

Fife Council

Financial Regulations

2024

CONTENTS

1	OVERVIEW	3
1.1	Scope and Observance	3
1.2	Roles and Responsibilities.....	4
2	FINANCIAL PLANNING	8
2.1	Community Planning	8
2.2	Capital Expenditure - Planning	8
2.3	Revenue Expenditure - Planning	9
3	FINANCIAL MANAGEMENT	10
3.1	Monitoring of Capital Expenditure.....	10
3.2	Monitoring of Revenue Expenditure.....	11
3.3	Accounting Procedures and Records.....	12
3.4	Pension and Trust Fund	13
3.5	Treasury Management	14
3.6	Bad Debts	15
3.7	Trading Operations.....	15
4	INTERNAL FINANCIAL ARRANGEMENTS	16
4.1	Banking Arrangements and Cheques	16
4.2	Income Collection	16
4.3	Advances – Imprest Holdings, Petty Cash and Floats	18
4.4	Orders for Supplies, Services and Works	18
4.5	Supplier Invoices, Delivery and Payment of Accounts	19
4.6	Purchasing Cards.....	21
4.7	Payment of Contracts for Building, Construction or Engineering Work.....	21
4.8	Tax Management, Including VAT.....	22
4.9	Stock.....	23
4.10	Inventories.....	24
4.11	Payroll, Pensions and Travel & Subsistence.....	24
4.12	Councillors’ Remuneration and Expenses	26
4.13	Retention of Documents (Including Financial Documents).....	26
5	RISK MANAGEMENT AND CONTROL OF RESOURCES.....	27
5.1	Property and Security	27
5.2	Information Governance and Security.....	28
5.3	Gifts, Hospitality and Conduct	28
5.4	Prevention and Detection of Irregularities, Fraud and Corruption.....	28
5.5	Risk Management.....	29
5.6	Insurance	30
6	EXTERNAL FINANCIAL ARRANGEMENTS	31
6.1	Awards to Voluntary Organisations and Individuals	31
6.2	Partnerships, External Funding and Working for Third Parties.....	32
6.3	Subsidy Control (formerly State Aid).....	34
6.4	Shared Services	34
6.5	Sponsorship	35

1. OVERVIEW

1.1 Scope and Observance

- 1.1.1 Fife Council is required under statute to make arrangements for proper administration of the Council's financial affairs. These Financial Regulations provide the framework and set out the corporate parameters for the financial management of the Council. These Regulations shall be known as the "Fife Council Financial Regulations 2024".
- 1.1.2 In these Regulations, unless the context otherwise requires, the following expressions shall have the meaning assigned to them, that is to say:
- "Council" means Fife Council;
 - "Committee" means all the committees of the Council, including equivalent or subsidiary committees, boards, forums, etc.;
 - "the 1973 Act" means the Local Government (Scotland) Act 1973, and any subsequent Regulations and Instruments pertaining thereto;
 - "the 2014 regulations" means the Local Authority Accounts (Scotland) Regulations 2014; and
 - "the 2003 Act" means the Local Government in Scotland Act 2003, and any subsequent Regulations and Instruments pertaining thereto.
- 1.1.3 These Financial Regulations are made by the Council in terms of Section 95 of the 1973 Act, 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 the administration of those affairs.
- 1.1.4 For the purposes of the 1973 Act and the 2014 Regulations, the Proper Officer is the Executive Director, Finance and Corporate Services of the Council.
- 1.1.5 The Financial Regulations will be applied and interpreted in a manner which takes account of the obligations contained within other regulatory documents which form part of the Council's Governance arrangements. These include;
- **Code of Corporate Governance**
 - **Standing Orders**
 - **List of Committee Powers**
 - **List of Officer Powers**
 - **Contract Standing Orders (Scheme of Tender Procedures)**
 - **Codes of Conduct for Councillors and Employees**
- 1.1.6 The Council, its Councillors and employees shall observe the Financial Regulations and supporting guidance.
- 1.1.7 Any Councillor or employee acting within the terms of a Joint Committee or Partnership, such as the Health and Social Care Partnership, Company, Trust, Arm's Length External Organisation or other external body, should refer to the governance arrangements relevant to that organisation, in addition to these Financial Regulations. It should be noted that any such arrangements are, in all respects, subservient to these Financial Regulations when in the performance of Council duties.

- 1.1.8 Where there is any doubt about what the correct procedure is or if the Regulations are themselves constraining the achievement of legitimate Council goals, the matter should be raised with the Executive Director of Finance and Corporate Services or appropriate Finance and Corporate Services staff. Any variations from the requirements of these Financial Regulations need to be agreed with the Executive Director of Finance and Corporate Services in writing and in advance.
- 1.1.9 Any contravention of or potential non-compliance with these Financial Regulations must be reported immediately to the Executive Director of Finance and Corporate Services, who may discuss the matter with the Chief Executive and any other Executive Director as appropriate, to determine any action to be taken.
- 1.1.10 The Financial Regulations will be reviewed as necessary and at least once per Council term. The outcome of any such review will be reported to the Executive Director of Finance and Corporate Services who will report any changes, other than minor procedural ones to Fife Council for approval.

