



## FINANCIAL REGULATIONS

APPROVED BY INVERCLYDE COUNCIL  
17 FEBRUARY 2022

## **Foreword**

- i. The Council positively promotes the principles of sound corporate governance within all areas of the Council's affairs.

Corporate governance is about the structures and processes for decision-making, accountability, controls and behaviour throughout the Council. It is based around the key principles of openness, equality, integrity and accountability.

- ii. The fundamental principles of corporate governance should be reflected in the various dimensions of Council business which should include;

- ♦ Ensuring that a community focus underpins the Council's own vision and priorities;
- ♦ Ensuring the effective delivery of local services on a sustainable basis;
- ♦ Establishing effective management structures and processes which include clearly defined roles and responsibilities for officers;
- ♦ Developing and maintaining effective risk management systems that form part of the Council's strategic decision making process;
- ♦ Ensuring high standards of propriety and probity in the stewardship of the Council's funds and the management of the Council's affairs;
- ♦ Commitment to openness in the Council's affairs and the provision of full, accurate and clear information to all stakeholders.

- iii. These Regulations are an essential component of the corporate governance of the Council.

# FINANCIAL REGULATIONS

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## **1. GENERAL INTERPRETATION**

- 1.1 These Regulations are made in terms of Section 95 of the Local Government (Scotland) Act 1973 which requires every local authority to make arrangements for the proper administration of its financial affairs and to ensure that the proper officer of the authority has responsibility for those affairs.

The Chief Financial Officer has been designated as "the proper officer" and shall be responsible for advising the Council on financial matters including the determination of Accounting Policies.

- 1.2 In these regulations unless the context requires otherwise the following expressions shall have the meanings respectively assigned to them, that is to say:-

Council means Inverclyde Council;

Committee means all the committees of the Council including sub-committees;

Chief Officer means the Chief Executive, Directors and Heads of Service. This also refers to and includes other Officers when the stated duties have been delegated;

Chief Financial Officer means the Officer responsible for managing the financial affairs of the Council as designated by the Council in terms of Section 95 of the Local Government (Scotland) Act 1973.

Budget Manager is a general term for any employee who has been delegated responsibility for the control of a budget.

- 1.3 These Regulations are designed to facilitate the smooth running of the Council and to protect its interests and the interests of Councillors and Officers. These regulations are made for the proper administration of the Council's financial affairs, Trading Accounts, Trust Funds, The Common Good and Sundry Accounts.

Head Teachers must comply with these Regulations, with the exception of Virement which is defined within the Delegated Management of Resources (DMR) Scheme.

- 1.4 It shall be the duty of the Chief Financial Officer to ensure that Chief Officers maintain adequate financial and accounting arrangements. Chief Officers must comply with all guidance on accounting matters issued by the Chief Financial Officer and no accounting arrangements shall be introduced, discontinued or amended without the prior agreement of the Chief Financial Officer.

- 1.5 Each Chief Officer shall consult with the Chief Financial Officer on the financial implications of any proposals not provided for under the approved revenue budgets or capital programme before any commitment is made or before reporting thereon to the appropriate Committee of the Council.

- 1.6 Each Chief Officer shall ensure that proper internal controls are developed and maintained within financial and other operating systems of their Service. These controls shall be subject to review from time to time as part of the audit process but day to day monitoring of the adequacy and effectiveness of these controls is the responsibility of the Chief Officer concerned.

- 1.7 Chief Officers shall be responsible for ensuring that these Regulations are complied with in respect of matters falling within their remit and that all Officers with responsibility for financial matters within their Services are aware of these Regulations and comply with them.
- 1.8 Compliance with these Regulations is compulsory. If any difficulty is encountered in practice with the Financial Regulations or no provision is applicable to a particular circumstance then the matter should be immediately raised with the Chief Financial Officer. Failure to observe the Financial Regulations may lead to disciplinary action being taken against the Officer responsible.
- 1.9 These Regulations should be read alongside the Financial Regulations of the Inverclyde Integrated Joint Board (IJB) when dealing with budgets delegated to the Council by the IJB.
- 1.10 These Regulations have been approved by the Council and will be formally reviewed and approved every 4 years.
- 1.11 These Regulations may be jointly varied or revoked by the Chief Financial Officer, Head of Legal & Democratic Services and the Chief Executive outwith the 4 yearly formal review cycle.
- 1.12 All terms in these Regulations should be considered generic.
- 1.13 All monetary values within these Regulations are stated exclusive of VAT.
- 1.14 In all circumstances where a signature is required an electronic substitute may be considered appropriate within the authorisation procedures of the relevant system.
- 1.15 In the absence of a wet signature, email approval from the budget holder may be considered appropriate.

## **2. EMERGENCY AUTHORITY**

2.1 Where due to an emergency it is not possible to obtain the necessary Committee approvals in terms of the Financial Regulations or Standing Orders prior to committing the Council to expenditure the following action should be taken:-

2.1.1. Where there is immediate danger to life and limb and therefore a requirement for the Council to safeguard life and property and the prevention of suffering or severe inconvenience, all necessary steps should be taken to remove the immediate danger. Homologations for action taken should be obtained from the next available Committee.

2.1.2. In other emergencies the Chief Executive must be made aware of the following, prior to works being carried out or other appropriate action being taken, and prior to any commitment being entered into:-

- (a) The nature of the problem;
- (b) The likely consequences of delay;
- (c) Approximate costs and timescale involved;
- (d) Longer term solutions (where appropriate).

The Chief Financial Officer, Council Leader and Committee Convenor must be advised at the earliest opportunity of the above and of the actions taken.

2.2 In all cases the Chief Executive is authorised to approve or not to approve the carrying out of the proposed actions. In all such situations quotes shall be obtained if at all possible. A retrospective advisory report must be submitted to Committee at the earliest opportunity.

