Exemptions

6.9.1 No expenditure will be incurred without the approval of the appropriate Committee or Committees except:-

- (i) as authorised by the Scheme of Delegation and Standing Orders: SO 3 Exemptions 3.1 – 3.6 subject to the express terms of SO 5 – Competition Requirement, SO 3 – Exemptions 3.
- and
- (ii) Preliminary expenditure on projects within the Capital Programme as provided for in Section 6.5.4 above.

7. EMERGENCY EXPENDITURE

7.1 Procedures for Incurring Expenditure of an "Emergency" Nature

- 7.1.1 Where financial provision has not been made in either capital or revenue budgets, nothing in these Financial Regulations will prevent the Executive Director of Finance and IT Resources from incurring, or allowing to be incurred, expenditure which is essential to meet any immediate needs arising from a statutory requirement or which is referable to Section 84 of the Local Government (Scotland) Act 1973 subject to such action being approved by the appropriate Committee (power to incur expenditure in time of emergency).
- 7.1.2 Where it is not practicable for action to be deferred pending Committee approval, the Executive Director of Finance and IT Resources may incur, or allow to be incurred, such expenditure subject to the estimated cost not exceeding £100,000.
- 7.1.3 Where such expenditure exceeds £100,000 the agreement of the Chief Executive (or in the absence of the Chief Executive, the appropriate nominee) to such expenditure must be sought.
- 7.1.4 In all cases where a Committee has not approved such expenditure, a report must be made as soon as possible after such expenditure has been incurred and thereafter reported to the Executive Committee.

8. LEGALITY OF EXPENDITURE

- 8.1 It shall be the duty of the Executive Directors to ensure that no expenditure is incurred unless it is within the Legal Powers of the Council. In particular, the Executive Director must be satisfied that expenditure on existing service developments including public/private sector arrangements, contributions to existing client organisations and responses to existing emergency situations are within the legal powers of the Council. Clarification as to legality should be obtained from the Head of Legal Services prior to expenditure being incurred.
- 8.2 In cases of doubt, Executive Directors must consult the Head of Legal Services before incurring expenditure.
- 8.3 Expenditure on new service developments, initial contributions to new client organisations and responses to new emergency situations which require expenditure must be clarified as to legality prior to being incurred. Similarly, public/private sector arrangements and initiatives should also be subject to the legality of the proposed arrangement being clarified prior to expenditure being incurred.

9. CONTROL OF INCOME

9.1 Responsibility of the Executive Director of Finance and IT Resources

- 9.1.1 It is the duty of the Executive Director of Finance and IT Resources and the Executive Director of Housing and Technical Resources to make adequate financial and accounting arrangements to ensure the proper and prompt recording of all monies due to the Council and the proper and prompt collection, custody, control and disposal of all cash in all departments of the Council.
- 9.1.2 All accounts for income due to the Council will be rendered by, or under arrangements approved by, the Executive Director of Finance and IT Resources in consultation with the Head of Legal Services, to ensure proper and prompt collection.

9.2 Notification of all Income to Executive Director of Finance and IT Resources

- 9.2.1 The appropriate Executive Director will ensure that particulars of all charges to be made for work done, services rendered or goods supplied by the Services of the Council and of all other amounts due to the Council will be promptly notified to the Executive Director of Housing and Technical Resources in a form approved by the Executive Director of Finance and IT Resources and the Executive Director of Housing and Technical Resources.
- 9.2.2 At a date as may be required by the Executive Director of Finance and IT Resources, each department will provide the Executive Director of Finance and IT Resources with details of all accounts relating to goods and services provided to 31 March in each year and which have still to be rendered.
- 9.2.3 The Executive Director of Finance and IT Resources will also be notified without delay of all contracts, leases and other agreements and arrangements entered into which involve the receipt of money by the Council. The Executive Director of Finance and IT Resources shall have the right to inspect any documents or other evidence relating to such matters.

9.3 Determination and Review of Charges

- 9.3.1 Each Executive Director will, in consultation with the Executive Director of Finance and IT Resources and, where necessary, the Head of Legal Services, review in line with the revenue budget exercise, all charges for goods or services provided by the Executive Director's Resource Area and, except where the charge is fixed externally, shall submit proposals to the relevant Committee for consideration and approval unless otherwise provided for in the Scheme of Delegation of Powers, or in the Terms of Reference of Committees. In order to preserve the real value of such income, increases recommended to Committee should have regard to the current rate of inflation and should highlight the impact of any change in the rate of value added tax. Increases, where practicable, should be applied from the 1st April co terminus with each financial year. Where this is not practicable due to contractual constraints, a mutually acceptable revision date will be agreed with the appropriate Executive Director and Executive Director of Finance and IT Resources.

9. CONTROL OF INCOME (cont.)

9.3 Determination and Review of Charges (cont.)

9.3.2 Subject to the Scheme of Delegation of Powers, the rate of charges for goods or services will be approved by the appropriate Committee and not altered without the approval of that Committee.

9.3.3 Each Executive Director will also, in consultation with the Head of Legal Services, regularly give consideration to activities or services provided by the Resource Area for which a charge could be made.

9.4 Treatment of Monies Collected

9.4.1 All monies received on behalf of the Council by any employee in any service will be recorded and deposited without delay with the Executive Director of Housing and Technical Resources or the council's bankers in accordance with arrangements made by Housing and Technical and approved by Executive Director of Finance and IT Resources. Sums in excess of £500 must be banked within 24 hours of receipt unless the establishment has an uplift by a security carrier agreed by the Executive Director of Housing and Technical Resources.

9.5 Transfers of Cash, Cheques, etc.

9.5.1 All transfers of the Council's cash, cheques (pre-signed and GIROBANK), and Investment Certificates etc. from one member of staff to another will be evidenced in the records of the departments concerned by the signature of the receiving employee.

9.6 Forms, Books and Tickets

9.6.1 All official receipts, forms, books, tickets and other such items for the disbursement and collection of monies will be in a form approved by the Executive Director of Finance and IT Resources and will be ordered, controlled and issued to services by, or under arrangements agreed by, the Executive Director of Finance and IT Resources who will be satisfied as to the arrangements for effective control.

9.6.2 It is a requirement that all such records, forms etc. will be retained by each department for a period of five years or in line with statutory regulations. Appropriate advice can be obtained from the Corporate Finance Manager.

9.7 Deductions, Discounts and Write-offs

9.7.1 No deduction may be made from all monies received on behalf of the Council except under the authorisation of the Executive Director of Finance and IT Resources.

9.7.2 Cash discount will not be offered to any debtor.

9.7.3 Sums due to the Council will not be written off except with the prior consultation of the Executive Director of Finance and IT Resources and after consideration and approval by the Finance and IT Resources Committee.

9. CONTROL OF INCOME (cont.)

9.8 Personal Cheques

- 9.8.1 Personal cheques will not be cashed out of Council monies or monies held on behalf of the Council.

9.9 Grants

- 9.9.1 The Executive Director of Finance and IT Resources will be advised timeously of all relevant information necessary to submit or certify applications for grants, including Exchequer grants, due to the Council. All grants are to be paid direct to the Executive Director of Finance and IT Resources.

