
Report to: Audit Committee

Date of Meeting: 20th June 2019

Subject: Financial Regulations

Report by: Chief Finance Officer/S95 Officer

1.0 Purpose

- 1.1. To seek approval of the revised Financial Regulations.

2.0 Recommendations

- 2.1. It is recommended that committee agrees to adopt the revised Financial Regulations as set out at Appendix 1, subject to ratification by Council.

3.0 Considerations

- 3.1. The Council's Financial Regulations focus on the main principles underpinning sound financial governance and, where appropriate, signpost to other policies or governance documents.
- 3.2. These Regulations underwent a significant review in April 2018 where they were updated to reflect current processes and procedures. It was agreed that the Regulations would be reviewed on an annual basis thereafter and updated if required to ensure their continuing relevance. Due to their significant review last year, only minor changes have been made. These are set out in Section 4 below.
- 3.3. Financial Governance is a key priority for the Senior Leadership Group and it is planned to focus activities throughout the year through a number of forums including SMF, Team Meetings, and Finance meetings with budget Holders. These will be used to promote the principles of good financial governance and enhance the profile of Financial Regulations and Contract Standing Orders.

4.0 Changes to the Regulations

- 4.1. Section 5.7 of the Regulations has been updated to reflect the requirement for Council to authorise any changes to the approved capital programme. This was previously set at £100,000, however, as S95 Officer it is felt that as the programme is approved by Council within an agreed budget and borrowing

limit, any increases or additions varying this should also be approved by Council.

- 4.2. It should be noted that budgets can be re-profiled up to the value of £100,000, however, this is restricted to within approved asset plans only.
- 4.3. The section on Orders for goods and services has been removed and combined under Section 11 - Purchasing of Goods and services to reflect the electronic Purchase order process operated within the Financial System.
- 4.4. Section 12 - Payments for Goods and Services has been updated to clearly set out the process for goods receipting and checking of invoices in line with procedures and controls within the Council's Financial system.
- 4.5. Several sections have been combined due to their broad similarities, these being, Section 8 which combines Segregation of Duties and Internal Controls and Section 25 which combines Treasury Management and Prudential Code.
- 4.6. In consultation with Internal Audit, the appendix "Internal Audit Charter" has been removed.
- 4.7. Throughout the Regulations, references to the Depute S95 Officer have been replaced with S95 Officer and references to the Senior Legal Officer have been replaced with Monitoring Officer in line with the Scheme of Delegation and the revised Council Structure and post responsibilities.

5.0 Sustainability Implications

- 5.1. None

6.0 Resource Implications

6.1. Financial Details

- 6.2. The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate. Yes

- 6.3. Finance has been consulted and has agreed the financial implications as set out in the report. Yes

6.4. Staffing

7.0 Exempt Reports

- 7.1. Is this report exempt? No

8.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) **Our Priorities** (Please double click on the check box)

- Clackmannanshire will be attractive to businesses & people and ensure fair opportunities for all
- our families; children and young people will have the best possible start in life
- Women and girls will be confident and aspirational, and achieve their full potential
- Our communities will be resilient and empowered so that they can thrive and flourish

(2) **Council Policies**(Please detail)

9.0 Equalities Impact

- 9.1. Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?
Yes No (Not applicable)

10.0 Legality

- 10.1. It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes

11.0 Appendices

- 11.1. Please list any appendices attached to this report. If there are no appendices, please state "none".

Appendix 1 – Financial Regulations June 2019

12.0 Background Papers

- 12.1. Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

No (please list the documents below)

Author(s)

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|-------------|-----------------------|---------------------------|
| Lindsay Sim | Chief Finance Officer | 2022 |

Approved by


| NAME | DESIGNATION | SIGNATURE |
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Definitions

This section defines terminology used within the Financial Regulations.

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| The Council | Clackmannanshire Council |
| Section 95 Officer (S95 Officer) | As defined in the Council's current Scheme of Delegation |
| Chief Officer | A Senior officer responsible for the running in whole or in part a Service as defined in the Council's current Scheme of Delegation and employed in accordance with the Chief Officer terms and conditions |
| Emergency | An unplanned event that requires an immediate response to safeguard life, health or property. |
| Fleet manager | An officer so delegated who has the required professional qualifications and experience and holds the relevant accreditation with the Department of Transport |
| Guidelines / procedures | Any guideline, procedure, or similar document issued by the S95 Officer under the authority conferred by Financial Regulation 1.3. |
| Councillor | An Elected Member of the Council |
| Officer | An employee of the Council. |
| Monitoring Officer | As identified in the Council's current Scheme of Delegation |
| Council Policy | A formal policy approved by the Council or a sub-Committee, where powers have been delegated, which has to be followed by all parties referred to in the policy document. |
| Accountable Stationery | Any document that is of sufficient importance for audit and control purposes each document should be accounted for. This is done by having sequential numbers and controlling the issue and use of the documents. |
| Authorised Signatory | A person with authority delegated to them by a Chief Officer to authorise payments for goods and services. Depending on the circumstances, signature may be electronic or hard copy. |
| Relevant Committee | A committee identified in the Council's Standing Orders and Scheme of Delegation as the appropriate Committee to receive reports on financial performance related to Council overall or specific Services. |
| Official Order | Orders generated through the Council's Financial System (Technology One). |

These Financial Regulations form part of the Standing Orders and Scheme of Delegation approved by the Council and must be read in conjunction with them.