### **3. REVENUE BUDGET - PREPARATION AND MONITORING**

- 3.1 The detailed form and timetable to be followed in respect of the Revenue Budget process shall be determined by the Chief Financial Officer subject to any direction of the Policy & Resources Committee, and following consultation with the Corporate Management Team.
- 3.2 Estimates of income and expenditure shall be prepared by the Chief Financial Officer in conjunction with the Corporate Management Team. These estimates will be approved by the Council prior to the 31<sup>st</sup> March and shall constitute the Revenue Budget for the next financial year.
- 3.3 The appropriate Committees and the Chief Financial Officer shall be entitled to receive from any Chief Officer such clarification as is deemed necessary on any item of income and expenditure.
- 3.4 The inclusion of items in the approved Revenue Budget shall constitute authority for the appropriate Chief Officer to incur such expenditure in the year concerned, subject to:-
  - 1) The Council's Standing Orders and these Regulations; and
  - 2) Any prior reporting requirements of the appropriate Committee.
- 3.5 The Chief Financial Officer shall provide Chief Officers with financial statements of income and expenditure compared with the Revenue Budget on a regular basis and Chief Officers shall be entitled to receive any clarification deemed necessary on any item of expenditure or income.
- 3.6 Responsibility for ensuring that Revenue Budget provisions are not exceeded shall rest with the Chief Officer concerned, this responsibility shall not extend to depreciation (the responsibility of the Chief Financial Officer) and those allocations from other Services over which the officer has no control. In these cases responsibility rests with the budget holder of origin.
- 3.7 If it appears that expenditure under any budget head may be exceeded or that an income estimate may not be achieved and if the shortfall cannot be accommodated by the Chief Officer exercising powers of virement in terms of Regulation 4, the Chief Officer, after consultation with the Chief Financial Officer, shall report fully to the Committee concerned. In the event that the Committee is unable to find the amount required elsewhere in its budget, the matter shall be referred to the Corporate Management Team and thereafter the Policy & Resources Committee for consideration.
- 3.8 Any proposal which would involve incurring revenue expenditure which is not allowed for in the Revenue Budget shall be reported to the relevant Committee. The report prepared in consultation with the Chief Financial Officer, shall give reasons why the additional funding is necessary and, where appropriate, make proposals for virement in terms of Financial Regulations 4. Should virement not be possible details of the proposal must be reported to the Corporate Management Team prior to reporting to the relevant Committee and thereafter the Policy & Resources Committee for consideration.

- 3.9 Windfall savings arising from factors outwith the control of the Chief Officer cannot be used to supplement Service budgets without the initial approval of the Corporate Management Team followed by approval by the Policy & Resources Committee. For the avoidance of doubt the Chief Financial Officer will determine whether or not a saving is a windfall saving.
- 3.10 The Chief Financial Officer and the relevant Chief Officers, will jointly submit periodic Revenue Budget Monitoring Reports to each Committee detailing expenditure/income incurred and projected for the year and highlighting any relevant matters. Thereafter the Chief Financial Officer shall produce a consolidated position for the Policy & Resources Committee.
- 3.11 Whilst the monitoring report will highlight any relevant matters, all budget variances in excess of £20,000 will be specifically reported to Committee.
- 3.12 Councillors shall be entitled to seek explanations for any figure in the Monitoring Reports and if necessary may refer any matter to the relevant Committee.



#### **4. VIREMENT**

4.1 The term virement refers to the transfer of budgetary provision from one budget head to another.

4.2 Subject to limitations referred to in Regulations 4.3 to 4.6, virement may be exercised by Chief Officers, by Service Committees and by the Policy & Resources Committee. Chief Officers must use the on-line virement approval or a Virement Approval Form to smooth administration and provide a clear audit trail.

4.3 Chief Officers may vire unlimited sums within the subjective heading within a Service with the approval of the Chief Financial Officer.

A subjective heading relates to, for example, supplies and services, property costs, transport and plant, administrative costs etc.

A Service is defined as the full group of functions managed by a discrete Head of Service.

4.4 Chief Officers may vire between subjective headings within a Service to a maximum of £20,000 with the approval of the Chief Financial Officer. Any virement above £20,000 requires initial approval of the Chief Financial Officer then approval of the relevant Committee.

4.5 Head Teachers are constrained as to their powers of virement as set out in the DMR Scheme.

4.6 Virement affecting budgets delegated to Social Care by the IJB requires to comply with both the requirements of these regulations and, where appropriate, the IJB Financial Regulations.

4.7 Chief Officers may vire between Services within a Directorate with the approval of the Chief Financial Officer and thereafter approval of the relevant Committee(s).

4.8 Chief Officers may vire between Directorates with the agreement of all Chief Officers concerned, the approval of the Chief Financial Officer and thereafter approval of all relevant Committees.

4.9 Where the virement proposed involves a change in Council policy the prior approval of the Policy & Resources Committee is required.

4.10 All virement requested is deemed to be permanent, i.e. to be carried forward into future financial years, unless specifically highlighted as being “one-off” at the time of submitting the virement request.

4.11 Limitations

Virement cannot be used to reinstate an item deleted by the Council during budget considerations unless with the prior approval of the Corporate Management Team and thereafter the Policy & Resources Committee.

## **5. AUTHORITY TO INCUR EXPENDITURE**

- 5.1 Each Chief Officer shall have authority to incur expenditure included in the approved Revenue Budget for the Services for which they are responsible up to the level of the budget provision subject to 5.2 below.
- 5.2 For this purpose a Chief Officer may delegate the processing of expenditure to authorised employees within a Service but the Chief Officer will retain ultimate responsibility for the related budget unless that budget has been formally delegated as part of the Council's Budget Delegation process. Within the Education Service Head Teachers shall be responsible for budgets transferred in terms of the Devolved Management of Resources (DMR) Scheme.
- 5.3 Except where specific arrangements exist within a Service Level Agreement, expenditure on new buildings or on the alteration, repair or maintenance of existing buildings may not be incurred without technical or professional advice having been received from the Interim Head of Property Services. Professional fees will be charged where appropriate.
- 5.4 Each Chief Officer shall comply with the Standing Orders relating to Contracts when incurring expenditure.
- 5.5 Each Chief Officer shall furnish the Chief Financial Officer with a list of authorised signatories together with specimen signatures, details of the areas of responsibility and financial limits of authorisation of each employee and shall also promptly advise the Chief Financial Officer in writing of any additions to or deletions from the list. An annual review of this list will be undertaken by Finance Services and Chief Officers are required to assist with this exercise.
- 5.6 Each Chief Officer shall also ensure that electronic signature authorisation limits for their employees are approved by them and that additions or deletions are notified promptly to Finance Services. Such authorisation limits will be reviewed annually by Finance Services with the assistance of Chief Officers.
- 5.7 Chief Officers seeking approval to lease non-property assets must obtain advice from the Chief Financial Officer and Head of Legal & Democratic Services and incorporate such advice into any report presented to a Committee.
- 5.8 Any consultants considered for appointment must have the appropriate professional indemnity/public liability insurance which must be evidenced to the Insurance Section before appointment. The Head of Legal & Democratic Services or the relevant designated Procurement Officer will issue a letter of appointment which will advise that compliance with the Council's operating procedures and regulations is compulsory.
- 5.9 Expenditure on Council properties repairs, maintenance and jobbing works shall only be authorised when provided by Contractors registered under the terms of the HMRC Construction Industry Scheme.