1.2 Roles and Responsibilities

Executive Director of Finance and Corporate Services

- 1.2.1 The Executive Director of Finance and Corporate Services is the Chief Financial Officer of the Council and shall be the Proper Officer of the Council in terms of Section 95 of the 1973 Act, Section 35 of the 2003 Act and the appropriate provisions of The Prudential Code for Capital Finance in Local Authorities, and, accordingly, shall be responsible for the administration of the financial affairs of the Council.
- 1.2.2 The Executive Director of Finance and Corporate Services shall be responsible for issuing guidance for safe and efficient arrangements for the receipt of monies payable to, and for the issue of monies payable by, the Council. They shall make the arrangements for keeping the accounts of the Council in terms of Section 96 of the 1973 Act.
- 1.2.3 The 2014 Regulations require that the Executive Director of Finance and Corporate Services, as Proper Officer, is responsible for the preparation of the authority's Annual Accounts in accordance with proper practices as required by legislation and as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code).

In preparing the Annual Accounts, the Executive Director of Finance and Corporate Services will have:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with legislation; and
- complied with the local authority Accounting Code (in so far as it is compatible with legislation).

The Executive Director of Finance and Corporate Services will also have:

- kept adequate accounting records which are up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

- 1.2.4 Where, in these Financial Regulations, procedures, systems, documents, guidance, etc. require to be provided or approved by the Executive Director of Finance and Corporate Services, alterations can only be made with their approval, unless delegated through the **Council's list of Officer Powers** for Finance and Corporate Services. The Executive Director of Finance and Corporate Services may discharge their duties by delegating certain responsibilities to officers in line with the Council's list of Officer Powers (see para 1.2.13).
- 1.2.5 The Executive Director of Finance and Corporate Services shall be consulted by Executive Directors on all reports to Committee which have financial implications. The Executive Director of Finance and Corporate Services must be satisfied that the financial implications resulting from decisions being recommended are adequately and fully explained within each report to allow for transparent decision making.
- 1.2.6 If the Executive Director of Finance and Corporate Services considers that the financial implications are not adequately and fully explained, they may decide to remove the report from the agenda. The Executive Director of Finance and Corporate Services will instruct an individual Executive Director to submit revised reports to them prior to their resubmission for inclusion on an agenda.
- 1.2.7 In the event of the Executive Director of Finance and Corporate Services reporting to Committee on matters of financial implication to individual Services, other than of a strategic nature, they shall consult affected Executive Directors as necessary.

Executive Directors

- 1.2.8 Management is responsible for internal control and Executive Directors are required to complete and agree to a corporate governance self-assessment checklist to this effect. Each Service Management, having undertaken an assessment of the risks involved and/or having been advised of areas of risk by internal audit, external audit, or another inspection body, is responsible for putting appropriate internal controls in place. If proper internal controls are not in place, management must accept responsibility for the increased risk of fraud and error. Assurance Statements must also include details of improvement actions to be taken.
- 1.2.9 In order to demonstrate compliance with these principles, Executive Directors must ensure that their systems and processes are:
- monitored for their efficiency, effectiveness and economy of operation;
 - subject to review on a continuous basis to ensure that they are current; and
 - supported by formally issued comprehensive and up to date documented procedures.
- 1.2.10 Executive Directors shall consult the Executive Director of Finance and Corporate Services on development projects affecting any systems so that appropriate guidance may be given on systems affecting the financial operations of the Council.

- 1.2.11 Executive Directors will be responsible for ensuring that reports submitted to Committees containing proposals which have financial implications are reviewed by the Executive Director of Finance and Corporate Services prior to such reports being submitted.
- 1.2.12 Executive Directors shall be responsible for ensuring that the Financial Regulations are complied with in respect of matters falling within their jurisdiction.

Delegation

- 1.2.13 As stated in the ***Council's List of Officer Powers***, where an Executive Director has delegated authority, decisions should be further delegated to as close to the point of service delivery as is appropriate in the circumstances. Each Executive Director must prepare a List of Officer Powers for their Directorate which are incorporated into the Council's list of Officer Powers and detail those decisions which have been delegated to officers within these Directorates. Actions which relate to areas of professional specialisms must be delegated to appropriate officers. Where matters are delegated, the more senior officer remains responsible for ensuring that the authority is being used appropriately.

Personal Responsibilities

- 1.2.14 All Councillors and employees of the Council are responsible for ensuring that they use the equipment, materials and resources entrusted to them in a responsible and lawful manner. They should familiarise themselves with the Council's requirements under these Regulations and other similar policies; for example, the policy on the personal use of computer equipment.
- 1.2.15 If anyone is in any doubt as to their obligations, they should seek advice from their line manager. Any unresolved questions of interpretation should be referred to the Service Manager, Audit and Risk Management.
- 1.2.16 All Councillors and employees of the Council should strive to achieve best value for money and avoid legal challenge to the Council. These responsibilities similarly apply when Councillors or employees are representing the Council on external bodies and joint ventures.
- 1.2.17 In the course of their duties Councillors and employees will see financial and other materials of a confidential nature. There is a general responsibility that all such matters are not disclosed except to authorised personnel.
- 1.2.18 Councillors and employees acting within the terms of outside bodies, whether companies, trusts or other associations, owe duties and responsibilities to those bodies which are separate and distinct from their duties owed to the Council. On occasions, it is likely that their duties owed to the outside body and to the Council will conflict. Councillors should be aware of and consult an advice note published by the Standards Commission for Scotland, known as "**Advice for Councillors on Arms-Length Organisations**". In respect of officers, the matter is covered by Section 7 of the ***Monitoring and Evaluation Framework (Officers supporting ALEOs)***.