SECTION A - INTRODUCTION**1. STATUS OF FINANCIAL REGULATIONS**

- 1.1. The Council's Financial Regulations aim to ensure the highest standards of probity in dealing with public money and to assist and protect staff in such dealings.
- 1.2. Within the Scheme of Delegation, for the purposes of Section 95 of the Local Government (Scotland) Act 1973, the "Proper Officer", under the general direction of the Council and the Chief Executive, for the administration of the Council's financial affairs will be identified.
- 1.3. In addition to these Regulations, the S95 Officer may issue financial guidelines and instructions. Official guidelines, procedures etc issued by the S95 Officer have the same status as the Financial Regulations. Subject to the approval of the S95 Officer, Chief Officers may also issue financial guidelines for activities within their Service.
- 1.4. Every Committee, Sub-Committee, Councillor and officer of the Council must adhere to these Financial Regulations. Chief Officers will ensure that all officers in their reporting lines are made aware of the Regulations and the requirement to comply with them.
- 1.5. Only the Council can agree exceptions to these Financial Regulations or contract standing orders, other than where the powers have been delegated under the exception procedure set out in contract standing orders.
- 1.6. Any officer discovering a possible breach of these Financial Regulations must report the matter immediately to their line manager or to the S95 Officer. Failure by any officer to comply with the Regulations, or in the case of staff with supervisory responsibilities, failure to ensure the compliance of others, could be treated as misconduct which might give rise to disciplinary procedures up to and including dismissal. Some breaches of Financial Regulations may be treated as offences giving rise to criminal proceedings. The Council's Policy on Prevention and Detection of Fraud is to be treated as part of the Regulations.
- 1.7. Financial transactions are aggregated for the purposes of these Financial Regulations. Therefore, financial limits cannot be avoided by deliberately splitting transactions into smaller components.
- 1.8. An officer can incur expenditure which is essential to meet any immediate need created by an emergency, subject to any such action being reported to the appropriate Chief Officer at the earliest opportunity. This could include the prevention of the destruction of Council property, as well as non-property related expenditure.
- 1.9. The powers of a Chief Officer may be delegated in accordance with the Council's Scheme of Delegation

SECTION B – FINANCIAL ADMINISTRATION AND BUDGETING**2. FINANCIAL ADMINISTRATION**

- 2.1. Meetings of the Council regulate and control its finances so as to comply with these Regulations. Officers will keep Councillors informed as to the state of the Council's finances and will report on the accounts of each financial year as soon as practicable.
- 2.2. The S95 Officer will:
- report to the Council on the level of financial resources proposed to be used in each financial year,
 - report to the relevant Committees as set out in the Council's Standing Orders and Scheme of Delegation, as well as meetings of the Council, regarding the Council's finances and financial performance.
- 2.3. Chief Officers must consult with the S95 Officer on the financial aspects of any report to Council or before any commitment is incurred which may significantly affect the finances of the Council. Chief Officers are responsible for ensuring that there are adequate internal controls in place for the conduct of all Council business in a correct and secure manner and in accordance with best practice. In respect of the Annual Accounts, the Chief Executive and Council Leader are required to sign an Annual Governance Statement, which will cover all arrangements for risk management, governance, and control.
- 2.4. It is the responsibility of Chief Officers to ensure that all staff within their Service are made aware of the existence of the Standing Orders, Scheme of Delegation, Contract Standing Orders and Financial Regulations. Staff should receive any training which may be required to perform their jobs according to the requirements of the Standing Orders, Contract Standing Orders, and Financial Regulations.
- 2.5. Chief Officers, in consultation with the S95 Officer, are also responsible for ensuring that necessary supporting procedures and guidance are in place to ensure that all staff have proper guidance regarding the systems they are using and procedures they are following. Where changes occur, procedures and guidance should be updated accordingly.
- 2.6. The Council manages its finances through the Technology One financial system. The S95 officer will ensure that sufficient resources are made available to ensure that the system is maintained and continuously developed in line with the Council's strategy and policies on data security and privacy. The S95 Officer has responsibility for ensuring that guidance notes and training are made available to ensure the efficient and effective use of the system and compliance with these Regulations.

3. BUDGETS

- 3.1. The S95 Officer will determine the format of the budget that is approved by the full Council. Chief Officers, in conjunction with the S95 Officer, will prepare detailed revenue and capital budgets for consideration by the Council in compliance with accounting guidance provided by the S95 Officer.
- 3.2. When drawing up draft budget requirements, Chief Officers will have regard to approved Council Policy requirements.

- 3.3. The draft revenue budgets will be submitted to the Council for approval no later than the date prescribed by statute, in order that Council Tax and Rent levels can be fixed.
- 3.4. The S95 Officer will prepare and submit reports to the Council on the resources available to fund aggregate spending plans over the medium term (3 years), and the implications for the level of Council Tax subject to that information being made available from the Scottish Government.
- 3.5. Chief Officers, in consultation with the S95 Officer, will integrate budget plans from service planning, so that budget plans can be supported by financial and non-financial performance measures. Budgets must include all financial aspects related to the delivery of Service plans, and consider the risks associated with delivery.
- 3.6. The inclusion of items in approved revenue or capital budgets will, assuming they comply with other requirements, such as Contract Standing Orders, constitute authority to the Committee or Chief Officer, as appropriate in terms of the Scheme of Delegation, to incur such expenditure.