## **6. PROCUREMENT AND PURCHASING**

- 6.1 All relevant purchases of goods, services and works shall be made through such purchasing arrangements as may be approved from time to time by the Council. Centralised contract arrangements must be used where appropriate, and Services must comply with the Procurement Manual and associated guidance issued by the Procurement Section.
- 6.2 Unless specified within a formal contractual arrangement approved by the Chief Financial Officer and Head of Legal & Democratic Services no purchases shall be paid for in advance of receipt of goods, services or works ordered. In general terms, purchases over the Internet or telephone are acceptable using a Council purchasing card but must be in accordance with the approved Purchase Card Policy.
- 6.3 Orders shall be in a format approved by the Chief Financial Officer. All orders shall be approved by an authorised signatory (see paragraph 5.5 & 5.6).
- 6.4 Chief Officers are required to ensure that there is adequate segregation of duties of employees between the ordering of goods and the approval of payment.
- 6.5 All Officers incurring expenditure covered by the exemptions clause in the Standing Orders for Contracts shall ensure that due consideration is given to securing Best Value.
- 6.6 Excepting petty cash and other payments made from Imprest Accounts the method of payment of monies due by the Council shall be by electronic funds. A request to use any other instrument drawn on the Council's bank account requires prior approval by the Chief Financial Officer.
- 6.7 All invoices will be input directly by Finance staff to the Financial Management System from where the certifying officer shall authorise the invoice for payment.
- 6.8 Before certifying an account the certifying officer shall be satisfied that:-
1. The works, goods or services to which the account relates have been received, carried out, examined or approved and the relevant expenditure has been properly incurred;
  2. The prices, calculations, trade discounts, other allowances, credits and VAT are correct;
  3. Appropriate entries have been made on stores records or asset records as required;
  4. The account has not been previously passed for payment and it is a proper liability of the Council.
- 6.9 Chief Officers shall be responsible for procuring works, goods or services in accordance with the Standing Orders Relating to Contracts supported by the Procurement Manual and associated Procurement Guidelines.

- 6.10 Where a Chief Officer wishes to accept a tender with a value of greater than £1 million, a report shall be prepared by the relevant Service and be submitted to the relevant Committee prior to tender acceptance following advice from the Head of Legal & Democratic Services and Chief Financial Officer. The report shall include:-
- (a) Comparison of the tendered costs with the approved available budget.
  - (b) How the tender was evaluated including Price/Quality split.

Where the tender costs cannot be met from within the approved budget, the matter shall be referred back to the Committee and if required, the Policy and Resources Committee to confirm the funding route.

- 6.11 Where the lowest acceptable tender is in an amount which cannot be contained within the approved budget for the project but the excess amount can be contained within any general contingency allowance within the Committee's approved Capital Programme then the tender may be accepted provided the Chief Financial Officer is satisfied the necessary funding is available and the matter is reported to the next meeting of the relevant Committee.
- 6.12 Works may be carried out by internal Council's Services e.g. Roads, Building Services subject to compliance with the Council's Standing Orders Relating to Contracts and the appropriate transparency conditions as laid down in the Local Government in Scotland Act 2003 and the Council's own Best Value protocol.
- 6.13 Payments to contractors shall be made on an approved payment request document authorised by the appropriate Chief Officer. Where contracts provide for payments to be made by instalments, the Chief Officer managing the contract shall ensure that a contract register is being properly maintained to show the state of account on each contract between the Council and the Contractors together with any other payments and related professional fees.
- 6.14 All instructions to contractors for variations to approved capital works or major revenue projects shall be instructed by the architect/engineer using an appropriate technical instruction form as relevant to the type of contract.
- 6.15 Claims from contractors in respect of matters not clearly within the terms of any existing contract shall be referred to the Head of Legal & Democratic Services for consideration of the Council's liability and, where necessary, to the Chief Financial Officer for financial consideration before attempting a resolution.
- 6.16 Where there is an unreasonable delay in completion of a contract, it shall be the duty of the Chief Officer concerned to consult the Chief Financial Officer and Head of Legal & Democratic Services prior to determining any action in respect of claims for liquidate or other damages.
- 6.17 Duly certified accounts must be processed, authorised, coded and passed as soon as possible to the Chief Financial Officer who shall arrange for the examination to the extent that is considered necessary. For this purpose he shall be entitled to make such enquiries and to receive such information and explanations considered necessary.
- 6.18 Final accounts must be agreed as early as practicable after expiry of the defects liability period.

- 6.19 Payment will only be made on a duplicate or copy invoice when the certifying officer is satisfied that the copy has not previously been paid.
- 6.20 All amendments to payment request vouchers (CRI's) shall be in ink and initialed by the certifying officer. VAT Invoices must be returned to the creditor for alteration.
- 6.21 The Chief Financial Officer shall have authority to pay duly certified accounts/vouchers.
- 6.22 Each Chief Officer shall, after the end of each financial year, notify the Chief Financial Officer of all outstanding expenditure relating to that year in accordance with the year-end guidance notes.