- 1.2.19 All employees must report to their line manager any illegality, impropriety, breach of procedure or serious deficiency in the provision of service. Employees are able to do this without fear of recrimination providing they act in good faith via the **Council's Whistleblowing Policy** (included in the **Employee Code of Conduct**).

Internal Audit

- 1.2.20 The Internal Audit Service is a statutory assurance function. The 2014 Regulations require all Scottish Local Authorities to operate a professional and objective internal auditing service, which must be delivered in accordance with recognised standards.
- 1.2.21 The Executive Director of Finance and Corporate Services shall arrange for the provision of a continuous internal audit function, overseen by a suitably qualified and experienced individual (Service Manager, Audit and Risk Management).
- 1.2.22 The Service Manager, Audit and Risk Management is responsible for managing the Internal Audit Service in conformance with the Public Sector Internal Audit Standards (PSIAS), including compilation of a risk-based audit plan and the provision of an Internal Audit Annual Report to Elected Members and Senior Officers, through the Standards, Audit and Risk Committee. The Internal Audit Annual Report includes the Service Manager, Audit and Risk Management's opinion on the overall adequacy and effectiveness of the organisation's governance, risk management and control framework as well as a summary of the key activities from which that opinion is derived.
- 1.2.23 The Internal Audit Service is organisationally independent. The Service Manager, Audit and Risk Management has direct and unrestricted access to senior management, including the Chief Executive and Executive Director of Finance and Corporate Services, and the Chair of the Standards, Audit and Risk Committee.
- 1.2.24 The Service Manager, Audit and Risk Management, shall, with or without previous notice:
- have authority to enter any Council establishment;
 - have access to all Council files, correspondence, documents and records including computer records;
 - require and receive explanations as necessary concerning any matter under examination; and
 - require any employee of the Council to produce cash, stores or any other Council property under their control.
- 1.2.25 The terms of reference and key aspects of the operation of the above arrangements will be set out in the **Council's Internal Audit Charter**, which will be approved by Standards, Audit and Risk Committee and reviewed once in the life of each Council or as otherwise required by the Service Manager, Audit and Risk Management and the Standards, Audit and Risk Committee.

External Audit

- 1.2.26 The 1973 Act requires the annual accounts of every local authority to be audited. The audit is carried out independently of the Council and is arranged through the Accounts Commission for Scotland as part of their role in checking that public money is spent properly, efficiently and effectively.

- 1.2.27 The Council's External Auditors shall, with or without previous notice:
- have authority to enter any Council establishment;
 - have access to all Council files, correspondence, documents and records including computer records;
 - require and receive explanations as necessary concerning any matter under examination; and
 - require any employee of the Council to produce cash, stores or any other Council property under their control.
- 1.2.28 The senior member of the External Audit team has the right of free and confidential access to the Chair of the Standards, Audit and Risk Committee, in order to raise such concern as they may have.

2. FINANCIAL PLANNING

2.1 Community Planning

- 2.1.1 The 2003 Act placed a duty on local authorities to initiate and facilitate community planning. The Community Empowerment (Scotland) Act 2015 created a statutory basis for Community Planning Partnerships, imposing duties on them to involve community bodies in the delivery of local outcomes and to produce "locality plans" for particularly disadvantaged areas.
- 2.1.2 Fife Council, in conjunction with local partners, produces a **ten-year local outcomes improvement plan**, and this is expressed in financial terms in the Council's published Financial Plans, covering both the annual Revenue Budget and ten-year Capital Investment Plan.
- 2.1.3 The Capital Investment Plan comprises the Council's portfolio of projects which require Capital funding. All Capital Programmes and Projects must follow, as a minimum, the **Council's Change and Improvement Guidance**, as must Corporate Improvement programmes and projects. Programmes and projects are defined as temporary initiatives to deliver assets or change capabilities. They are different from operational day to day work which delivers 'business as usual'.

2.2 Capital Expenditure - Planning

- 2.2.1 In line with the Prudential Code for Capital Finance in Local Authorities, the Executive Director of Finance and Corporate Services will be responsible for the preparation of a Capital Strategy as well as the preparation and monitoring a number of prudential indicators, including external borrowing limits, to ensure the affordability, prudence and sustainability of the Capital Investment Plan. Separate indicators are required for Housing Revenue Account (HRA) and the General Fund capital investment.
- 2.2.2 The Executive Director of Finance and Corporate Services is supported in all aspects of planning for capital investment by the Council's Investment Strategy Group, chaired by the Head of Finance. The group has a remit and documented roles and responsibilities of the various stakeholders. The remit and responsibilities are kept under review on a regular basis.