4. BUDGETARY CONTROLS

- 4.1. The S95 Officer will establish an appropriate framework of budgetary management and control to ensure that:
- budget management is exercised within annual budgeted limits;
 - Chief Officers are provided with up-to-date, real time information of income and expenditure in sufficient detail to enable managers to fulfil their budgetary responsibilities;
 - Significant forecast and actual over and underspends from approved budgets are investigated and reported by Chief Officers to the appropriate Committee.
- 4.2. Chief Officers will ensure that an accountable manager is identified to manage each element of the budget under their control.
- 4.3. The S95 Officer will submit regular performance statements of revenue and capital income and expenditure against budgets to the relevant Committee.
- 4.4. It is the Chief Officer's responsibility to report to S95 Officer significant overspends. The S95 Officer, after consultation with each Chief Officer, will arrange for a report to be submitted to the appropriate committee or to Council (for consent, if necessary) if it is forecast that the total revenue or capital income or expenditure for a Service is likely to vary significantly from the approved budget.

5. BUDGET TRANSFERS (VIREMENT) AND BUDGET CHANGES

- 5.1. Virement is intended to enable Chief Officers to manage budgets with a degree of flexibility within the overall approved revenue or capital budget.
- 5.2. Provided they do not relate to the funding of new Council services or changes in policy, budget virements, capital and revenue, must be approved as follows:
- up to £50,000 by a Chief Officer in consultation with the S95 Officer;
 - greater than £50,000 but less than or equal to £100,000 by the Chief Executive,

- greater than £100,000 by the Council.
- 5.3. Virement that is likely to impact on the level of service activity of more than one Chief Officer should be implemented only after the approval of all the relevant officers.
- 5.4. Any budget virements must be made by 31 March of the financial year to which it relates.
- 5.5. Schools must adhere to the virement and budget carry forward rules contained within the Scheme of Devolved School Management and note that virements must also be made by 31 March not the end of the academic year.
- 5.6. Where an approved budget is a lump-sum budget or contingency intended for allocation during the year, its allocation will not be treated as a virement.
- 5.7. For capital budgets, the Council must approve any changes to the approved capital programme. This is not required for the re-profiling of capital expenditure within the approved asset plans up to £100,000.
- 5.8. New proposals not already in the capital plan must be approved by the Council. Any proposals that have revenue consequences must follow the limits on virement set out at 5.2 above.

6. ACCOUNTING

- 6.1. All accounts and accounting records of the Council will be compiled under the direction of the S95 Officer. The S95 Officer will exercise supervision over any financial records and financial systems maintained by individual Services, particularly with regard to ensuring uniformity.
- 6.2. The S95 Officer is responsible for the Council's financial statements which must be prepared in accordance with proper practices as set out in the *Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice* (the SORP) published by CIPFA and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC).
- 6.3. The S95 Officer will draw up the timetable for final accounts preparation and will advise staff and external auditors accordingly. Chief Officers will comply with accounting guidance provided by the S95 Officer and will supply information when required.
- 6.4. The S95 Officer will prepare for audit and publish the draft financial statements by the statutory deadline of 30 June in each financial year. The draft accounts will be presented to the relevant Committee prior to 30 June each financial year.
- 6.5. The S95 Officer will present the audited financial statements to the relevant Committee for approval at the first available meeting following completion of the annual audit and before the statutory 30 September deadline.

SECTION C – CONTROL ARRANGEMENTS

7. FINANCIAL DOCUMENT RETENTION

- 7.1. Chief Officers should ensure that arrangements are in place for the proper management of financial documents and that these documents are retained in accordance with any specific statutory requirements, including the Data Protection Act, the Freedom of Information (Scotland) Act, and any approved Council and / or management policies and procedures particularly the Council's Records Management Plan which includes its retention schedule and destruction arrangements.
- 7.2. The S95 Officer will determine the retention periods for specific documents.
- 7.3. The recommended retention periods for records are detailed in the Council's document retention schedule.
- 7.4. Invoices paid through the accounts payable section will be scanned and held electronically within the financial system.
- 7.5. Disposal of records should be carried out under controlled conditions by two persons, and an appropriate record should be completed, dated and signed by both as evidence.
- 7.6. The Scheme of Delegation will identify the officer responsible for the custody of securities, property deeds, etc.