## **7. CONTROL OF INCOME**

- 7.1 The processes for the collection and banking of all monies due to the Council shall be subject to the approval of the Chief Financial Officer. Changes to processes cannot be made without first obtaining the approval of the Chief Financial Officer.
- 7.2 Income due to the Council for work done, goods supplied or services provided and not paid for at the time must be recovered via the raising of an invoice which records the service delivery date. Chief Officers must ensure preparation and issue of such invoices in order to record and collect the amounts correctly. Invoices must be raised no later than 30 days after the last day of service delivery specified on the invoice. In rendering charges (whether by issuing an invoice or for goods supplied/services and paid for at the time), Chief Officers shall ensure that the correct VAT treatment is applied on which advice can be sought from Finance Services. In particular, transactions involving joint ventures and land sales can be particularly complex and in all such cases advice shall be obtained from the Chief Financial Officer and Head of Legal & Democratic Services before proceeding.
- 7.3 The Chief Financial Officer shall be notified as soon as is practicable of all monies due to the Council and of all contracts, leases and other arrangements entered into which involves a receipt of money by the Council and the Chief Financial Officer shall have the right to inspect all documents in this connection as may be required.
- 7.4 All receipt forms, books, tickets and other such items shall be designed, ordered, supplied and obtained subject to a consultation with and approval of the Chief Financial Officer. No Officer shall give a receipt on behalf of the Council on any form other than that of an official receipt form or ticket.
- 7.5 All money, cash or otherwise, received by an Officer on behalf of the Council shall without delay be paid to the Chief Financial Officer or as he may direct to the Council's bank account. No deduction may be made from such money save to the extent that the Chief Financial Officer may specifically authorise. Each Officer who directly banks money shall complete a corresponding income analysis sheet and forward it together with the bank pay-in slip and counterfoil to the Chief Financial Officer; alternatively deposits can be made at the Council's Customer Services Centre.
- 7.6 All offices or establishments receiving income by post shall secure appropriate mail opening procedures involving clear separation of duties wherever possible. All cheques and postal orders received shall be suitably crossed. Personal cheques shall not be cashed out of money held on behalf of the Council.
- 7.7 Each transfer of official cash from one employee to another will be evidenced in the records of the Service concerned by the signature of the officer receiving the funds. Arrangements shall be developed at each office to secure all income collected on behalf of the Council until such time as these funds are banked.
- 7.8 Not less frequently than once per year scales of charges or tariffs (not fixed by statute) shall be reviewed for the following year. Any such review to comply with the Council's Budget Strategy and Charging Policy.

- 7.9 The Chief Financial Officer shall maintain a Debt Management Policy to secure effective recovery of all sums due to the Council. This Policy shall be applied for all monies due to the Council for rent or services provided. No debt due to the Council once correctly established shall be discharged otherwise than by payment in full or by write off following the certification of the Chief Financial Officer.
- 7.10 The Chief Financial Officer shall where necessary act on advice from the Head of Legal & Democratic Services, external debt managers and/or sheriff officers when determining debts to be written off for accounting purposes. Details of debts written off in terms of this Regulation shall be retained for credit control purposes and to allow the debts to be pursued at any stage until they become time prescribed. A report on debt recovery performance for the preceding financial year shall be submitted annually to the Policy & Resources Committee, no later than 31 October.

## **8. TRAVEL & SUBSISTENCE ALLOWANCES**

- 8.1 All payments in respect of employees travel and subsistence allowances shall be at rates determined by the Council from time to time and in accordance with the scheme for payment of travel and subsistence allowances.
- 8.2 All claims for payment of subsistence allowances, travel and incidental expenses shall be submitted in a form approved by the Head of OD, Policy & Communications. All claim forms shall be signed by an authorised signatory (see Regulations 5.5 & 5.6).
- 8.3 Certification by or on behalf of the Chief Officer shall be taken to mean that the certifying officer is satisfied that the journeys have been authorised, the expenses properly incurred wholly, necessarily and exclusively for Council purposes and that the allowances are properly payable by the Council.
- 8.4 Claims forms other than those relating to journeys made by the Chief Executive must always be authorised for payment by an officer senior to the claimant. The claims submitted by the Chief Executive must be countersigned by a Corporate Director.
- 8.5 Claims shall be submitted promptly, and on a regular basis. Claims applicable to a financial year shall be submitted not later than one month after 31 March of that financial year. Claims submitted after this period may not be automatically paid.
- 8.6 Requests by Councillors to travel outwith the United Kingdom on Council business (being funded from the Council budget) must be considered and approved by the Chief Executive in consultation with the Leader and Depute Leader prior to the journey taking place. Where such approval is granted it is for the relevant Committee to determine reasonable limits for travel. Subsistence limits for Councillors will be calculated by reference to the Members Salaries and Expenses Scheme.
- 8.7 Requests by employees to travel outwith the United Kingdom on Council business (being funded from the Council budget) must be considered and approved by the relevant Corporate Director in consultation with the Chief Executive, who will advise the Council Leader prior to the journey taking place. Where such approval is granted the Chief Financial Officer shall be consulted on reasonable limits for travel and subsistence payments on an individual journey basis.
- 8.8 Except in cases where a spouse or partner forms part of an approved group or delegation, the spouse or partner travel costs and additional accommodation costs shall not be met by the Council, unless previously approved by Committee.
- 8.9 Where an advanced payment is required in order to fund expenses which have not yet been incurred e.g. for attendance at an overseas conference, employees may request an advanced payment of expenses. Such a request shall be made to the Chief Financial Officer. Any advance agreed shall not exceed a reasonable estimate of the expenses to be incurred. Where an advance is granted, a claim form detailing actual expenses incurred, together with receipts, must be submitted to the Head of Organisational Development Policy & Communications within one month of the completion of the event.



- 8.10 Advance claims shall be made no later than 5 working days in advance of requirement. Advances will be made by electronic transfer to the employee's bank account. No cash advances shall be made unless the requirement is for "foreign currency".
- 8.11 Any failure to account for an advance of expenditure within the timescales indicated above shall result in the advance being recovered from the next available payroll run and employees will be required to sign a mandate authorising such recovery before an advance is made.