- 2.2.3 The Council maintains a ten-year Capital Investment Plan which is reviewed at a frequency agreed by the Cabinet Committee (currently biennial) and the following procedures will apply to the preparation of the Plan:
- a) General Fund Capital Investment Plan – The Council’s Investment Strategy Group will co-ordinate the estimates of capital expenditure for each of the Council’s Policy Priorities for the planning period, in conjunction with Executive Directors; and
 - b) Housing HRA Capital Investment Plan – The Head of Housing and the Head of Finance Services will prepare the plan in consultation with the Executive Director of Finance and Corporate Services and will submit this to the appropriate committee.
 - c) When a and b above have been prepared and agreed with the Executive Director of Finance and Corporate Services, they shall be submitted to the Cabinet Committee, with a view to being submitted to Full Council for approval, after which it will be known as the Approved Capital Investment Plan.
 - d) As a minimum, the Capital Strategy will be reviewed in conjunction with the Capital Investment Plan.
- 2.2.4 From time to time the Executive Director of Finance and Corporate Services will issue a **Capital Policy** which includes guidance on what constitutes capital expenditure and de minimis levels where appropriate. The determination of capital expenditure will be at the sole discretion of the Executive Director of Finance and Corporate Services in accordance with proper accounting practice and professional accounting regulations.
- 2.2.5 In the preparation of the proposed capital plans it is the responsibility of the Executive Directors, in conjunction with their Finance Business Partner teams, to assess the tax implications of the identified options including the preferred option.
- 2.2.6 Executive Directors will be required to identify the full revenue consequences of the projects being proposed for funding when preparing proposed Capital Plans. In addition, they will be required to demonstrate where the funding for the revenue consequences will be met from. Should additional revenue resources be required, the appropriate Executive Director in conjunction with the Executive Director of Finance and Corporate Services will submit a report to the Cabinet Committee to seek approval for the project and the additional revenue budget.
- 2.2.7 Enhanced governance arrangements should be applied in line with the agreed policy, **Governance for Major Capital Projects**, which includes preparation of business cases, enhanced reporting and consideration of lessons learned.

2.3 Revenue Expenditure - Planning

- 2.3.1 In consultation with the other Executive Directors, the Executive Director of Finance and Corporate Services will be responsible for preparing a 3 year revenue budget which takes account of all known future cost implications.
- 2.3.2 Executive Directors shall prepare estimates, in conjunction with their Finance Business Partners in order that the budget for the Council can be agreed. The Executive Director of Finance and Corporate Services shall issue guidance on information required for budget meetings (e.g. scrutiny groups, Council Executive Team) that the Executive Directors have responsibility for preparing.

- 2.3.3 The revenue budget planning shall be driven by the Service Change Planning process in order that resources are directed to priority areas. The financial plan shall form the budget that is approved by Fife Council and shall be referred to as the Approved Revenue Budget by the Council, with the first year being fully approved and the subsequent two years remaining as indicative for planning purposes.
- 2.3.4 The approval of the Revenue Budget by the Council gives Executive Directors the authority to incur appropriate expenditure up to the limit of the approved budget.
- 2.3.5 Executive Directors shall review charges on an annual basis in line with the Medium Term Financial Strategy and any subsequent policies in relation to charging.
- 2.3.6 The Revenue Budget may be implemented by Executive Directors subject to any other requirements contained within these Financial Regulations, any other regulations, requirements or controls approved by the Council, or other legislative requirements being met.

3. FINANCIAL MANAGEMENT

3.1 Monitoring of Capital Expenditure

- 3.1.1 In consultation with the other Executive Directors, the Executive Director of Finance and Corporate Services will be responsible for ensuring that there is an effective system of monitoring of expenditure on capital projects, in relation to the Approved Capital Investment Plan. The Cabinet Committee will determine the reporting content, timescale, frequency and receiving committee(s) required for monitoring statements and the Executive Director Finance, and Corporate Services and each Executive Director will be responsible for ensuring compliance with this. These reports will contain explanations where the budget is forecast to be either over or underspent by £500,000 for any item approved in the Capital Investment Plan.
- 3.1.2 Any matter having a material effect on the Council's finances should be discussed and agreed with the Executive Director of Finance and Corporate Services before any financial commitment is incurred, and before reporting details to Committee using the processes detailed in 3.1.3 and 3.1.4.
- 3.1.3 Any proposal to include a new project, or to change the financial provision for an existing project, within the Approved Capital Investment Plan, must be approved by the appropriate Committee following receipt of a report from the relevant Executive Director. The project will be deemed to have approval to proceed provided the requirements set out in section 2.2 have been met.

- 3.1.4 Through the Investment Strategy Group, officers can manage the Capital Investment Plan to ensure projects are delivered within the overall budgets set for the Council's Policy Priorities. This will include advancing projects from future years of the Plan to utilise slippage, or to agree transfers between Council Priorities to advance a high priority project. Such transfers will be reversed in future years to maintain the balance of the plan over the Policy Priorities. These movements in the Capital Investment Plan will require to be managed and agreed by the Investment Strategy Group and reported by the Executive Director of Finance and Corporate Services to the Cabinet Committee for approval.
- 3.1.5 Capital receipts for the General Fund are corporately managed and Services cannot retain these to fund additional capital expenditure. Capital Receipts in relation to HRA shall be applied against the housing stock or set aside to repay HRA debt. The percentage of set aside in relation to right to buy receipts will be determined annually by the Executive Director of Finance and Corporate Services and Head of Housing Services, within the context of the Standard Delivery Plan.
- 3.1.6 The Executive Director of Finance and Corporate Services will be responsible for reporting any breaches of the authorised limit on external borrowing to the Council as soon as practicable, along with reasons and explanations for the breach and in line with the Council's agreed **Treasury Management Strategy**.