10. TREASURY MANAGEMENT

10.1 General

- 10.1.1 This Council adopts CIPFA's 'Treasury Management in the Public Services Code of Practice 2001' or any subsequently approved and adopted code.

10.2 Treasury Policy Statement

- 10.2.1 A Treasury Management Policy Statement setting out strategy and procedures is adopted by the Council prior to the commencement of the financial year and thereafter the implementation and monitoring is delegated to the Finance and IT Resources Committee.

10.3 Borrowing, Investment and Financing

- 10.3.1 All executive decisions on borrowing, investment or financing are delegated to the Executive Director of Finance and IT Resources or through him/her to his/her staff, who are required to act in accordance with CIPFA's Treasury Management in the Public Services Code of Practice 2001. All brokerage deals should be carried out in accordance with the Non-Investment Products Code.

10.4 Committee Approval

- 10.4.1 The Executive Director of Finance and IT Resources will report to the Finance and IT Resources Committee not less than twice in each financial year on the activities of the Treasury Management operation and on the exercise of the Treasury Management powers delegated to him/her. One such report will comprise an annual report on Treasury Management for presentation by 30 September in each succeeding financial year.
- 10.4.2 Details of Prudential Code indicators will also be presented to Committee no less than twice in each financial year. One of these reports will show the actual indicators achieved for the preceding financial year. Also, one of these reports will detail the indicators for coming and future years of the approved capital programme.

10.5 Borrowings, Investments and Trust Funds To Be In The Name of the Council

- 10.5.1 All Council monies will be aggregated for the purposes of treasury management and is under the control of the Executive Director of Finance and IT Resources.
- 10.5.2 All borrowings on behalf of the Council will, unless they are for the purposes of any trust under any deed of trust or other document, be secured on the rates and revenues and shall be effected in the name of the Council.
- 10.5.3 All securities save in respect of existing heritable securities the property of, or in the name of the Council or its nominees, shall be held in the custody of the Executive Director of Finance and IT Resources or the Council's bankers.

10. TREASURY MANAGEMENT (cont.)

10.5 Borrowings, Investments and Trust Funds To Be In The Name of the Council (cont.)

10.5.4 The Executive Director of Finance and IT Resources, or the Deputies or agents nominated by the Executive Director of Finance and IT Resources, are authorised to sign all loan documents unless:-

- (i) statute or other legal requirements provide that other signatures are required; or
- (ii) alternative arrangements have been approved by the Finance and IT Resources Committee.

10.6 Registrar of Stocks, Bonds and Mortgages

10.6.1 The Executive Director of Finance and IT Resources will be the Council's Registrar of Stocks, Bonds and Mortgages and shall maintain records of all borrowing of money by the Council except where another Registrar has been appointed by the Council, subject to the approval of the Executive Director of Finance and IT Resources and Finance and IT Resources Committee, when the Executive Director of Finance and IT Resources will maintain records of the total sums borrowed and will at all times act within its statutory powers. The Head of Legal Services shall be consulted in all matters that require legal interpretation.

10.7 Trust Funds and Deposit of Trust Securities

10.7.1 All trust funds shall, whenever possible, be held in the name of the Council.

10.7.2 The approval of the Executive Director of Finance and IT Resources and the Finance and IT Resources Committee shall be required whenever trust funds are held other than in the name of the Council.

10.7.3 All officers and/or members acting as trustees by virtue of their official position will deposit all securities, bank books and documents (other than title deeds to heritable property) and articles of value relating to any trust with the Executive Director of Finance and IT Resources unless the relevant trust deed otherwise provides.

10.8 Control and Custody of Charitable Funds

10.8.1 The Executive Director of Finance and IT Resources 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.

10.9 Leasing of Equipment and Capital Assets

10.9.1 With the exception of Heritable Property and subject to Standing Orders and the Scheme Of Delegation Of Powers, no leasing of equipment or capital assets will be undertaken on behalf of the Council without the prior approval of the Executive Director of Finance and IT Resources in consultation with the Head of Legal Services.

11. TAX MANAGEMENT

11.1 Responsibility of Executive Director of Finance and IT Resources

11.1.1 The Executive Director of Finance and IT Resources is responsible for the taxation procedures necessary to ensure that all reasonable steps have been taken to properly report and account for tax liabilities and obligations ensuring the avoidance of any losses.

11.1.2 In particular, the Executive Director of Finance and IT Resources is responsible for;

- (i) ensuring that the transactions comply with all relevant statutory requirements and authorities.
- (ii) minimising the Council's tax liability.
- (iii) maximising the Council's cash flow.

11.1.3 In carrying out such responsibilities the Executive Director of Finance and IT Resources will;

- (i) define and allocate duties in relation to taxation and tax management.
- (ii) ensure that financial control systems are operating effectively to produce the necessary information and minimise the risk of error.
- (iii) secure an appropriate level of knowledge and financial awareness amongst staff involved in processing transactions involving elements of tax.
- (iv) ensure that proper assistance is given to any routine or special investigation undertaken by a Collection Agency, under arrangements approved by the Executive Director of Finance and IT Resources in consultation with the Head of Legal Services, and that justification for any assessment made as a result of an investigation is properly reviewed.
- (v) make such arrangements as necessary to monitor the discharge of these responsibilities.
- (vi) report periodically on the Council's tax affairs to the Finance and IT Resources Committee.
- (vii) report any significant changes relating to the Council's tax affairs to the Finance and IT Resources Committee.

11.2 Appointment of External Professional Advisers

11.2.1 The Executive Director of Finance and IT Resources may appoint external professional advisers who are specialists in tax matters in order to assist the Executive Director in carrying out tax management responsibilities and subject always to the terms of Standing Orders.

11. TAX MANAGEMENT (cont.)

11.3 Dissemination of Information on Tax Matters

- 11.3.1 The Executive Director of Finance and IT Resources is responsible for the dissemination of information on tax matters as appropriate and each Chief Officer will be responsible for implementing any guidelines laid down by the Executive Director of Finance and IT Resources with regard to any particular aspect of tax.

11.4 Consultation with the Executive Director of Finance and IT Resources

- 11.4.1 No transaction that has tax implications will be conducted without first consulting the Executive Director of Finance and IT Resources.

11.5 Calculation of employees' Personal Tax Liability

- 11.5.1 Information should be passed to the Executive Director of Finance and IT Resources to allow the calculation of employees' Personal Tax Liability as requested.

12. INVESTMENT IN TRUST AND COMMON GOOD FUNDS

12.1 Procedure for Investment of Trust Funds and Common Good Monies

- 12.1.1 All investments of Trust Funds and Common Good Monies under its control shall be made by the Executive Director of Finance and IT Resources in the name of the Council. All investments will be made in accordance with the policy determined by the Finance and IT Resources Committee.

12.2 Custody of Trust Funds and Common Good Securities

- 12.2.1 All securities except heritable securities, which are the property of or in the name of the Council, shall be held in the custody of the Executive Director of Finance and IT Resources or the Council's Bankers under the supervision of the Executive Director of Finance and IT Resources.