## **9. SALARIES, WAGES AND ESTABLISHMENTS**

- 9.1 With the general exception of pensions to former employees the payment of salaries, wages, compensations and other emoluments to all employees of the Council shall be made by the Head of Organisational Development Policy & Communications.
- 9.2 Without the authority of the Council on the recommendation of the Policy & Resources Committee:-
- ♦ No permanent employee at Grade 12 or above shall be employed in excess of the approved establishment;
  - ♦ Amendments to the permanent establishment below Grade 12 require approval from the Chief Executive, Head of Organisational Development Policy & Communications, Chief Financial Officer and Corporate Management Team;
  - ♦ Employees shall normally be appointed to the first incremental point of the salary scale of the post. Where there are extenuating factors e.g. experience or existing salary required the placing can be reviewed by the Chief Officer in conjunction with the Head of Organisational Development, Policy & Communications with the Chief Executive having the final say in the event that agreement cannot be reached;
  - ♦ The appropriate conditions of service shall apply to all employees.
- 9.3 Alterations to rates of wages and salaries and to conditions of service for employees agreed by the relevant national negotiating bodies, shall be applied from the effective dates specified, subject to the reference to the Council of any matter in which there is a discretion.
- 9.4 Each Chief Officer shall ensure that the Head of Organisational Development, Policy & Communications is informed immediately and upon the prescribed form of all matters affecting the payment of such salaries and wages and in particular:-
- ♦ Appointments, resignations, dismissals, suspensions, secondments and transfers;
  - ♦ Changes in remuneration, other than normal increments and pay awards and agreements of general application;
  - ♦ Absences from duty for sickness or other reason, apart from approved leave;
  - ♦ Information necessary to maintain records of service for superannuation, income tax, etc.
- 9.5 Appointments of all employees shall be made in accordance with the regulations of the Council and approved establishments, grades and rates of pay.
- 9.6 All individuals employed by the Council shall be paid through the payroll system and no "self-employed" person shall be appointed without the specific prior written approval of the Chief Executive or relevant Director.

9.7 All time records or other "pay" documents shall be in a form prescribed or approved by the Head of Organisational Development, Policy & Communications and shall be certified in manuscript by or on behalf of the appropriate Chief Officer and returned timeously to the Head of Organisational Development, Policy & Communications. The Certifying Officer must be satisfied that:-

- ♦ Hours claimed have been worked;
- ♦ Where applicable, overtime hours have been correctly calculated;
- ♦ Summations are correct.

## **10. CAPITAL PROGRAMME - PREPARATION AND MONITORING**

- 10.1 The Council produces a capital programme for the current financial year and a minimum of the following two financial years. The resources available over this period are estimated by the Chief Financial Officer.
- 10.2 A report seeking the consideration of a standalone project to be included within the draft capital programme shall include the following:-
- (a) Details of any assets to be created/enhanced.
  - (b) The need for the project and the anticipated benefits which will accrue to the Council and community. The benefit should be quantified wherever possible and linked to the Council's strategic objectives.
  - (c) The total estimated capital costs of the project including fees, equipment and other ancillary costs.
  - (d) Details of any other proposed funding sources including partner contributions.
  - (e) The estimated future revenue implications (or savings) arising from the project and the proposed source from which any additional costs (excluding loans charges) are to be met.
  - (f) A detailed phasing of capital costs over financial years on the basis that the project will be approved as part of the next budget round.
  - (g) For significant capital projects an option appraisal an option appraisal should be incorporated within the report highlighting options, risks and sustainability implications.
- 10.3 The relevant Chief Officer shall submit the report outlined in Regulation 10.2 to the Corporate Management Team for comment prior to submission to the relevant Committee for approval. If approved, by Committee the report thereafter requires approval by the Policy & Resources Committee prior to inclusion in the draft capital programme.
- 10.4 The Chief Financial Officer shall prepare a draft capital programme for consideration by the Council as part of the annual Budget approval process.
- 10.5 If, during the course of a contract, a variation or accumulation of variations to the contract or other cause will result in the approved cost being exceeded by either £50,000 or 20%, whichever is lower, the Chief Officer concerned shall report to the relevant Committee.
- 10.6 It shall be the responsibility of each Chief Officer to ensure that approved projects proceed in line with approved timescales and the expenditure does not exceed the sum allocated for each project in the capital programme.
- 10.7 In line with Council policy, post project evaluations require to be carried out by the Client/Technical Lead Officer for all projects with a contract value in excess of £2 million approximately 12-18 months after completion.

- 10.8 The Chief Financial Officer shall report each cycle to the Policy & Resources Committee updating the financial position of the approved capital programme. In addition the Chief Financial Officer and the relevant Director shall report on the progress of all current capital projects to each meeting of the appropriate Committee.

## **11. SECURITY**

- 11.1 Each Chief Officer is responsible for maintaining proper security at all times for all buildings, stocks, stores, furniture, equipment, cash etc. under their control. The Chief Executive and the Chief Financial Officer must be notified in any case where it is considered that special security arrangements may be needed.
- 11.2 Maximum limits for cash holdings shall be agreed with the Chief Financial Officer and shall not be exceeded without specific written permission.
- 11.3 Keys to safes and similar receptacles are to be kept in the custody of persons with delegated responsibility at all times. The loss of any such keys must be reported to the Chief Financial Officer immediately.
- 11.4 Each Chief Officer shall arrange for registers to be kept of pre numbered accountable stationery e.g. receipt books, tickets, and other such items under their control.

## **12. POLICY ON VOLUNTARY FUNDS**

- 12.1 Many employees within Council establishments are involved in the handling of money for and on behalf of the Council. Employees can also be responsible for other monies as a consequence of their employment by the Council either directly (e.g. schools, social work establishments, etc.) or indirectly as treasurer of a representative body relating to Council activities. These other monies are known as voluntary or unofficial funds.
- 12.2 Voluntary funds maintained by or at an establishment can be defined as "any fund other than an official fund of the Council, which is controlled wholly or in part, by an Officer of the Council by reason of his or her employment".
- 12.3 The aims and objectives of these funds are mainly complementary to and sometimes are not easily distinguishable from those of the Council. Thus, to protect the interests of not only the persons to whom the funds belong but also to safeguard the employees who administer and are responsible for them, suitable financial records must be maintained.
- 12.4 These regulations do not prescribe the detailed form and content of records to be maintained but in all cases written records shall be kept to show the nature and value of all receipts and disbursements. These records shall be kept up to date, be accessible to all parties connected with the funds and be subject to annual audit by a suitably qualified independent person.
- 12.5 Advice on the adequacy of any voluntary funds arrangement should be sought from the Chief Financial Officer.