3.2 Monitoring of Revenue Expenditure

- 3.2.1 Approval of the Revenue Budget by the Council gives Executive Directors the authority to incur expenditure in line with the Heads of Expenditure shown in the published Financial Plans detailing the budget for each Service that the Council expects to be delivered. Expenditure cannot be incurred where there is no provision within the Revenue Budget.
- 3.2.2 The primary responsibility for detailed monitoring and control of Service budgets lies with the relevant Executive Director. The Executive Director of Finance and Corporate Services has a responsibility to ensure that detailed monitoring by Executive Directors is carried out and that relevant financial information is provided in a format and within a suitable timescale to allow such monitoring.
- 3.2.3 In order to assist in this matter, the Executive Director of Finance and Corporate Services will ensure that an appropriate framework for budgetary management and control is in place, and that regular monitoring statements are produced for monitoring purposes.
- 3.2.4 Maintenance of appropriate costing systems is essential for the regular monitoring of performance and allocation of costs in the financial ledger. Reconciliation of any costing systems not linked to the financial ledger system will be carried out by Services on a 4 weekly or monthly basis (dependent on the system).
- 3.2.5 The Cabinet Committee will determine the reporting content, timescale, frequency and receiving Committee(s) required for monitoring statements and the Executive Director of Finance and Corporate Services and each Executive Director will be responsible for ensuring compliance with this.

- 3.2.6 These reports will contain explanations where the budget is forecast to be either over or underspent by £500,000. If the budget is forecast to be overspent proposals shall be outlined as to how the Executive Director plans to recover the position.
- 3.2.7 As early as possible in the succeeding financial year, the Executive Director of Finance and Corporate Services will submit to Cabinet Committee, a report setting out the likely out-turn revenue income and expenditure for the previous financial year compared with the budget, together with an explanation of major variations. The report will include recommendations in respect of application or otherwise of any budget carry forward arrangements depending on the overall financial position of the Council.
- 3.2.8 The Executive Director of Finance and Corporate Services issues **Budget Transfer Guidance** which details the framework for the transfer of budgets within and/or between Service Revenue Budgets including between the responsibilities of different Executive Directors, to provide them with flexibility to change budgets within authorised levels, in order to better deliver Council services.
- 3.2.9 The Cabinet Committee may approve separate regulations for transfers of budget in special circumstances, (e.g. Devolved School Management), and allocate additional resources to Directorates. Executive Directors have authority to transfer resources between Services And budget heads as detailed in the guidance referred to in section 3.2.8.
- 3.2.10 Expenditure which is essential to meet any immediate needs created by a sudden emergency, or which is referable to Section 84 of the 1973 Act, may be incurred subject to this being reported forthwith to the Chief Executive or Executive Director and as soon as possible thereafter to the Executive Director of Finance and Corporate Services and to the Cabinet Committee.

3.3 Accounting Procedures and Records

- 3.3.1 The Executive Director of Finance and Corporate Services, as Proper Officer, is statutorily responsible for all financial matters in which the Council is involved. As such, the Executive Director of Finance and Corporate Services will ensure that:
- all expenditure is a proper charge;
 - all income due to the Council is billed and collected;
 - all assets are protected and accounted for;
 - all liabilities are accounted for; and
 - proper financial reports are prepared.
 - preparation of the authority's Annual Accounts is in accordance with proper practices as required by legislation and as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code)
 - completed accounts are approved by the Standards, Audit and Risk Committee and forwarded to the Controller of Audit no later than the 31 August the same year.
- 3.3.2 The Executive Director of Finance and Corporate Services will ensure that the Council's financial records are properly maintained and prepared in accordance with the relevant legislation and appropriate Codes of Practice.

- 3.3.3 The following will be carried out according to procedures and guidance issued by the Executive Director of Finance and Corporate Services:
- the determination of the format of financial records;
 - preparation of the statutory Annual Accounts; and
 - production of the Council's financial information in Service Change Plans
- 3.3.4 The following principles shall be observed in the allocation of accounting duties.
- the duties of providing information regarding the sums due to or from the Council and of calculating, checking and recording these sums, will be separated as completely as possible from the duty of collecting or disbursing them;
 - officers charged with the duty of examining and directing the accounts of cash transactions will not themselves be engaged in any of these transactions; and
 - all checking and authorisation undertaken by officers should be evidenced by initials or signature, or other procedure agreed with the Executive Director of Finance and Corporate Services
- 3.3.5 All claims, returns or written submissions relating to grants and financial statistics will be submitted to the Finance and Corporate Service Directorate and must be signed by an authorised signatory within the Service. Any exception to this must be agreed by the Executive Director of Finance and Corporate Services.
- 3.3.6 Financial records, including documentation relative to contracts for work done, services and supplies, will not be disposed of other than in accordance with arrangements approved by the Executive Director of Finance and Corporate Services.