13. BANKING ARRANGEMENTS AND CHEQUES

13.1 Arrangements with Bankers

- 13.1.1 All arrangements with the Council's Bankers concerning the Council's bank accounts and the issue of cheques will be made by or under arrangements approved by the Executive Director of Finance and IT Resources who is authorised to operate such banking accounts including GIROBANK Accounts where considered necessary.
- 13.1.2 The Executive Director of Finance and IT Resources shall be responsible for arranging any payments through the Bankers Automated Clearing System (BACS) and Clearing House Automated Payment System (CHAPS) and shall ensure that proper security control procedures are effected and reviewed.

13.2 Opening and Closing of Bank Accounts

- 13.2.1 Official bank accounts bearing the Council's name will only be opened or closed by the Executive Director of Finance and IT Resources.

13.3 Payments into Bank Accounts

- 13.3.1 All monies received will be paid into the Council's bank account (in line with the recommendations detailed at Section 9.4).
- 13.3.2 Each employee banking money will enter a reference to the source of the income on the bank pay-in slip. The reference should include the establishment, location or office name and sundry debtor account number where appropriate.
- 13.3.3 It is the responsibility of any employee handing over the custody of monies to a security firm, approved by the Council to deliver such monies to the bank on behalf of the Council, to ensure that such monies are properly and satisfactorily secured in a sealed receptacle. The seal on such receptacles must not be broken or damaged in any manner when handed over to the authorised personnel of the security firm. The appropriate Executive Director will maintain a list of authorised personnel and ensure that the list is updated at regular intervals approved by the Executive Director of Finance and IT Resources and lodged with the Executive Director of Finance and IT Resources.

13.4 Cheque Control

- 13.4.1 All cheques shall be ordered only on the authority of the Executive Director of Finance and IT Resources who will make appropriate arrangements for their safe custody.
- 13.4.2 Any arrangements for controlling and signing of cheques on behalf of the Council will be made by the Executive Director of Finance and IT Resources.
- 13.4.3 Cheques on the Council's main bank accounts including GIROBANK accounts will bear the facsimile signature of the Executive Director of Finance and IT Resources or be signed by the Executive Director of Finance and IT Resources, the Head of Finance, Finance Managers and nominated Finance Managers and Assistant Finance Managers.

14. ASSET REGISTER, TITLE DEEDS and PROPERTY

14.1 Requirement for Asset Register and Capital Accounting

14.1.1 The Executive Director of Enterprise Resources will be required to maintain a register of all assets within the Council in such form as required by or agreed with the Executive Director of Finance and IT Resources. The information maintained within the Asset Register will be required to support the requirements of the Capital Accounting legislation.

14.1.2 The care, custody and control of assets owned by or used within any department will be the responsibility of the appropriate Executive Director who will comply with all instructions as directed by the Executive Director of Finance and IT Resources and the Executive Director of Enterprise Resources, in particular with the year end certification procedures.

14.2 Title Deeds

14.2.1 The Head of Legal Services will have the custody of all title deeds held by the Council under secure arrangements agreed by the Executive Director of Finance and IT Resources.

14.3 Register of Heritable Property

14.3.1 The Executive Director of Enterprise Resources will maintain a land register of all Heritable Property owned or leased to or by the Council including dwellings held on the Housing Revenue Account. The details recorded should, as far as is practicable, include the location address, description, plan reference, purchase details, particulars and nature of interest and any rents payable, particulars of tenancies of rents granted and where possible the holding committee. The register will be cross-referenced to Title Deed references.

15 INVENTORIES

15.1 Control and Custody of Inventory

15.1.1 Arrangements made by the Executive Directors for inventory control will be subject to the approval of the Executive Director of Finance and IT Resources.

15.1.2 The care, custody and control of furniture, fittings and equipment owned by or used within any Resource Area will be the responsibility of the appropriate Executive Director who will comply with all instructions as directed by the Executive Director of Finance and IT Resources, in particular with the year end certification procedures.

15.2 Recording of Inventory

15.2.1 Such inventories as, in the opinion of the Executive Director concerned and the Executive Director of Finance and IT Resources, are necessary, will be maintained by all departments of the Council and shall be recorded on the official inventory forms.

15.2.2 Official inventory forms, guidelines and procedures will be subject to regular update but must follow corporate instructions and be agreed by the Executive Director of Finance and IT Resources.

15.2.3 Each Executive Director will be responsible for maintaining an annual check of all items on the inventory and for taking action in relation to surpluses, deficiencies and/or discrepancies and noting the inventory accordingly.

15.2.4 All discrepancies will be reported without delay to the Executive Director of Finance and IT Resources for further action as appropriate.

15.2.5 Each Executive Director will, at a date determined by the Executive Director of Finance and IT Resources, prepare and make available, if required, inventories of furniture, fittings, equipment and museum collections including exhibits on hand as at 31 March preceding.

15.3 Use of Inventory

15.3.1 The Council's property will not be removed otherwise than in accordance with the ordinary course of the Council's normal business or used elsewhere otherwise than for the Council's purposes except in accordance with the specific directions and approval of the Executive Director concerned and in accordance with the Code of Conduct for Employees. If inventory is to be removed from the premises in the course of this business then the insured status of the inventory should be checked with the Council's Risk Management Section and the issue of the item recorded in line with the appropriate guidelines.

15.4 Surplus Inventory

15.4.1 Subject to the Scheme of Delegation of Powers and, specifically in relation to museum collections government guidelines, all surplus plant, equipment, furnishings, materials, vehicles, commodities or supplies to be disposed of by any Service will be advertised for sale. The sale will be effected either by competitive tender or by public auction unless otherwise approved by the Executive Director of Finance and IT Resources. Any method of disposal should demonstrate Value for Money and comply with Council recycling arrangements.

15. INVENTORIES (cont).

15.5 Museum and Art Gallery Collections and Exhibits

15.5.1 These assets will be classified as Community Assets in accordance with CIPFA recommended Code of Practice.

15.5.2 Assets forming part of the Museums collection will be governed by the minimum standards set through the Museums and Galleries Commission's Scheme of Registration. Guidelines include inventory record keeping and validation, preservations and acquisitions and disposals policies and will be adhered to.

16. INSURANCE

16.1 Responsibility for Insurance

- 16.1.1 Subject to Standing Orders (SO 21: Insurance), the Scheme of Delegation of Powers and the general supervision of the Finance and IT Resources Committee and except as authorised by them, the Executive Director of Finance and IT Resources shall make appropriate insurance arrangements for all aspects of the Council's activities. As directed by the Executive Director of Finance and IT Resources, the negotiation of all insurance claims shall also be arranged by or for the authority, in consultation with any other Executive Director concerned, and where necessary, in consultation with the Head of Legal Services and/or the Head of Personnel Services or other officers.

16.2 Notification of Risks and Losses

- 16.2.1 Executive Directors shall give prompt notification to the Executive Director of Finance and IT Resources of all new or increased risks, properties, vehicles or significant changes to operations that should be covered by insurance or of any alterations affecting existing insurance within their department or service.