8. SEGREGATION OF DUTIES AND INTERNAL CONTROLS

- 8.1. It is the S95 Officers' responsibility to ensure there are appropriate Segregation of Duties and Internal controls in place for financial transactions. It is Chief Officers' responsibility to ensure these arrangements are complied with and to notify the S95 Officer of any deviation.
- 8.2. No Officer should have sole responsibility for all elements of a financial transaction, for example the requisition, order, receipt, and payment for a good or service.
- 8.3. Officers involved in calculating and / or recording any income due to the Council should not process the related income.
- 8.4. All cash collection and cash accounting records should be examined and checked by a second Officer, with periodic sample checks by line management as appropriate. All checks must be documented. Particular care must be taken to implement proper controls in all Council offices where Officers are required to collect and handle cash or valuables, in order to protect those individuals from suspicion or accusation.
- 8.5. Reference should be made to the Council's Guidance on Following the Public Pound covering all matters pertaining to funding given to external organisations. There should also be compliance with the COSLA / Accounts Commission Guidance.
- 8.6. Where any external organisation receives significant funding, as defined in the COSLA/ Accounts Commission Code of Practice on Following the Public Pound, it will be a condition of funding that Officers of the Council have such rights of access to the organisation's premises, records and staff as are necessary to form an opinion as to the adequacy of the organisation's internal control arrangements.

- 8.7. The S95 Officer may authorise funding transfers to external bodies of £30,000 per annum, providing that these transfers are made from approved budgets. Any transfer of funding above that limit requires a decision of Council.
- 8.8. A register of ALEOs (Arms-Length External Organisations) who receive funding from the Council will be maintained by the S95 Officer.

SECTION D – INCOME AND EXPENDITURE**9. INCOME**

- 9.1. Chief Officers will at least annually, and in consultation with the S95 Officer, review all scales of charges or tariffs relating to their Service. Appropriate steps will be taken to publicise all fees and charges.
- 9.2. Chief Officers are responsible for identifying all sources of income within their Service, for calculating and issuing sales invoices for the income due to the Council and for monitoring to ensure all income is received. The S95 Officer may assist Services in the collection and monitoring of income.
- 9.3. All income received by an officer will immediately be acknowledged by the issue of an official receipt or other document approved by the S95 Officer. Exceptions to this rule may be permitted but only with the specific approval of the S95 Officer.
- 9.4. All receipts and other forms of stationery used to record income will be in a form approved by the S95 Officer. They should be treated as accountable stationery and will be ordered, controlled and issued under arrangements approved by the S95 Officer.
- 9.5. All money received by an officer on behalf of the Council must be paid in full and without delay into an official nominated bank account.
- 9.6. A clear, documented, audit trail must be maintained as evidence of proper income handling, administration, and banking.

10. DEBT MANAGEMENT

- 10.1. It is the responsibility of Chief Officers to ensure that the Council's Corporate Debt Policy is followed for the cancellation or write-off of all debts, and raising of credit notes.

11. PURCHASING OF GOODS AND SERVICES

- 11.1. Any officer who enters into an agreement for the supply of goods or services to the Council must ensure that the agreement complies with these Regulations and Contract Standing Orders and that they have the delegated authority to enter into such an agreement.
- 11.2. All strategies, policies, and operational procedures etc. issued by the Council's Procurement and Finance sections must be adhered to at all times.
- 11.3. Official orders must be issued for all goods or services to be supplied to the Council, except as provided for in 11.4 below. Those who have authority to make purchases must ensure that official purchase orders are raised.
- 11.4. Official orders are not required where purchasing cards are used. Procedures for the issue of cards, authorisation limits and checking of statements sanctioned by the S95 Officer must be followed at all times. The S95 Officer must also be satisfied with the control arrangements in place. All purchasing and business credit card users must obtain receipts, both as an internal control and also to enable VAT to be reclaimed.

- 11.5. Orders must be provided to the supplier in advance of any work, goods or services being provided to the Council. Where a verbal order is provided, an official order must be raised and the order number provided to the supplier as soon as possible. Verbal orders should only be used in genuine emergency situations.
- 11.6. All orders and internal requisitions to another Service must be approved by an authorised signatory. The S95 Officer will maintain lists of approved officers and limits.
- 11.7. The officer authorising an order must be satisfied that:
- there is sufficient budget provision (this must always take precedence);
 - the expenditure is legal and within the power of the Council;
 - best value has been achieved;
 - the timing of the order and the quantities ordered are appropriate;
 - the price, quantity, and details pertaining to delivery have been agreed;
 - the nature and quantity of goods or services to be supplied are clearly stated on the order;
 - correct ledger codes have been used;
 - the order is within their delegated authority limit;
 - the order does not contravene any other section of these Regulations or Contract Standing Orders;
 - all instructions, guidelines, advice, and best practice advised by the Council's Procurement and Finance sections have been complied with.

12. PAYMENT FOR GOODS AND SERVICES

- 12.1. All payments, except those from imprests (petty cash) and advances or by purchasing cards, will be by the automated transfer of funds (BACS) from the Council's main bank accounts. Payment by cheque will only be made under exceptional circumstances.
- 12.2. Any request for payment without an invoice must be supported by appropriate documentation signed by the authorised signatories who ordered the goods or services, and who approved the payment. In any instance where it is necessary to make a payment to account, a proper invoice for the full amount must subsequently be obtained.
- 12.3. All invoices will be matched to orders within the financial system. Items should be goods receipted promptly when they are received to enable invoices to be matched to the approved order and payment processed.
- 12.4. The officer receipting goods or services must be satisfied that they have been received, examined and approved and appropriate entries have been made in inventories or stock records, where relevant.
- 12.5. Where a payment for a good or service is a one-off, payment will be requested through completion of a Daily Payment Voucher (DPV). This must be signed by an officer with the appropriate delegated authority. It is the responsibility of Chief Officers to supply and update the S95 Officer with the names and specimen signatures of such authorised signatories.
- 12.6. When an invoice is received, officers must ensure that:

- the quantity is correct on the purchase order;
- the invoice price matches the purchase order price;
- the arithmetic is correct including discounts, credits and VAT;
- the invoice is in the name of Clackmannanshire Council;
- the invoice is a proper liability of the Council;
- the invoice complies with the requirements of HM Revenues and Customs, as regards VAT (e.g. must have VAT number, proper address, and all other relevant details);
- no additional charges have been added to the invoice if none were agreed at the time of the order, and
- any adjustments to the purchase order/goods receipt are made before passing to creditors.

12.7. Goods and services should not be paid for in advance. In exceptional circumstances, this may be undertaken where the advantages clearly outweigh the inherent risks of potential non-delivery of goods or services, or of the supplier company ceasing to trade. Officers may authorise prepayments in line with their delegated authority and must use judgement on what level of prepayment is appropriate given the circumstances of the case.

12.8. In all situations where discounts are available, care should be taken that the relevant time period is adhered to.

12.9. Once invoices are received by Creditors they will be matched and paid promptly. Payments to suppliers should be processed in line with Council's payment terms through the routine payment run.

12.10. In exceptional circumstances a payment may be made before the next scheduled payment run. All requests should clearly indicate the reasons for the early payment and be approved by an authorised officer. All requests will be reviewed by Finance as to whether the request merits early payment.

13. SALARIES, WAGES, PENSIONS AND EXPENSE CLAIMS

13.1. The payment of all salaries, wages, pensions and other payments to officers or former officers of the Council will be made by the Payroll section in line with Council policy.

13.2. Any documents, physical or electronic, which form the basis of a payment must be approved by an authorised signatory as required. Chief Officers will supply and update the S95 Officer with the names and specimen signatures of such authorised signatories.

13.3. Payments will wherever possible be claimed and authorised using the Council's HR management system.

13.4. The approving officer must be satisfied that:

- any payment conforms with approved terms and conditions for the employee concerned;
- forms and claims have been completed accurately and are correct;

- claims are not excessive or anomalous;
 - in the case of expense claims, journeys were necessary and authorised, expenses were properly and necessarily incurred and allowances were properly due. In addition, all receipts must be kept, both as verification and to enable VAT to be reclaimed. If receipts are not attached to the claim, the officer authorising it must obtain an acceptable explanation, and that must be submitted with the claim, prior to being approved by such officer;
 - in the case of any claims made in regard to additional payments for hours worked which attract a premium payment, the Officer was authorised in advance to work the additional hours and they were actually worked.
- 13.5. Chief Officers will notify Human Resources and the S95 Officer as soon as possible of all matters affecting the payment of officers.
- 13.6. Appointments of all officers and changes to grades will be made in accordance with approved Council policies and accompanying procedures.
- 13.7. The re-imbursement of travel and subsistence expenses must be in accordance with the Council's Policy, and any accompanying procedure and guidance. Claims may only be made in respect of expenditure that was actually incurred.
- 13.8. Claims should be submitted on a monthly basis with receipts attached. Claims submitted more than three months after the event will only be paid if authorised by the relevant Chief Officers.
- 13.9. Any extraordinary payments made to staff such as payments made for mutual termination, redundancy or severance must be approved by the S95 Officer.
- 14. PAYMENTS TO COUNCILLORS**
- 14.1. Payments to Councillors, including co-opted Councillors, will be made by the S95 Officer or under arrangements approved by the S95 Officer. A properly completed standard claim form must be completed in accordance with:
- guidelines issued by the Council on Councillors Allowances;
 - Local Government (Scotland) Act 2004 and any regulations made under the Act;
 - Sections 46-49 (as amended) and any regulations made by the Scottish Ministers in terms of Section 50 of the Local Government (Scotland) Act 1973.
- 14.2. Councillors may claim travelling and subsistence allowances at the approved rates.
- 14.3. All claims for a financial year are to be submitted before the end of April in respect of the Financial Year Ending on 31 March (i.e. within one month of the Year End).

SECTION E – ASSETS AND SECURITY**15. INVENTORIES**

- 15.1. Chief Officers will make arrangements for inventory lists to be drawn up. The inventory should include office equipment, furnishings, plant and machinery and any other valuable property. A purchase price of £500 may be used to determine if an item should be included on an inventory list, however other factors such as attractiveness and portability should be taken into consideration.
- 15.2. For insurance purposes, a copy of the inventory list should be kept off site.
- 15.3. Inventories should be kept up to date, with at least an annual check of all items. Any significant discrepancies should be reported to the S95 Officer immediately.
- 15.4. Wherever practical, valuable property should be clearly marked as the property of the Council.
- 15.5. Council property should not be removed from Council premises, other than in the course of proper Council business, except with the specific authority of the relevant Chief Officer.
- 15.6. The ICT service should be consulted before disposing of any IT equipment. All disposals should be in compliance with ICT Security policies and WEEE (Waste Electrical and Electronic Equipment) directive. The disposal of other inventory items should be undertaken in accordance with Financial Regulation 17.4.