3.4 Pension Fund and Trust Funds

- 3.4.1 Supervision of the Investments of the Pension Fund, Common Good Funds and Other Trust Funds will be by the Pensions committee and Common Good and Trust Fund Investment sub-committees respectively.
- 3.4.2 The Executive Director of Finance and Corporate Services will submit to the Pensions Committee proposals for the administration and investment arrangements of the Fund.
- 3.4.3 The Executive Director of Finance and Corporate Services will submit to the Common Good and Trust Fund Investment sub-committee proposals for the administration and investment arrangements of these funds.
- 3.4.4 In the context of the approved administration and investment arrangements, the Executive Director of Finance and Corporate Services will ensure the preparation of investment strategy and performance reports and their submission to the Pensions Committee.
- 3.4.5 Within the context of the approved administration and investment arrangements:
- the Executive Director of Finance and Corporate Services will have the authority to decide upon specific purchases and sales of stocks, shares or any other investments;

- such authority shall only be exercised by the Executive Director of Finance and Corporate Services following the taking of appropriate specialist advice where required by statute;
 - such advice shall be obtained from whatever source considered appropriate by the Executive Director of Finance and Corporate Services, but shall include investment advisers appointed at that time by the Pensions Committee; and
 - any decision taken by the Executive Director of Finance and Corporate Services under this regulation shall be reported to the following meeting of the Pensions Committee.
- 3.4.6 Common Good and Other Trust Funds shall be managed by, or under the supervision of, the Executive Director of Finance and Corporate Services subject to any statutory requirements and, wherever possible, be in the name of the Council.
- 3.4.7 Officers acting as trustees by virtue of their official position shall deposit all securities etc. relating to the Trust with the Executive Director of Finance and Corporate Services unless the deed otherwise provides.

3.5 Treasury Management

- 3.5.1 The Council defines its Treasury Management activities as the management of the Council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with these risks.
- 3.5.2 The Council adopts CIPFA's "Code for Treasury Management in Local Authorities".
- 3.5.3 The Council will create and maintain, as cornerstones of effective treasury management
- A **Treasury Management Strategy Statement** stating policies, objectives and the approach to risk management of treasury management activities shall be adopted by the Council and thereafter its implementation and monitoring shall be delegated to the Cabinet Committee.
 - Suitable Treasury Management practices setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how these activities will be managed and controlled.
 - Investment management practices for investments that are not for treasury management purposes.
- 3.5.4 All money in the Council's custody is aggregated for treasury management purposes. The control of these monies, including decisions relating to new borrowing, is delegated to the Executive Director of Finance and Corporate Services and documented in the **Treasury Management Manual**.
- 3.5.5 The signatories to any receipt in respect of any loan arranged will be those nominated by the Council in respect of the signing of cheques. Mortgage deeds in the name of the Council will be signed and sealed in accordance with Section 194 of the 1973 Act and the **Council's Standing Orders**.

- 3.5.6 Where an asset is proposed to be acquired by leasing, determination of the leasing agreement shall be the responsibility of the Executive Director of Finance and Corporate Services, having due consideration to the business case and financial viability of the leasing agreement.

3.6 Bad Debts

- 3.6.1 Once all methods of debt recovery in relation to outstanding debts have been exhausted, the Executive Director of Finance and Corporate Services, is empowered to write off any such sums as bad debts.
- 3.6.2 Write-offs for individual debtors in excess of £50,000 will be reported by the Executive Director of Finance and Corporate Services to the Cabinet Committee along with an annual summary of bad debts, including housing rents.
- 3.6.3 The Executive Director of Finance and Corporate Services or the Head of Legal and Democratic Services, as appropriate, shall lodge claims with the appropriate person (including liquidators, administrators, administrative receivers, supervisors of compositions or schemes, trustees in sequestration and trustees under a trust deed for creditors) in relation to sums due to the Council.

3.7 Trading Operations

- 3.7.1 The Executive Director of Finance and Corporate Services is responsible for ensuring that the financial provisions of the 2003 Act and of any other relevant legislation, shall be properly applied in relation to any Trading Operations of the Council, which are defined as those services provided in a competitive environment and on a basis other than straightforward recharge of cost, where proper accounting practice requires trading accounts to be maintained.
- 3.7.2 Executive Directors responsible for any Trading Operations of the Council shall ensure that they comply with any guidance issued by the Executive Director of Finance and Corporate Services in relation to any matter under Regulation 3.7.1.
- 3.7.3 The Executive Director of Finance and Corporate Services shall undertake an annual evaluation of the Trading Operations of the Council to ascertain if they meet the criteria of Significant Trading Operations as defined by the 2003 Act.
- 3.7.4 The Executive Director of Finance and Corporate Services shall provide a report to Cabinet Committee if there are changes to the Council's Significant Trading Operations following the annual evaluation.
- 3.7.5 Executive Directors responsible for any Significant Trading Operations of the Council shall, in addition to Regulation 3.7.2, ensure that such Operations meet the requirements of 2003 Act.
- 3.7.6 Competitive tenders do not need to be invited if any Executive Director concerned deems it desirable to negotiate with a Trading Operation of the Council, within the limits imposed by any relevant legislation, provided Best Value can be demonstrated.