16.3 Notification of Claims

- 16.3.1 Executive Directors shall notify the Executive Director of Finance and IT Resources immediately in writing of any loss, liability or damage or any event likely to lead to a claim and, in consultation with the Executive Director of Finance and IT Resources and Head of Legal Services, inform the Police where appropriate. Thereafter the Executive Director of Finance and IT Resources shall be responsible where applicable for advising the Insurance Company concerned where appropriate.

16.4 Fidelity Guarantee Insurance

- 16.4.1 All appropriate employees of the council shall be included in suitable fidelity guarantee insurance.

16.5 Review of Insurance Cover

- 16.5.1 The Executive Director of Finance and IT Resources shall annually or at such other period as is considered necessary review all insurance in consultation with other Executive Directors as appropriate.

16.6 Indemnities

- 16.6.1 Each Executive Director shall consult with the Executive Director of Finance and IT Resources who may consult the Chief Executive as necessary respecting the terms of any indemnity, which the Council is requested to give.
- 16.6.2 Each Executive Director shall put in place arrangements with contractors and other bodies for the Council to be indemnified for any loss, damage or injury caused by said contractors and other bodies in line with guidelines and advice provided by Finance and IT and Corporate Resources

16. INSURANCE (cont).

16.7 Fund

- 16.7.1 The Council's Insurance Fund will be managed with reference to guidance provided by Local Authority Agencies, Audit Scotland and Best Practice Guidance approved by the Local Authority (Scotland) Accounts Advisory Committee. The fund will be subject to regular actuarial reviews.
- 16.7.2 Regular internal reviews of the fund will be undertaken to ensure that cost of loss can be met from reserves and Resource contributions.

17. STOCKS AND STORES CONTROL

17.1 Costing Systems and Stores Control

17.1.1 Arrangements made by the Executive Directors for costing systems and stock and stores control shall be subject to the approval of the Executive Director of Finance and IT Resources.

17.1.2 Stocks and stores shall not be in excess of normal operational requirements except in special circumstances with the prior approval of the committee concerned.

17.2 Custody of Stores and Stocktaking

17.2.1 The care, custody and level of stores in any department shall be the responsibility of the appropriate Executive Director who will ensure that :-

- (i) stocktaking is carried out at regular intervals throughout the financial year under arrangements approved by the Executive Director of Finance and IT Resources.
- (ii) stocktaking is, as far as practicable, carried out by persons other than Stores Persons.
- (ii) all obsolete or excess stock or scrap material is identified and disposed of in accordance with Financial Regulation 15.4.1. and the Scheme of Delegation.
- (iv) the Executive Director of Finance and IT Resources shall, at a date determined and in a form prescribed by the Executive Director of Finance and IT Resources, be furnished with an inventory of stock and stores on hand as at 31 March preceding.

Executive Directors should ensure appropriate systems are in place to control and record transactions and balances.

17.2.2 Inventories of stock shall be maintained by all services in a form determined by the appropriate Executive Director in consultation with the Executive Director of Finance and IT Resources.

17.2.3 Duly authorised certificates of stock valuations at 31 March shall be submitted by the appropriate Executive Director to the Executive Director Finance and IT Resources as soon as possible after the year end and valued in accordance with principles agreed with the Executive Director of Finance and IT Resources.

17.3 Write-offs or Surpluses of Stores

17.3.1 No adjustment shall be made to write off stock or stores deficiencies or bring surpluses into account unless, in consultation with the appropriate Executive Director, agreed by the Executive Director of Finance and IT Resources who will then determine Committee reporting requirements.

17. STOCKS AND STORES CONTROL (cont).

17.4 Use of Stock

- 17.4.1 The Council's stock shall not be removed otherwise than in accordance with the ordinary course of the Council's normal business or used elsewhere otherwise than for the Council's purposes except in accordance with the specific directions and approval of the Executive Director concerned and in accordance with the Code of Conduct for Employees.

18. ORDERS FOR WORKS, GOODS AND SERVICES

18.1 Official Orders and Exemptions

18.1.1 Official orders or acceptances of tenders or offers shall be in a form approved by the Executive Director of Finance and IT Resources and the Head of Legal Services and shall be approved only by officers authorised by the appropriate Executive Director who shall be responsible for official orders, tenders or offers issued from the Service.

All official orders or acceptances of tenders or offers shall conform to the Scheme of Delegation, the Council's Standing Orders and all statutory requirements as well as the Financial Regulations of the Council.

18.1.2 Executive Directors or appropriately nominated officers shall issue official orders for works, goods or services only in accordance with any relevant requirements of Standing Orders (Nos: 16 Submission of Tenders; 17 Opening of Tenders; 18 Checking of Tenders; 19 Acceptance of Tenders; 20 Trading Operations; 21 Partnering; and 22 Nomination of Sub-Contractors) and the relevant requirements imposed by Statute, regulation or EU public procurement directives.

18.1.3 Except for petty cash purchases, supplies of Public Utility Services and periodic payments such as rent and rates or such other exceptions as the Executive Director of Finance and IT Resources may from time to time approve and, subject to the provisions of Standing Orders and the Scheme of Delegation, goods, materials or services supplied to or work executed for the Council shall be ordered or confirmed by means of an official order or by formal acceptance of a tender or offer.

18.1.4 Any purchases made via the Councils' Purchase Card scheme shall be ordered or confirmed by means of an official order generated by the Purchase Card system. These orders should be issued in accordance with Standing Orders and relevant requirements as detailed above in section 18.1.2.

18.1.5 A copy of each official order, tender, offer or formal acceptance thereof, shall, if so required, be supplied to the Executive Director of Finance and IT Resources.

18.2 Authorised Persons

18.2.1 A current list of persons authorised to place orders shall be maintained by each Executive Director in a form determined by the Executive Director of Finance and IT Resources, together with the specimen signatures, initials and approved level of purchasing power of the persons authorised.

18.2.2 Persons authorised to purchase by Purchase Cards, must have the specific approval in writing of the Executive Director of Finance and IT Resources before being added to the aforesaid list. Maximum buying power, types of goods and services, and range of suppliers, must be noted in such an approval.

18.2.3 Some organisations accept orders and services via the Internet. The fact that Internet access has been granted does not authorise a user to place orders in the name of the Council. No orders will be placed via the Internet without proper authorisation through the normal corporate/departmental procedures. Failure to comply with this would be regarded as a breach of the Financial Regulations.

18. ORDERS FOR WORKS, GOODS AND SERVICES (cont).

18.2 Authorised Persons (cont).

18.2.4 A current list of authorised persons for placing orders together with the specimen signatures and initials shall be supplied by each Executive Director to the Executive Director of Finance and IT Resources.

18.2.4 Additions or deletions to the list shall be notified to the Executive Director of Finance and IT Resources as they occur without delay and the currency of the list shall be reviewed annually by the appropriate Executive Director.

18.3 Central Purchasing and Standardisation

18.3.1 The ordering of works, goods and services shall conform to directions of the Council with respect to central purchasing and the standardisation of goods, materials and services.