16. STOCKS AND STORES

- 16.1. Chief Officers are responsible for the control of their stocks and stores. They must ensure that:
- stock is securely stored;
 - stock levels are maintained at the minimum level required to meet operational requirements;
 - records are to be maintained for all stock items and updated for each stock transaction;
 - stock is counted at least once per year and checked by a person independent of the day-to-day administration of the stock. The appropriate Manager or Supervisor will sign the Final Stock Certificate to confirm agreement with the Final Valuation;
 - Any surpluses or deficiencies found on stocktaking or at any other time are investigated and reported to the responsible Manager within the Service, and, if material, to the S95 Officer immediately.
- 16.2. All stock write-offs must be authorised in writing by a manager independent of the day-to-day administration of the stock. Any significant write-offs should be sanctioned in writing by the S95 Officer.
- 16.3. Any significant stock losses should be reported to the S95 Officer immediately.
- 16.4. Surplus stocks can be disposed of as follows:

- if the income realised is expected to be under £2,000, Chief Officers can authorise its disposal;
- if stock to be disposed of is valued in excess of over £2,000 disposal should be by competitive tender, public auction or equivalent;
- when appropriate, especially on electrical items, the disposal should be accompanied with a statement which clearly states that the Council does not accept any liability for anything that may go wrong with the item following the disposal.

17. VEHICLES

- 17.1. The officer responsible for fleet management identified in the scheme of delegation is responsible for ensuring that all vehicles are maintained in a satisfactory state of repair, and will take action or issue advice to ensure that all legal and safety requirements are complied with. "Vehicles" includes all those owned, leased, hired by, or otherwise in the custody or control of the Council.
- 17.2. The Council's policy in regard to the purchase, maintenance and disposal of fleet will be maintained by the officer responsible for fleet management and comply with these regulations and contract standing orders and be agreed with the S95 officer. This includes policy in regard to vehicle leasing, purchase, retention etc

18. ASSETS

- 18.1. The S95 Officer will maintain a record of all vehicles, plant and equipment in an Asset Register. All assets will be valued and depreciated in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom. All Chief Officers will ensure that all purchases, sales, write-offs etc. of assets are promptly reported to the S95 Officer to ensure that the register can be updated on an ongoing basis.

19. ESTATES AND PROPERTY SECURITY

- 19.1. A Chief Officer identified in the Scheme of Delegation will maintain a register of all properties owned or leased by the Council recording the purpose for which held, location, extent and plan reference, purchase details, particulars or nature of interest and rents payable and particulars of any tenancies granted. All properties will be revalued periodically, to ensure that market values continue to be reflected, and in line with the Code of Practice on Local Authority Accounting in the United Kingdom.
- 19.2. The Council's Monitoring Officer will have the custody of all title deeds under secure arrangements.
- 19.3. Chief Officers are responsible for maintaining proper security of all buildings, stocks, stores, furniture, equipment, cash, etc. under their control.

20. CASH SECURITY

- 20.1. Chief Officers will advise the S95 Officer of all changes in circumstances within the Service where cash is held or is otherwise under the control of officers of the Council. They will ensure that the minimum level of cash is held subject to the practicalities of individual circumstances.

- 20.2. Cash should never be used in any instance where a purchase order can be raised, and the goods or services paid for in the normal way through Creditors.
- 20.3. When cash is held, risk management and insurance implications must always be considered. All staff who have responsibility for handling cash should ensure that they are familiar with and comply with the Council's insurance policies.
- 20.4. Changes to the list of authorised signatories must be promptly notified to the S95 Officer who is responsible for maintaining the central database.
- 20.5. The transfer of cash or incoming cheques through the Cash Offices should be evidenced by a receipt or written record.
- 20.6. Officers with specific authorisation given by the S95 Officer are responsible for the security of safes and similar receptacles. Access should be limited to named officers and a security protocol for each safe should be developed taking into account the security requirements such as locations, sensitivity and value of contents and the numbers of staff requiring access. A register of keyholders for safes and similar receptacles is maintained by the S95 Officer. The loss of any key should be reported immediately to the relevant Chief Officers and to the S95 Officer.