4. INTERNAL FINANCIAL ARRANGEMENTS

4.1 Banking Arrangements and Cheques

- 4.1.1 The Executive Director of Finance and Corporate Services, or such officers authorised by them, shall be responsible for The Executive Director of Finance and Corporate Services, or such officers authorised by them, shall be responsible for
- Issuing guidance in connection with the arrangements for opening and closing of all Bank Accounts in the name of the Council.
 - Sharing relevant guidance and procedures issued by the Council's bankers relating to all transactions, including electronic, of all Bank Accounts in the name of the Council and operations of third-party bank accounts by Council staff as part of their duties.
 - Ordering, issuing and safe keeping of cheques, purchasing cards, bank statements, pay-in books and other materials, including electronic, relating to individual bank accounts.
 - Signing all cheques on the Council's bank accounts.
 - Authorising all payments from or transfers between the Council's bank accounts.
 - Giving any indemnity required by the Council's bank where the services of a security firm are used for the deposit or receipt of cash at the bank.
- 4.1.2 Executive Directors, in consultation with the Executive Director of Finance and Corporate Services, must provide, and monitor the application of, procedures consistent with these Financial Regulations, for the opening, operation and closure of third party bank accounts operated by Council staff as part of their Council duties (e.g. School Funds, Client's Money). For all such accounts, cheques shall be signed by two delegated signatories unless by prior agreement of the Executive Director of Finance and Corporate Services.
- 4.1.3 Bank reconciliations must be performed for each bank account held in the name of the Council or operated by Council staff as part of their duties. These must include agreeing the balance, as shown on a statement provided by the bank, to the accounting records, taking account of uncleared transactions. Reconciliations must be performed on a timely basis for each month end and checked and signed off by a member of staff with no day to day responsibility for the operation of the account, and authorised to do so by the Executive Director of Finance and Corporate Services.

4.2 Income Collection

- 4.2.1 The Executive Director of Finance and Corporate Services is responsible for ensuring that there are adequate arrangements for collecting all income due to the Council.
- 4.2.2 Executive Directors must ensure that they have proper arrangements in place for the collection of income for every location and for all services provided. They must ensure all income collected is accounted for correctly and that there are proper arrangements in place for banking all monies as soon as possible.

- 4.2.3 All Council income received by Council staff must be paid to the Council's bank account without delay. Where receipts of large sums are expected, the Investment Team within Finance Service should be informed in advance.
- 4.2.4 Executive Directors must provide and monitor the application of procedures, consistent with these Financial Regulations, for the collection, handling and banking of non-Council funds which may be controlled by their staff such as School Funds or Client's Money. All such money must be banked without delay.
- 4.2.5 Executive Directors must ensure that all contracts, leases and other agreements entered into which involve the receipt of income for the Council, including Developers' Contributions, are notified immediately to the Investment Team within the Finance Service.
- 4.2.6 Where appropriate, sums due will be entered into the Council's corporate invoicing system.
- 4.2.7 Wherever possible, goods or services supplied by the Council must be paid for by the point of delivery. Any exceptions must be subject to an official invoice raised via the Council's corporate invoicing system administered by the Head of Revenue and Commercial Services. Executive Directors are responsible for ensuring that invoices are issued as soon as possible and no later than 10 working days after the goods or services have been supplied.
- 4.2.8 Personal cheques must not be cashed out of money held on behalf of the Council or third parties.

Any transfer of cash between Council's Officers shall be evidenced in the records of the Services concerned by the signature of both Officers.

- 4.2.9 The Executive Director of Finance and Corporate Services shall be responsible for ensuring that all receipts, books, tickets and other documentation (including electronic documents) relating to the collection of income are suitable for their purpose and adequately controlled.
- 4.2.10 Where the nature of income requires a receipt (e.g. cash), this must only be given on a receipt that has been approved by the Executive Director of Finance and Corporate Services. Where the design and ordering of receipts, documents, etc., is delegated to another Service, its Executive Director is responsible for ensuring that all such receipts and documents have approval for design from the Executive Director of Finance and Corporate Services.
- 4.2.11 Executive Directors are responsible for ensuring that proper records of the issue and stocks of receipts and documents are maintained.

All income collected on behalf of the Council must be notified at the earliest opportunity or within agreed timescales to the Executive Director of Finance and Corporate Services, using the appropriate methods and documentation such as the submission of e-returns.

4.3 Advances – Imprest Holdings, Petty Cash and Floats

- 4.3.1 The Executive Director of Finance and Corporate Services shall provide such advances to Officers as they consider necessary for the purposes of covering petty cash and other expenses or as a change float for cash collection duties.
- 4.3.2 Nominated Officers will be personally responsible for such advances, including the keeping of cash, stamps, vouchers, etc. in a safe and lockfast place.
- 4.3.3 Staff, on leaving the service of the Council, or otherwise ceasing to maintain responsibility for a petty cash Imprest, or float shall account to the Executive Director of Finance and Corporate Services for the total amount advanced.
- 4.3.4 Executive Directors are required to produce an annual certificate for each Petty Cash Imprest or Float certifying they still hold the total sum advanced.
- 4.3.5 The Executive Director of Finance and Corporate Services will provide guidance relating to the conditions relating to such advances, including the form and manner in which the accounts will be kept and that their use shall be limited to minor and other items of expenditure of a type or value which, in the normal course of business, would not be expected to be ordered through the Council's procurement and purchase order arrangements. Further information about the use of Purchase Cards is available in the ***Purchasing Card Guidance***.