18.4 Segregation of Duties

18.4.1 Procedures which are to be followed regarding the ordering, receiving of goods/services and the subsequent approval of invoices for payment should be arranged to ensure all tasks are completed by separate officers.

18.5 Implementation of eProcurement

18.5.1 The above regulations will be subject to change with the introduction of eProcurement within the Council. The introduction of a corporate eProcurement solution during 2007-08 will bring changes to processes for requisitioning, ordering, receipting, approval and payment of invoices. These changes will be reflected through revised financial regulations introduced as part of the live implementation and will be approved via the Finance and Information Technology Resources Committee.

19. PAYMENT OF INVOICES

19.1 Certification by Executive Director

- 19.1.1 It will be the duty of the Executive Director of each Resource which incurs expenditure to ensure that all goods, materials and services received, following the placing of official orders by the Executive Director or an authorised employee within the Resource, are as ordered, in respect of price, quantity and quality.
- 19.1.2 Any Executive Director issuing an official order shall be responsible for examining, verifying, certifying and coding the related invoices and similarly for any other payment, vouchers or accounts arising from the Service.
- 19.1.3 Such certification shall be in manuscript or in an electronic form approved by the Executive Director of Finance and IT Resources by or on behalf of the Executive Director.
- 19.1.4 The Executive Director will therefore arrange for the certification in manuscript by an employee of the Service that all payment vouchers, supported by invoices, etc., comply with the following:
- (i) the expenditure is on items or services that it is within the Council's legal powers to incur, and that provision for that expenditure is included within the Revenue Estimates (subject to exemptions as detailed in S5.8.1)
 - (ii) the works, goods, materials or services to which the invoice or statement relates have been received or carried out as the case may be and have been examined and approved and are in accordance with the official order.
 - (iii) the prices, extensions, calculations, trade discount, other allowances, credits and tax are correct.
 - (iv) the relevant expenditure has been properly incurred and is within the relevant estimate provision.
 - (v) appropriate entries have been made in inventories, stores records or stock books as required
 - (vi) the appropriate expenditure code numbers are entered on the document for payment.
 - (vii) the invoice has not previously been passed for payment and is a proper liability of the Council.

19.2 Cash Discounts

- 19.2.1 After the receipt of the goods has been properly certified as above, the Executive Director, or other authorised employee intimated to the Executive Director of Finance and IT Resources, will pass all relevant and necessary details expeditiously to the Executive Director of Finance and IT Resources for payment to ensure that any offer of cash discount for early payment is received and that creditors are timeously paid.

19. PAYMENT OF INVOICES (cont.)

19.3 Advance Payments

- 19.3.1 Any circumstance, under which it is necessary to pay part or full value of the goods and services in advance, must be approved by the Executive Director of Finance and IT Resources and adhere to the current procedures of Finance and IT Resources

19.4 Payment of Invoices

- 19.4.1 Details of payments required, duly certified, will be passed without delay to the relevant input point for each service area and each Executive Director must ensure that this is carried out with a view to avoiding exposure to late payment penalties as chargeable under the Late Payment of Commercial Debt (Scotland) Act 1998.
- 19.4.2 The Executive Director of Finance and IT Resources will instruct whatever examinations with regard to the payment of accounts are deemed necessary for which purpose the Executive Director of Finance and IT Resources, or a nominated representative, shall be entitled to obtain whatever information and explanations as may be required.
- 19.4.3 The Executive Director of Finance and IT Resources will on receipt of authorisation from Executive Directors have full authority to pay such invoices.
- 19.4.4 Persons authorising invoices for payment should not be the officers who approved the purchase order of who received the goods/services. (see Section 18.4 Segregation of Duties)
- 19.4.5 Apart from petty cash and other payments from the imprest accounts, the normal method of payment of money due from the Council will be by electronic transfer, cheque or other instrument drawn on the Council's bank accounts by the Executive Director of Finance and IT Resources or any person or persons so authorised.
- 19.4.6 Each Executive Director will, at a date determined by the Executive Director of Finance and IT Resources, provide a certified list of all outstanding expenditure relating to transactions in the preceding financial year, for which no copy accounts have previously been passed to the Executive Director of Finance and IT Resources.

19.5 Duplicate Invoices

- 19.5.1 Payment will not be made on duplicate invoices or photocopy invoices unless the Executive Director or other authorised employee certifies in writing that the amounts in question have not previously been paid.

19.6 Amendments

- 19.6.1 Any amendments to payment vouchers will be made in ink and initialled by the officers making them, stating briefly the reasons for the amendment where this is not self evident. Alterations must not be made using correcting fluids.
- 19.6.2 No amendment to an invoice will be made.

19. PAYMENT OF INVOICES (cont.)

19.6 Amendments (contd.)

- 19.6.3 All invoices or credit notes where alteration or amendments are found necessary must be returned to the supplier and a replacement invoice or credit note must be submitted.

19.7 Authorised Signatories

- 19.7.1 A list of authorised signatories for certifying accounts will be supplied by the Executive Director to the Executive Director of Finance and IT Resources and specimen signatures and initials are required from the persons authorised.
- 19.7.2 Additions or deletions shall be notified to the Executive Director of Finance and IT Resources without delay as they occur and the currency of the list shall be reviewed annually by the Executive Director.

19.8 Implementation of eProcurement

- 19.81 The above regulations will be subject to change with the introduction of eProcurement within the Council. The introduction of a corporate eProcurement solution during 2007-08 will bring changes to processes for requisitioning, ordering, receipting, approval and payment of invoices. These changes will be reflected through revised financial regulations introduced as part of the live implementation and will be approved via the Finance and Information Technology Resources Committee.

20. CONTRACTS FOR WORKS AND SERVICES

20.1 Record of Contracts

- 20.1.1 The appropriate Executive Director or nominated officer will ensure that a condition of the awarding of a contract for works or services will be that the contractor is verified with HMRC and the subcontractors Employment Status is established in line with the Construction Industry Deduction Scheme (2007) and that no contract for works or services can be awarded in the absence of such evidence.
- 20.1.2 The appropriate Executive Director or nominated officer will maintain a record of all relevant contracts and payments made on contracts. The Executive Director of Finance and IT Resources shall have access to such records and use whatever information is considered necessary.
- 20.1.3 Where contracts provide for payments to be made by instalments, a contract register or registers shall be kept to show the state of account on each contract between the Council and the Contractor together with any other payments and professional fees. These arrangements must meet with the approval of the Executive Director of Finance and IT Resources.

20.2 Variations to Contracts

- 20.2.1 Subject to the provisions of the Contract in each case every extra or variation will, unless otherwise evidenced to the Executive Director's satisfaction, be authorised in writing by the appropriate Executive Director or by any other Officer nominated by the Executive Director in writing for that purpose. All instructions to contractors on capital works and major revenue projects shall be issued by the responsible employee using the appropriate official variation order procedure.
- 20.2.2 The total of any such variation to the contract, estimated additional cost of which exceeds £100,000 or 5% of the total contract figure, whichever is the greater, will be reported to the Executive Director of Finance and IT Resources for approval as soon as practicable prior to the variation being instructed. Refer to Section 6.4.2. and Standing Order 9(a)(ii), relating to the extension of contracts, also applies.