### **13. ASSET REGISTER**

- 13.1 An asset register for “accounting purposes” shall be compiled by the Chief Financial Officer which records an adequate description of property plus items of equipment, plant and machinery which exceed the minimum thresholds. The extent to which the owned and leased property of the Council shall be recorded and the asset register is to be kept in accordance with the recommended Chartered Institute of Public Finance and Accountancy guidance.
- 13.2 Each Chief Officer shall be responsible for maintaining a regular check on all assets under their responsibility and advise the Chief Financial Officer of any amendments to the asset register accordingly.
- 13.3 The Interim Director Environment and Regeneration shall ensure that a register of all land, properties and structures owned by the Council is maintained, which records the current user, the purpose for which held, the location, the extent, purchase price and rents payable and particulars of tenancies granted.
- 13.4 The Head of Legal & Democratic Services shall ensure custody of all title deeds under secure arrangements.
- 13.5 It is the responsibility of the Chief Financial Officer to ensure a five year rolling revaluation programme of assets is adhered to.
- 13.6 The Interim Director of Environment and Regeneration is responsible for maintaining the register of heritable and moveable assets subject of a leasing arrangement.
- 13.7 Council property shall not be moved otherwise than in accordance with the ordinary course of the Council's business or used otherwise than for the Council's purposes except in accordance with specific directions issued by the Chief Officer concerned. Where Officers are authorised to retain equipment at home for the purposes of home working (either during or outwith normal working hours) each Chief Officer shall maintain a register giving details (including serial numbers where applicable) of all non ICT equipment held by each employee. It is the obligation of a Service to inform ICT if any item is moved or reallocated to allow the Configuration Management Database to be updated accordingly.



## **14 DISPOSAL OF ASSETS**

- 14.1 All surplus plant, vehicles, equipment, scrap materials or any other assets deemed as having a value, where no suitable trade-in arrangements have been made and with a cumulative value estimated as over £500, shall be offered for sale by the appropriate Chief Officer. The manner of the sale will be as directed within the Procurement Manual.
- 14.2 Where it is estimated that the cumulative annual value of the surplus items specified in 14.1 will exceed £10,000 then the disposal of the items should be carried out by a suitably qualified contractor. The identification of a suitably qualified contractor will be the subject of a competitive bid process. Advice in all instances, must be sought from the Head of Legal & Democratic Services and the Procurement Manager in consultation with the Chief Financial Officer.
- 14.3 All land and buildings on becoming surplus to requirements by a particular service will be returned to the control of the Interim Head of Property Services. Property will be allocated to another Service or declared surplus to the Council's requirements. All surplus properties shall be sold by the Head of Legal & Democratic Services. In arranging any sale the relevant Chief Officer shall consult with the Chief Financial Officer to ensure all financial implications including accounting for VAT are fully considered.
- 14.4. The Council shall not be bound to accept the highest or any offer but where an offer other than the highest offer is recommended for acceptance approval of the Environment & Regeneration Committee is required and the reasons for accepting said offer must be duly recorded in the Minute of the Meeting. Where such a decision has financial implications for approved budgets/funding models then the approval of the Policy & Resources Committee is also required.
- 14.5 Where the Council wishes to dispose of land, officers shall have regard to Section 74 of the Local Government (Scotland) Act 1973 and any relevant regulations and statutory guidance, including any and all amendments which may from time to time be in force (the Framework).
- 14.6 In circumstances where the value of the land to be disposed is greater than or equal to £10,000 and the difference between the proposed consideration and the Best value consideration that can be obtained is greater than 25%, then the relevant Director shall present a report to the appropriate committee which shall:-
- (i) appraise and compare the costs and other disbenefits with the benefits of disposal at less than best value consideration;
  - (ii) state whether the disposal for the proposed consideration is reasonable and if so, explain why it is reasonable and;
  - (iii) outline whether the proposal is likely to contribute towards (a) promotion or improvement of economic development or regeneration, (b) health, (c) social well-being or (d) environmental wellbeing, for the whole or any part of the area in question or any person resident or present in that area of land.
- 14.7 In determining the best value consideration which could be achieved for land, the Framework provides that this should be determined by a suitably qualified valuer who shall:-

Be a chartered member of or authorised to practice by the Royal Institute Of Chartered Surveyors;

Be suitably experienced in the valuation of the type of property concerned with a reasonable knowledge of the locality concerned; and take into account, when valuing the land, the requirements of the latest edition of the RICS valuation standards applicable at the date when he is undertaking the valuation.

- 14.8 The Procurement Manual shall contain detailed provisions which shall be applied in relation to the procedures to be followed in relation to the disposal of land.
- 14.9 For the avoidance of doubt, 'disposal of land' includes sale, lease, license to occupy or other arrangements whereby the Council relinquishes ownership or occupation of land and/or buildings.
- 14.10 Details of any IT equipment which a Chief Officer deems surplus to requirements shall be advised to the ICT Service Manager who will consider the equipment's suitability for use within the Council and or sale to a secondary ICT market in line with Regulation 14.1.

## **15. STOCKS AND STORES**

- 15.1 Chief Officers shall be responsible for the custody of the stocks and stores in their Services.
- 15.2 Chief Officers shall arrange for periodic examination of stocks by persons other than storekeepers and shall ensure that all stocks are checked at least once in every financial year. No adjustment of stock valuation (for writing off, writing down, obsolescence etc.) shall be made without the approval of the Chief Financial Officer.
- 15.3 The Chief Financial Officer shall be entitled to receive from each Chief Officer such information as he requires in relation to stores for accounting, costing and financial recording purposes.
- 15.4 Stocks and stores records must be kept in a form approved by the Chief Financial Officer.
- 15.5 Surplus material, stores or equipment (including scrap) shall be disposed of in terms of Regulation 14 unless otherwise agreed with the Chief Financial Officer. Payment must be received before such items are removed by the purchaser.