SECTION F – INTERNAL AUDIT, RISK AND INSURANCE**21. INTERNAL AUDIT**

- 21.1. The S95 Officer will make arrangements for a continuous and effective Internal Audit of the financial and other operations of the Council. The Internal Audit Charter will define the role and responsibilities of Internal Audit.
- 21.2. The aim of the Internal Audit function is to provide an independent and objective opinion to the Council on the risk and control environment, comprising risk management, governance, and control, by evaluating its effectiveness in achieving the Council's objectives. It objectively examines, evaluates, and reports on the adequacy of the framework of internal controls as a contribution to the proper, economic, efficient, and effective use of resources.
- 21.3. The Internal Audit Manager is accountable to a Chief Officer identified within the Scheme of Delegation, but has the right where circumstances warrant it to report in their own name and without fear or favour to the Chief Executive and to all officers and members. In addition, the Internal Audit Manager presents reports on relevant topics, including the Annual Internal Audit Plan, Annual Assurance Report, and Progress Reports, to the relevant Committee. Internal Audit staff have freedom of access at all times to all officers, members, IT systems, documents, and other Council assets consistent with any requirements of Data Protection legislation.
- 21.4. Chief Officers are responsible for identifying and managing the risk of fraud and corruption, for ensuring that appropriate risk management, internal control, and governance arrangements are in place, and that best value is achieved. The Internal Audit Manager's Annual Assurance Report to the relevant Committee will provide an opinion on the overall adequacy and effectiveness of these arrangements.
- 21.5. Internal Audit will review and report on the adequacy and effectiveness of internal controls, and in particular:-
- The safeguarding of assets;
 - The economic, efficient and effective use of resources;
 - The suitability and reliability of management information;
 - Compliance with approved Council policies, plans, and procedures.
- 21.6. Internal Audit must comply with relevant professional guidance, currently the CIPFA / CIIA Public Sector Internal Audit Standards.
- 21.7. Where Internal Audit write a report with recommendations, Chief Officers must confirm, in writing, within the specified timescale the action to be taken. Alternatively, they must provide an explanation where no action will be taken. It should be clearly understood, that in all instances where no action is taken, for whatever reason, that management have accepted the risk that arises from failure to implement an Internal Audit recommendation. This is in line with the principles of risk management and corporate governance.

- 21.8. Chief Officers are required to notify Internal Audit of all proposed changes to systems, or the establishment of new systems, where these have a material impact on internal control.
- 21.9. All officers and Members of the Council are required to promptly notify the S95 Officer of all financial irregularities or of any circumstances that may suggest the possibility of irregularities. The S95 Officer, in conjunction with the Internal Audit Manager, will determine the form of any resultant investigation.
- 21.10. Any officer has the right to use the Council's Reporting Concerns at Work (whistleblowing) Policy on reporting serious concerns at work. This may include contacting the relevant Chief Officer with responsibility for Fraud, the S95 Officer or Internal Audit Manager on any matter which gives them cause for concern.

22. RISK MANAGEMENT AND BUSINESS CONTINUITY

- 22.1. Chief Officers must ensure that appropriate Risk Management measures are taken within their Service. A Risk Register and Risk Management Plan will be drawn up and kept constantly updated. Chief Officers will maintain Risk Management Action Plans for their own areas and a Council-wide approach to risk management including the maintenance of a risk register will be co-ordinated by the Chief Executive.
- 22.2. Chief Officers must have a comprehensive Business Continuity Plan to cover all their operational activities and locations. Staff must be trained and the Plans must be tested periodically.
- 22.3. Updated copies of Business Continuity Plans must be passed to the service responsible for Emergency Planning, which will act in a corporate co-ordinating capacity for the Plans.

23. INSURANCE

- 23.1. The S95 Officer will make appropriate insurance arrangements and will negotiate all claims via the Council's Insurers.
- 23.2. Staff must comply with any requirements imposed by the Council's insurers as a condition of the policies.
- 23.3. Chief Officers will notify the S95 Officer promptly of any changes in properties, vehicles, equipment and other assets, any new or increased risks and any activities that might result in claims against the Council.
- 23.4. Chief Officers will immediately notify the S95 Officer in writing of any loss, liability or damage or any event likely to lead to a claim. Chief Officers will inform the Police where there is a legal liability to do so or where the Insurance Section has advised them to do so.
- 23.5. Chief Officers will notify the S95 Officer, and the Council's Monitoring Officer and HR Officer of all cases involving personal injury.
- 23.6. All appropriate officers of the Council will be included in suitable fidelity guarantee insurance. Chief Officers should provide an up-to-date list of any officers that are providing advice that would be covered under the fidelity guarantee to the Insurance section.

- 23.7. Chief Officers will consult the S95 Officer and the Council's Monitoring Officer regarding the terms of any indemnity that the Council is requested to give.

SECTION G – BANKING, TREASURY AND CAPITAL INVESTMENT**24. BANKING ARRANGEMENTS AND CHEQUES**

- 24.1. All arrangements with the Council's bankers, including indemnities, will be made by, or under arrangements approved by, the S95 Officer who is authorised to operate such bank accounts as may be considered necessary.
- 24.2. Cheques drawn on the Council's main bank accounts will be signed by the S95 Officer or other officers formally authorised by the S95 Officer, in line with delegated authority limits agreed with the bank.
- 24.3. All arrangements for transfer, receipt, or payment using any form of automated bank transfer will be made by, or under arrangements approved by, the S95 Officer.
- 24.4. Personal cheques cannot be cashed out of money held on behalf of the Council or substituted for cash collected on behalf of the Council.
- 24.5. The S95 Officer shall ensure that banking services are put out to tender in line with Contract Standing Orders to ensure best value..
- 24.6. All Council bank accounts, and other bank accounts operated by Council staff as part of their work with the Council, must be reconciled at least once a month.