20.3 Interim Payments

- 20.3.1 The authorised officers will certify interim payments to contractors responsible for the control and supervision of the work. The Executive Director of Finance and IT Resources will both approve and be provided with specimen signatures of the authorised signatories by the Executive Director concerned. Any amendment to the list of authorised signatories should be notified to the Executive Director of Finance and IT Resources as they occur and without delay.

20.4 Reports on Final Measurements

- 20.4.1 A report on all final measurements together with a detailed statement of account shall be made by the appropriate Executive Director to the Chief Executive and to the Executive Director of Finance and IT Resources. A summary of these reports will be submitted to the appropriate Executive Committee.

20. CONTRACTS FOR WORKS AND SERVICES (cont.)

20.4 Reports on Final Measurements (cont.)

20.4.2 The final Certificate of Completion of any Contract shall not be issued until the appropriate Executive Director has produced to the Executive Director of Finance and IT Resources a detailed statement of account and all relevant documents where required.

20.4.3 The Executive Director of Finance and IT Resources will to the extent considered necessary examine all accounts for contracts and shall be entitled to make all such enquiries and receive such information and explanations required in order to be satisfied as to the accuracy of the accounts.

20.4.4 On completion of a contract and after agreement of the final account a report detailing the actual cost of the contract compared with the estimated cost of the contract will be submitted by the appropriate Executive Director or nominated officer as appropriate or by any other employee nominated by the Executive Director to the Executive Director of Finance and IT Resources.

20.5 Payment Procedures

20.5.1 Payments to Contractors of the Council will be made only on a certificate issued by the appropriate Executive Director or by another Officer nominated by the Executive Director in writing for that purpose. The officers so authorised shall be determined jointly in agreement with the Executive Director of Finance and IT Resources.

20.6 Claims from Contractors

20.6.1 Claims from contractors in respect of matters not clearly within the terms of any existing contract will be referred to the Head of Legal Services for the consideration of the Council's legal liability and where necessary to the Executive Director of Finance and IT Resources for financial consideration before a settlement is reached.

20.6.2 An Executive Director offering works of new construction or works of maintenance to the Direct Labour / Service Organisation of the Council will do so only in compliance with all relevant statutory provisions which are in force.

20.7 Delay of Contract

20.7.1 Where completion of a contract is delayed beyond the agreed period or any agreed extension of time for the contract it shall be the duty of the employee concerned to consult the appropriate Executive Director and Head of Legal Services prior to taking appropriate action in respect of any claims for liquidate or other damages.

20.8 Contractor's Insurance

20.8.1 Executive Directors will ensure that each contractor's or sub-contractor's insurance cover complies with the requirements laid down in the Council's Conditions of Contract or as specified by the Executive Director of Finance and IT Resources, in consultation with the Head of Legal Services. In particular, insurance cover will require to be exhibited to the Executive Director responsible for issuing the contract prior to the contract being awarded.

20. CONTRACTS FOR WORKS AND SERVICES (cont.)

20.8 Contractor's Insurance (cont).

20.8.2 When sub-contractors are appointed, liability for loss or damage resulting from their negligence should be transferred to them in terms of the Conditions of Contract. It is the responsibility of the Executive Director issuing the contract to: ensure that this is done; that procedures exist for checking the validity and adequacy of sub-contractors' insurance documents; and for claims to be processed. The Council should not be liable to tenants or other third parties for the negligent acts of contractors.

20.8.3 Copies of all essential insurance policy details must be passed to the Risk Management section for inclusion on the Register of Contractor's Insurance.

20.9 Contract Management Guidelines

20.9.1 Once a contract is awarded, the management and monitoring is crucial to the success of that contract.

20.9.2 Whilst it is important for both parties in the contract to understand their obligations, it is vital that mechanisms are put in place for the monitoring of the contract. This can be done via regular meetings, monthly progress reports and site visits to the contractor's premise. The type of information required will be dependent of the type of contract.

20.9.3 It is essential that for all contracts, accurate records are maintained. After the award of a contract, a file should be created which will contain all information relating to the contract.

20.9.4 If a problem occurs, the contractor should be notified as soon as possible to ensure that any problems do not escalate. Communication and good working relationships are also crucial to a successful contract.

20.9.5 Full guidelines on contract management can be found on the Strategic Procurement intranet site **(insert intranet link – not yet available)**

21. ACCOUNTING SYSTEMS AND RECORDS

21.1 Accounting Systems, Procedures and Records

21.1.1 All accounting systems, procedures and records of the Council and its Services will be determined by the Executive Director of Finance and IT Resources and all accounts and accounting records of the Council will be compiled by, or under the direction of, the Executive Director of Finance and IT Resources. Where such systems and records are maintained other than by the Executive Director of Finance and IT Resources, the Executive Director concerned will, before making any determination, consult the Executive Director of Finance and IT Resources.

21.2 Principles of Internal Control

21.2.1 It is the duty of the Executive Director of Finance and IT Resources to ensure that adequate financial and accounting systems and records are designed and maintained in accordance with the recognised principles of internal control to ensure as far as possible:-

- (i) that all income due to the Council is properly recorded and collected.
- (ii) that all expenditure of the Council is properly incurred, authorised and checked.
- (iii) the safe custody and control of all cash, stocks and other assets of the Council.

21.3 Segregation of Duties

21.3.1 Officers charged with examining and checking the accounts of cash transactions will not themselves be engaged in any of these transactions.

21.3.2 Procedures to be followed regarding the calculation, checking and recording of sums due by or to the Council, or the provision of information regarding sums due to or from the Council, are arranged in such a way whereby the work of one person is proven independently or is complementary to the work of another and these operations are separated from the duty of collecting or disbursing such sums where such aggregation of duties is practicable given the staff resources available.

21.4 Abstract of Accounts and Annual Report

21.4.1 The Abstract of Accounts and Annual Report of the Council will be compiled by, or under the direction of the Executive Director of Finance and IT Resources.

21.4.2 The Executive Director of Finance and IT Resources will advise all Executive Directors of the timescales and deadlines set in order to complete the Annual Report by the statutory deadline.

21.4.3 Each Executive Director will submit to Finance and IT Resources all information necessary to close the Accounts as detailed in the Guidance Notes and Procedures issued annually to each Resource.

21.4.4 It is the responsibility of each Executive Director to provide the External Auditor with supporting documentation and any information required in connection with the closure of the Council's accounts.

22. INTERNAL AUDIT

22.1 Responsibility for Internal Audit

22.1.1 A continuous Internal Audit, under the independent control and direction of the Executive Director of Finance and IT Resources, will be arranged for the purpose of carrying out an examination of the accounting, financial and other operations and systems of the Council to ensure that the interests of the Council are protected.