## **16. IMPRESTS**

- 16.1 The Chief Financial Officer shall provide such imprests as he considers appropriate for those Officers of the Council who may need them for the purposes of defraying petty cash and other expenses.
- 16.2 The Chief Financial Officer shall open bank accounts where considered appropriate. In no circumstances shall the imprest holder overdraw the account.
- 16.3 Income received on behalf of the Council shall not be paid into an imprest account. It must be banked or paid to the Council as provided under Regulation 7.5.
- 16.4 Payments from an imprest account shall be limited to minor items of expenditure and to such other items as the Chief Financial Officer may approve and shall be supported by a receipted voucher to the extent that the Chief Financial Officer may require.
- 16.5 On no account shall any allowances or personal expenses or subsistence payments be paid to employees from an imprest account, instead all such claims shall be processed through the travel and subsistence scheme in terms of Regulation 8.2.
- 16.6 Any officer responsible for an imprest account shall maintain a proper account and shall provide a certificate of balance when requested.
- 16.7 Any officer ceasing to be entitled to hold an imprest, for any reason, shall account for the amount advanced in full. A formal record of this accounting shall be prepared and retained within the relevant Service concerned for inspection.

## **17. BANKING ARRANGEMENTS**

- 17.1 The Council's main bank account will be kept with the bank approved by the Council and where required the Chief Financial Officer shall arrange for subsidiary accounts to be kept with that bank.
- 17.2 All bank accounts shall be in the name of, or incorporate the name of, the Council.
- 17.3 Except where in special circumstances it is not possible to borrow on or gain access to the money market, the bank account shall not be drawn in excess of the sum authorised by the Council and agreed with its bankers.
- 17.4 All bank accounts shall be reconciled to supporting records at regular monthly intervals and copies of reconciliations, if requested, shall be forwarded to the Chief Financial Officer for review.
- 17.5 Payments over £50,000 must be countersigned by an authorised bank signatory before the payment is released.
- 17.6 Arrangements for electronic funds transfer shall be authorised by the Chief Financial Officer or his nominee.

## **18. ANNUAL ACCOUNTS**

- 18.1 Chief Officers shall provide all information requested in the year end accounting instructions issued by the Chief Financial Officer and comply with the timetable in order to ensure that the annual accounts can be completed in line with the statutory deadline.
- 18.2 An unaudited copy of the annual accounts shall be submitted to the Audit Committee for review prior to formal submission to Audit Scotland.
- 18.3 The accounts together with the auditor's report, shall be submitted to the Council for final approval following completion of the external audit.

## **19. INSURANCES AND INDEMNITIES**

- 19.1 The Chief Financial Officer shall effect all insurance cover and negotiate all claims in consultation with other officers where necessary.
- 19.2 Chief Officers shall notify the Chief Financial Officer without delay of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.
- 19.3 Chief Officers shall notify the Chief Financial Officer in writing of any loss, liability or damage or any event likely to lead to a claim and shall inform the Police Scotland where appropriate.
- 19.4 All employees of the Council shall be included in a suitable fidelity guarantee insurance.
- 19.5 The Chief Financial Officer shall review all insurance arrangements in line with the contract term and report annually on the Insurance Fund performance to the Policy & Resources Committee.
- 19.6 Chief Officers shall consult with the Head of Legal & Democratic Services and the Chief Financial Officer about the terms of any indemnity which the Council is required to give.

## **20. TREASURY MANAGEMENT**

- 20.1 The Council actively works to promote best practice for all aspects of its treasury management operation. The Council has adopted the CIPFA “Treasury Management in Public Services – Code of Practice”.
- 20.2 A Treasury Management Policy Statement (TMPS) will be approved annually as part of the treasury strategy unless there is a requirement to revise the policy in the interim period. The TMPS will state the policies and objectives of the treasury management activities.
- 20.3 Treasury Management Practices (TMP’s) will be established and maintained setting out the manner in which the Council will seek to achieve these policies and objectives, and prescribing how it will manage and control these activities as a supplement to the CIPFA Code of Practice. The Chief Financial Officer has delegated authority to change the TMP’s to reflect changes to the Council structure, bankers, treasury advisors or credit worthiness selection methodology.
- 20.4 At the start of the financial year the Chief Financial Officer shall report to the Policy & Resources Committee on the proposed strategy for treasury for the coming financial year. This strategy will also include the Council’s investment Strategy. Thereafter this requires approval by the Council.
- 20.5 All monies in the hands of the Council shall be under the control of the Officer designated for the purposes of Section 95 of the Local Government (Scotland) Act 1973, referred to in the Code as the Responsible Officer.
- 20.6 The Council has delegated the execution and administration of the treasury management decisions to the Chief Financial Officer who will act in accordance with the Council’s Policy Statement and Treasury Management Practices and CIPFA’s Standard of Professional Practice and Treasury Management. In the absence of the Chief Financial Officer the Finance Manager (Corporate Services and Strategic Finance) will deputise in this regard.
- 20.7 The Policy & Resources Committee will receive an annual report by 30 September on the Council’s Treasury Management activities for the preceding financial year. Thereafter this report requires approval by the Council.



## **21. INVESTMENTS AND LOANS, COMMON GOOD AND TRUST ETC FUNDS**

- 21.1 The Chief Financial Officer shall manage funds in accordance with the limits and conditions imposed by statute, by the relevant deed of trust etc. and by the Council and shall ensure the proper and safe custody of funds.
- 21.2 All investments of monies under its control shall be made in the name of the Council or in the name of nominees approved by the Council; bearer securities shall be excepted from this Regulation but any purchase of such security shall be reported to the Council.
- 21.3 All securities, which are the property of, or in the name of the Council or its nominees shall be held in the custody of the Chief Financial Officer or according to their instruction.
- 21.4 The title deeds of all property in the ownership of the Common Good and Trust etc. Funds shall be held in the custody of the Head of Legal Services.
- 21.5 All Trust Funds shall wherever possible be in the name of the Council, all monies left in trust to the Council or to be administered by its officials shall be notified as soon as possible to the Chief Financial Officer.
- 21.6 All officers acting as trustees by virtue of their official position shall deposit all securities etc. relating to the trust with the Chief Financial Officer unless the Deed otherwise provides.
- 21.7 The Chief Financial Officer has a duty to prepare annual accounts in an appropriate format and submit these accounts to trustees for approval.