25. TREASURY MANAGEMENT AND PRUDENTIAL CODE

- 25.1. The Council adopts the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice and CIPFA's Prudential Code for Capital Finance in Local Authorities
- 25.2. All borrowing and lending will be performed in the name of the Council.
- 25.3. All funds in the hands of the Council will be aggregated for the purposes of Treasury Management and will be under the control of the S95 Officer.
- 25.4. All executive decisions on borrowing, investment or financing are managed in accordance with the Scheme of Delegation which makes provision for the S95 Officer to act on the Council's behalf and is required to act in accordance with the CIPFA Code and in particular:-
- all loans to the Council will be negotiated by the S95 Officer and wherever possible will be paid direct by the lender or his agent to the Council's bank account;
 - all Council loan certificates will, prior to use, be in the custody of the S95 Officer and issued only when required for completion;
 - all heritable securities which are the property of or in the name of the Council and the title deeds of all property in its ownership will be held in custody of the Monitoring Officer;
 - any trust funds will wherever possible be in the name of the Council.

- 25.5. In line with the requirements of the Treasury Management Code and the Prudential Code, the S95 Officer will provide the following reports to Council during the year:
- an Annual Strategy and Prudential Indicators report at the commencement of each financial year based on the capital and revenue spending plans set out in the proposed budget paper;
 - a Mid–year review of the Treasury function; and
 - an Annual Review of the Treasury function for presentation by at the end of each year.
- 25.6. The S95 Officer will be the Council's registrar of stocks, bonds and mortgages granted by the Council and will maintain records of all borrowing of money by the Council.
- 25.7. There will be no unlimited authorisation below Chief Officer level, and no authorisation level below Chief Officer level shall exceed £30,000, unless the S95 Officer authorises otherwise.

SECTION H – IMPRESTS, ADVANCES AND OTHER FUNDS**26. IMPRESTS / PETTY CASH**

- 26.1. The S95 Officer will provide an amount of money, called an imprest, to nominated Officers of the Council, for the purpose of paying for minor petty cash expenditure.
- 26.2. Imprests will be operated in accordance with detailed procedures issued by the S95 Officer.

27. ADVANCES

- 27.1. An advance can be issued to an officer who is likely to incur substantial expenditure on behalf of the Council out of their own pocket. This practice is not intended for routine expense claims that should not involve substantial amounts of money and should cover only reasonably anticipated expenditure.
- 27.2. Advances will be issued and operated in accordance with detailed procedures issued by the S95 Officer.

28. INDEPENDENT FUNDS

- 28.1. Independent funds are those operated by Council officers authorised for that purpose by the S95 Officer by reason of their employment with the Council. Examples include school funds and donation accounts.
- 28.2. Funds should be operated in accordance with any specific guidance issued by the S95 Officer.
- 28.3. Authorised Officers are responsible for:-
- authorising the establishment of funds;
 - maintaining a register of all funds and bank accounts;
 - ensuring that proper books of account and other records are maintained and are always up to date;
 - ensuring all funds with their own bank accounts are audited annually;
 - ensuring that any concerns are immediately notified to the appropriate Chief Officer, and, if involving concerns over potential financial irregularity, to the S95 Officer.
- 28.4. All bank accounts, purchases, contracts etc must be in the name of the Council or, with the agreement of the S95 Officer, the name of the establishment (e.g. the school name). The establishment's address must be used for all correspondence and for the delivery of all goods ordered and paid for from the account.
- 28.5. The Head of the Establishment is responsible for ensuring that income and expenditure is properly monitored and that accounts remain in credit at all times.
- 28.6. Independent Funds should be regarded as public money and therefore all purchases must comply with Public Procurement legislation and other requirements on fair competition, best value etc.

29. CLIENT FUNDS

- 29.1. Any officer who, by reason of their employment with the Council, is responsible for the custody or management of cash or property belonging to a third party will employ standards of stewardship no less than those laid down elsewhere in these Regulations.
- 29.2. Officers will adhere to any guidance issued by their Chief Officer.
- 29.3. Each officer will, if so required by the S95 Officer or by the Chief Officer concerned, provide immediately a full account of all cash and property received from, or on behalf of a third party.

30. PROTECTION OF PRIVATE PROPERTY

- 30.1. Circumstances may arise where the Council is required to assume legal responsibility over the movable property of a third party such as a list of personal possessions left in an abandoned house or where a client is moving into care.
- 30.2. Chief Officers must ensure that a detailed inventory of all such property is prepared. The inventory should be assessed for items of value or legal importance, and arrangements made for their safe custody and eventual disposal.
- 30.3. Chief Officers must have in place detailed procedures relevant to their services areas in regard to the management and protection of private property.

31. TRUST FUNDS

- 31.1. Trust funds are money or other assets to be used for the purpose(s) specified in the trust deed. Trust funds are commonly used as a method of donating money for the benefit of a community or project, for example bequests from the public.
- 31.2. Trust funds and bequests will be operated under the directions of the S95 Officer and the Monitoring Officer.
- 31.3. A trust deed setting out the terms and conditions of the trust must be deposited with the Monitoring Officer.
- 31.4. Trustees are bound by the terms of the trust deed and trust legislation and when they have responsibility for cash or other assets should employ standards no less than those laid down elsewhere in these Regulations.

32. VARIATION OF FINANCIAL REGULATIONS

- 32.1. The S95 Officer shall be authorised to amend these Regulations as and when required, to take account of alterations in Financial Practice and Legislation. Such changes will be reported to Council.

[End]