22.1.2 This should be done in accordance with Internal Audit's published "Terms of Reference and Internal Audit manual"

22.1.3 Officers engaged in Internal Audit will report directly to the Executive Director of Finance and IT Resources. All Internal Audit reports will be submitted to the Executive Director of Finance and IT Resources or Head of Finance, and to the Executive Director and relevant Heads of Service of the Resource concerned and to the external Auditors.

22.2 Authority of Audit

22.2.1 The Executive Director of Finance and IT Resources or an authorised representative will have authority, on production of identification, to:-

- (i) enter at all reasonable times on any Council premises or land.
- (ii) have access to all records, computer files, documents and correspondence relating to any financial and other transactions of the Council.
- (iii) require and receive such explanations as are necessary concerning any matter under examination.
- (iv) require any employee of the Council to produce when required cash, stores or any other Council property under his/her control.
- (v) require any explanations that he/she considers necessary regarding any contract or transaction
- (vi) while investigating a contract, request the assistance of a professional person within the department concerned with such assistance being given promptly
- (vii) and will make any recommendations to changes in procedures as appropriate.

22.3 Irregularities

22.3.1 Any evidence or reasonable suspicion of an irregularity relating to funds, stores or other property of the Council, or any suspected irregularity in the exercise of the functions of the Council, including breaches of the Code of Corporate Governance, will be reported immediately, by the Executive Director to the Executive Director of Finance and IT Resources or a nominated employee or vice versa, in line with the Fraud Response Plan.

22. INTERNAL AUDIT (cont).

22.3 Irregularities

22.3.2 Such irregularities will be dealt with by the Executive Director of Finance and IT Resources as is considered necessary by way of investigation, action and report in accordance with the Council's Anti Fraud Strategy and Fraud Response Plan.

22.3.3 All Executive Directors will make arrangements within their Resource to ensure that any actual or suspected irregularities relating to funds, payments, stores, equipment or other Council property, or any breaches of the Code of Corporate Governance are reported to them immediately in line with the Fraud Response Plan.

22.3.4 The Executive Director of Finance and IT Resources will approve any necessary investigations arising from incidents of whistle blowing by third parties.

23. PETTY CASH IMPREST ACCOUNTS

23.1 Provision of Petty Cash Imprest Accounts

- 23.1.1 The Executive Director of Finance and IT Resources will, in consultation with the Executive Director concerned, advance a sum of money intended to be used for the purposes of defraying petty cash and other minor expenses.
- 23.1.2 The Executive Director of Finance and IT Resources only will open an imprest bank account in the name of the establishment to be used in the operation of the petty cash imprest account.
- 23.1.3 The Executive Director concerned will supply a list of authorised signatories for the operation of the imprest bank account. A minimum of two signatories will be required to withdraw money or make payment from an imprest bank account.
- 23.1.4 It shall be the responsibility of the imprest bank account holder to ensure the account is not overdrawn under any circumstances. Any charges for being overdrawn must be borne by the establishment concerned.
- 23.1.5 Any bank interest earned on imprest accounts will be remitted separately and immediately to the Executive Director of Finance and IT Resources and will not be left in the imprest bank balance.
- 23.1.6 Petty cash imprest accounts will be reconciled at least once in each calendar month, the reconciliation should be signed by the imprest holder and retained for inspection.
- 23.1.7 Claims for re-imbursement of a petty cash imprest account should be made where appropriate, taking into consideration the size of the claim and the expected demands on the petty cash account.
- 23.1.8 All claims for re-imbursement should be submitted to The Executive Director of Finance & It. Re-imbursement will be made electronically by bank transfer. No re-imbursements will be made in cash.
- 23.1.9 An employee responsible for a petty cash imprest account will, if so requested, give to the Executive Director of Finance and IT Resources a certificate as to the balance of the petty cash imprest account.
- 23.1.10 Payments from petty cash imprest accounts are limited to minor items of expenditure not exceeding £100 per item and to only such other items as the Executive Director of Finance and IT Resources may approve.
- 23.1.11 Payments from the petty cash imprest accounts will be supported by a receipted voucher to the satisfaction of the Executive Director of Finance and IT Resources.
- 23.1.12 Petty cash imprest accounts must not be used to pay major expense claims or any suppliers' invoices.

23. PETTY CASH IMPREST ACCOUNTS (cont).

23.2 Exclusion of Payments to the Council

- 23.2.1 No income received on behalf of the Council will be paid into an imprest bank account or be used to replenish an imprest petty cash account but shall be lodged in a bank or be paid to the Council as provided for in Section 13 hereof (Banking Arrangements).

23.3 Termination as Imprest Holder

- 23.3.1 On leaving the employment of the Council or otherwise ceasing to be entitled to hold a Petty Cash Imprest Account, the employee will account to the Executive Director of Finance and IT Resources for the amount advanced to the employee. A formal record of this accounting shall be prepared and retained in the Resource concerned for inspection.

23.4 Review of Provision of Imprest Accounts

- 23.4.1 The Executive Director of Finance and IT Resources will be entitled to review the use made of Imprest accounts and reduce or close them as considered appropriate.

24. PAYMENT OF WAGES AND SALARIES

24.1 Information regarding Appointments, etc.

24.1.1 The Head of Personnel Services and/or, where appropriate, the Executive Director concerned, will notify the Executive Director of Finance and IT Resources without delay and keep records of all matters affecting the payment of wages, salaries and other emoluments, in particular:-

- (i) appointments, promotions, re-gradings, resignations, dismissals, suspensions, secondments and transfers.
- (ii) changes in remuneration, other than normal increments and pay awards and agreements of general application.
- (iii) absences from duty for sickness, career break or other reasons.
- (iv) information necessary to maintain records of service for Superannuation, income tax, national insurance and social security purposes.

24.2 Implementation of Agreements

24.2.1 The Head of Personnel Services is responsible for the application of all appropriate wages and salary agreements to employees of the Council.

24.3 Form and Certification of Records

24.3.1 All time records or other pay documents will be in a format prescribed or approved by the Executive Director of Finance and IT Resources and will be certified in manuscript where appropriate, by or on behalf of the appropriate Executive Director. Electronic submission of data will only be accepted from authorised personnel.

24.3.2 The names of employees authorised to certify such documents will be sent to and approved by the Executive Director of Finance and IT Resources from each Executive Director together with specimen signatures and initials. Any amendment to the list of authorised signatories should be notified to the Executive Director of Finance and IT Resources as they occur without delay.

24.4 Submission of Timesheets

24.4.1 Each Executive Director will adhere to the timetable laid down by the Executive Director of Finance and IT Resources for the submission of timesheets and staff reports.

24.5 Arrangements for Payments

24.5.1 The payment of all salaries, wages, pensions, compensation and other emoluments to all employees, former employees, elected Members or beneficiaries will be made by the Executive Director of Finance and IT Resources or under arrangements approved and controlled by the Executive Director of Finance and IT Resources.

24.5.2 All transfers of money from one member of staff to another will be evidenced in the records of the Services concerned by the signature of the receiving employee.

24. PAYMENT OF WAGES AND SALARIES (cont.)

24.5 Arrangements for Payments (cont.)

24.5.3 Electronic transfers of payroll information shall be supported by documentation certified by an authorised signatory.