## **22. HOSPITALITY**

- 22.1 Each Director shall be entitled to extend hospitality within their area up to £1,000 (excluding VAT) per occasion, subject to budget availability.
- 22.2 When hospitality is estimated to cost in excess of £1,000 but not more than £2,000 per occasion, written approval shall first be obtained from the Chief Executive.
- 22.3 Hospitality estimated to cost in excess of £2,000 per occasion shall require the prior approval of the appropriate Service Committee.
- 22.4 Reasonable hospitality extended to Council employees by current or prospective clients, customers, suppliers etc. is an accepted practice, but the acceptance of excessive hospitalities or gifts, other than mere tokens, goes beyond what is proper for a public official, regardless of whether such gifts do, or are intended to, influence them in an official capacity. The acceptance of an offer of any hospitality or gift deemed likely to exceed £20 in value must be approved by the relevant Director or the Chief Executive prior to its acceptance, and intimated in writing to the Head of Legal & Democratic Services for recording in a central register of gifts and hospitality.
- 22.5 Officers have a duty to report to the Head of Legal & Democratic Services any offers of hospitality which could be viewed as being excessive or if accepted which would run the risk of bringing the Council into disrepute.

## **23. INTERNAL AUDIT**

- 23.1 A continuous internal audit Service, under the control and direction of the Head of Legal & Democratic Services shall be arranged to carry out an independent examination of the adequacy and effectiveness of financial and operational controls of the Council, including governance arrangements, as part of the Council's assurance processes. Operational responsibility for the delivery of the service shall be vested in the Chief Internal Auditor.
- 23.2 The Chief Internal Auditor shall be consulted on any significant proposed changes to the Council's internal control mechanisms.
- 23.3 The work of the Internal Audit Section shall be approved and monitored by the Audit Committee. This shall involve the Committee:-
- ♦ Considering and approving the annual audit plan;
  - ♦ Seeking clarification on and approving of reports summarising the findings arising from Internal Audit work; and
  - ♦ Directing in consultation with the Head of Legal & Democratic Services that Internal Audit conducts audits of matters of concern to Councillors and reports in full on these to the relevant Committee of the Council.
- 23.4 The Head of Legal & Democratic Services or his authorised representative, shall have authority to:-
- ♦ Enter at all reasonable times any Council premises or land;
  - ♦ Have access to all records, documents and correspondence relating to any financial and other transactions of the Council, where such access is necessary to investigate the financial propriety of the transaction;
  - ♦ Require and receive such explanations as are necessary concerning any matter under examination; and
  - ♦ Require any employee of the Council to produce cash, stores or any other Council property under that employee's control which is relevant to any investigation being carried out.
- 23.5 Whenever any matter arises which involves or is thought to involve fraud or irregularities concerning cash, stores or other property of the Council or any suspected fraud or irregularity in the exercise of the functions of the Council, any employee having knowledge thereof shall as soon as possible notify Internal Audit in accordance with the Council's Anti-Fraud and Irregularity Policy or alternatively shall comply with Council's Whistleblowing Policy which is contained within the Code of Conduct for Employees.
- 23.6 The Chief Internal Auditor shall investigate any such matters in consultation with the Head of Legal & Democratic Services and report in terms of the Council's policy to combat fraud and corruption. A decision to refer a matter to the Police Scotland will be taken by the Chief Executive and the Monitoring Officer in consultation with the Chief Internal Auditor and the relevant Director where appropriate.

## **24. RISK MANAGEMENT**

- 24.1 The Council will actively promote a positive risk management culture in respect of all working practices within the Council while liaising with partnership organisations and local people in risk related matters.
- 24.2 The Council has adopted a risk management policy statement dedicated to managing the risks within its control to enhance the corporate governance process and in so doing aims to:-
- ♦ Safeguard its employees;
  - ♦ Protect its assets;
  - ♦ Preserve and enhance service delivery to its population;
  - ♦ Maintain effective stewardship of public funds;
  - ♦ Promote a favourable corporate image.
- 24.3 The Council, supported by the Chief Internal Auditor, has responsibility for:-
- ♦ The establishment of the Council's risk management philosophy;
  - ♦ Setting objectives and standards;
  - ♦ Linking risk management to Council objectives and stakeholder values;
  - ♦ Setting appropriate objectives and policies on risk management and controls assurance; and
  - ♦ Embedding risk management at every level of Council activity.
- 24.4 The risk management policy statement is supported by approved risk management framework which ensures there is an effective framework in place to ensure that the Council can:
- ♦ Identify, assess and prioritise risk
  - ♦ Determine what steps should be taken to reduce or eliminate risk
  - ♦ Monitor and reporting on the effectiveness of risk mitigation strategies
- 24.5 These Financial Regulations are integral to the delivery of the corporate risk management process.
- 24.6 All Chief Officers are responsible for the continuous review and management of Directorate and Service risk registers with appropriate support from the Chief Internal Auditor.

## **25. EXTERNAL ORGANISATIONS**

25.1 The Council has adopted a process to ensure that it fulfills its overall governance responsibilities towards external organisations effectively.

25.2 A simple matrix has been adopted by the Council by which to determine the level of oversight which the Council should have over organisations to which it makes material payments. The scores which result from this matrix require Lead Officers to take specific courses of action and this can only be varied with the approval of the Chief Financial Officer in consultation with the Head of Legal & Democratic Services.



EOG Matrix.pdf

25.3 A list of all relevant organisations will be prepared on an annual basis by the Chief Financial Officer and thereafter submitted to the Policy & Resources Committee for approval. The approved list can be amended during the year with the approval of the Chief Financial Officer based on the advice of the relevant Chief Officer and the Procurement Manager.

25.4 For the Council's Arm's Length External Organisations (ALEO) then there is a requirement for an Annual Monitoring Report submitted to the relevant Committee shall cover -

- 1) The aims and objectives of the External Organisation and how these have been met.
- 2) The overall financial position of the External Organisation.
- 3) Performance against targets and any value for money indicators and an overall assessment of the governance risk to the Council.
- 4) Key issues for the forthcoming period.

25.5 Lead Officers require to support any Council members involved with relevant organisations.