25. TRAVELLING SUBSISTENCE etc. ALLOWANCES

25.1 Arrangements for Claims

25.1.1 The Executive Director of Finance and IT Resources will be responsible for making arrangements for the administration, regulation and payment of claims for expenses of and allowances to Members and employees of the Council and its Committees and other approved bodies subject always to the statutory provisions from time to time in force.

25.2 Regulations

25.2.1 The Head of Personnel Services in consultation with the Executive Director of Finance and IT Resources, will make available the current Regulations on expenses and allowances to Members and employees of the Council and to other approved bodies.

25.3 Submission of Employees' Claims

25.3.1 All claims for payment of car allowances, subsistence allowances, travelling and incidental expenses must be submitted no later than eight weeks after the end of the month during which expenses are incurred, and be duly certified in manuscript on the appropriate official form approved by the Executive Director of Finance and IT Resources.

25.3.2 Anything beyond this will require specific authorisation by the appropriate Resource Executive Director as well as the Executive Director of Finance and IT Resources.

25.3.3 Each Executive Director must ensure that employees' claims applicable to a financial year are submitted by 15 April of the following financial year.

25.3.4 Projects to explore online submission of claims from employees are being developed, and on completion relevant guidance on processes which should be followed will be issued.

25.4 Payment of Employees' Claims

25.4.1 All such expenses will as far as practicable be paid via the payroll system.

25.4.2 Such payments will not be made out of imprest accounts without the express authority of the Executive Director of Finance and IT Resources.

25.5 Certification of Employees' Claims

25.5.1 The certification by or on behalf of the Executive Director will be taken to mean that the certifying employee is satisfied that the journeys were authorised, the expenditure was wholly, exclusively and necessarily incurred in the performance of employment, and that any allowances are properly payable by the Council.

25.5.2 The names of employees authorised to certify such claims will be sent to the Executive Director of Finance and IT Resources by Executive Directors together with specimen signatures and initials. Any amendment to the list of authorised signatories should be notified to the Executive Director of Finance and IT Resources as they occur without delay.

25. TRAVELLING SUBSISTENCE etc. ALLOWANCES (cont.)

25.5 Certification of Employees' Claims (cont).

25.5.3 An annual review of such authorisations will be carried out by each Resource to ensure that the list of names submitted to the Executive Director of Finance and IT Resources is complete and up-to-date.

25.5.4 No employee authorised to certify such claims would certify a personal claim. Personal claims must be certified by a separate authorised signatory who should be senior to the employee making that claim.

25.6 Submission of Members' Claims

25.6.1 Payments to Members, including co-opted Members of the Council or its committees who are entitled to claim travel costs incurred, mileage allowance or other expenses approved through the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007, the Local Government (Allowances and Expenses) (Scotland) Regulations 2007 and the Local Governance (Scotland) Act 2004 (Allowances and Expenses) Regulations 2007, or any amending Regulations will be made by the Executive Director of Finance & IT Resources upon receipt of the prescribed form duly completed and certified in manuscript

25.6.2 Members' claims should be submitted on a fortnightly basis or more frequently if required.

25.6.3 Members' claims applicable to a financial year should be submitted by the 15 April in the following financial year.

25.6.4 The payment of Members' expenses will be in accordance with the Councils' approved Scheme, or any amending legislation

26. SECURITY

26.1 Responsibility for Security

- 26.1.1 Each Executive Director is responsible for maintaining proper security, custody and control at all times for all plant, buildings, materials, stores, furniture, equipment, cash, etc., under the Executive Director's control. The Executive Director will apply as a minimum, standards for property protection as defined by Risk Management guidance.

26.2 Limits to Cash Holdings

- 26.2.1 The Executive Director of Finance and IT Resources will agree with the appropriate Executive Director the maximum amount of cash to be held in the premises under the Executive Director's control and the agreed amount shall not be exceeded except with the written agreement of the Executive Director of Finance and IT Resources.

26.3 Safe Keys

- 26.3.1 Keys to safes and similar receptacles for cash, stocks or valuable documents or articles, will be the responsibility of the person(s) given charge of such safes or similar receptacles at all times. Resource Management is tasked with the responsibility and should follow the guidance as detailed in any Risk Management guidance notes and General Security.
- 26.3.2 All valuables such as insignia of office or other items of a similar nature which are in active use, will be deposited with the Executive Director of Finance and IT Resources for safe custody with the exception of items legally part of the Museums Collection.

26.4 Pre-printed/Pre-signed Cheques, etc.

- 26.4.1 The Executive Director of Finance and IT Resources will be responsible for ensuring that secure arrangements are made for the preparation and holding of pre-printed/pre-signed cheques, stock certificates, bonds and other financial documents.

26.5 Security/Retention of Documents

- 26.5.1 Each Executive Director will be responsible for maintaining proper security, custody and control of all documents within his/her Resource Area. The retention period for all books, forms and financial records will be determined by the Executive Director of Finance and IT Resources in consultation with the Head of Legal Services.

26.5 Security / Retention of Documents (cont.)

- 26.5.2 Executive Directors or other nominated officers will be responsible for ensuring that proper systems exist for password identification control both in the case of all Council's IT systems and in the use of personal computers. Nominated Officers will be responsible for ensuring that passwords are properly secured and regularly reviewed.

26. SECURITY (cont).

26.6 Data Protection Act

- 26.6.1 Each Executive Director will be responsible for the use and security within the Department of all personal data held by or output from Computer Systems within the department. Personal data output from such systems must not be used by any other person, department or organisation in contravention of the authority's registration under the Data Protection Act or the Freedom of Information Act.
- 26.6.2 The Executive Director of Finance and IT Resources will be responsible for the use and security within the Finance and IT Resources of all personal data held by or output from Finance and IT Resources Computer Systems. Personal data output from Finance and IT Resources systems must not be used by any other person, department or organisation without the prior approval of the Executive Director of Finance and IT Resources or in contravention of the authority's registration under law relating to the Data Protection Act.

27. RISK MANAGEMENT

- 27.1 It is the responsibility of each Executive Director to maintain a register of Key Risks and associated Risk Control Plans.
- 27.2 It is the responsibility of each Executive Director to ensure that the register of Key Risks and associated Risk Control Plans are aligned to the Resource and Service Plans and are consistent with the approved Risk management methodology and systems.
- 27.3 The register of Key Risks and associated Risk Control Plans are to be available for inspection.

28. OBSERVANCE OF FINANCIAL REGULATIONS

28.1 Responsibility of Directors

28.1.1 It is the duty of each Executive Director to ensure that these Regulations are made known to the appropriate persons within the Resource / Service and to ensure that the Regulations are adhered to.

28.2 Breach of Regulations

27.8.1 Any breach or non-compliance with these Regulations must, on discovery, be reported immediately or as soon as is practically possible, to the Executive Director of Finance and IT Resources who will discuss the matter with the Chief Executive and / or Head of Personnel Services and / or Head of Legal and / or such other Executive Director as may be appropriate in order to determine the proper action to be taken.