4.4 Orders for Supplies, Services and Works

- 4.4.1 Each Executive Director shall be responsible for all orders from their Service and shall fully observe all guidance issued by the Executive Director of Finance and Corporate Services and by the Head of Revenue and Commercial Services.
- 4.4.2 All tenders, contracts and orders must adhere to Council payment terms of invoice in arrears of delivery, with payment within 30 days from receipt of invoice, and inform suppliers that payment will be by B.A.C.S. These conditions should be referenced on all orders along with the address to which invoices should be sent. Any exceptions to the Council's payment terms or standard payment methods must be approved, in advance, by the Executive Director of Finance and Corporate Services.
- 4.4.3 However, if the supplier has joined the Council Supplier Cash Flow Service, they will receive early settlement from a third party supplier. In turn, the third party will receive payment within 30 days from receipt of invoice. If the suppliers do not send the goods/service then the liability lies with the third party who will either ask for a refund or apply a credit.
- 4.4.4 All contracts entered into by the Council for goods and services must comply with the ***Council's Contract Standing Orders (Scheme of Tender Procedures)***.
- 4.4.5 All orders issued via the Oracle Cloud purchasing system shall be raised only by Officers authorised to do so by their Executive Director and shall be raised in accordance with the ***Council's List of Officer Powers***.

- 4.4.6 Where authority is delegated for the approval of orders, the designated officer roles who hold this delegated authority should be documented in each Directorate's Scheme of Delegation. Only in exceptional circumstances, where previously agreed, any orders not given by electronic transmission must be confirmed by an official order in accordance with the **Ordering goods & services procedures** issued by the Head of Revenue and Commercial Services. This must be done not later than the next working day.
- 4.4.7 Except as provided elsewhere in these Regulations, no orders shall be issued for goods and services where the cost is not allowed for within an approved budget and Executive Directors shall be responsible for ensuring that costs are allocated to appropriate financial codes.

4.5 Supplier Invoices, Delivery and Payment of Accounts

- 4.5.1 All accounts and invoices shall be paid in accordance with the Financial Regulations unless they are covered by the **Non-Purchase Order (NOPO) Exceptions List** drawn up and issued by the Executive Director of Finance and Corporate Services. Any variation from the **NOPO Exceptions List** shall be agreed with the Executive Director of Finance and Corporate Services.
- 4.5.2 The Council's contract terms and conditions require payment in arrears of delivery. Invoices for payment must relate to goods, services or works which have been satisfactorily delivered and be submitted in arrears.
- 4.5.3 The Council's standard payment terms are 30 days from receipt of an appropriate invoice, with payment by B.A.C.S. Staff should determine whether the goods/services have been received and retain evidence of satisfactory delivery. Any exceptions to this must be approved, in advance, by the Executive Director of Finance and Corporate Services.
- 4.5.4 Council employees must not create any form of payment documentation on behalf of suppliers, unless for suppliers approved to use the Oracle Cloud Supplier Portal for self-billing.
- 4.5.5 Council employees must not add or remove any item from an invoice or any other supplier documentation used for making payments. This includes processing invoices and credits together as one document.
- 4.5.6 Proper provision must be made for the examination, verification, authorisation and expenditure allocation of invoices and claims. As part of the approval for payment process, they will provide for the matching of invoices with orders and records of supplies, services and works received to the extent that the following checks will be carried out and evidenced:
- the goods, services or work to which the account relates have been received or carried out. They have been examined and approved and deemed to be satisfactory as regards quality and quantity and conform to the official order;
 - the price, extensions, calculations, trade discounts, other allowance credits and VAT, where appropriate, are correct;
 - the expenditure has been properly incurred and is within the budget available and the invoice has been correctly coded;
 - the invoice has not previously been passed for payment;
 - the invoice is the proper liability of the Council;

- if VAT applies, the invoice is a proper VAT document and the VAT element is properly chargeable, shown at the correct rate and allocated to the appropriate financial code; and
 - the order record has been annotated to show appropriate details of the supplies, services and works received and the payment made, in a manner that will prevent any duplicate payment.
- 4.5.7 Executive Directors must ensure that procedures are in place to update inventories and/or stock records on receipt. The relevant delivery documentation must be retained as per the Council's Records Retention Schedule for internal control purposes.
- 4.5.8 Payment in advance is a business risk and should be avoided wherever possible. However, there are exceptions including IT maintenance contracts and Off-Site Storage where advance payment can facilitate cost savings. Any payments of this nature must be approved in advance by Executive Director of Finance and Corporate Services, following consultation with appropriate Finance Business Partner for the relevant Directorate and be made in adherence to the procedures contained in these Financial Regulations. B.A.C.S. is the Council's preferred method of payment and any other method must be authorised in advance by the Executive Director of Finance and Corporate Services.
- 4.5.9 Executive Directors must issue internal procedures which comply with the Oracle Cloud requirements covering ordering, receipting and matching processes. When NOPOs are processed within a Service, this should also be done in accordance with the **Oracle Cloud NOPO guidance**, including adherence to the **NOPO Exceptions List**. Authorisation limits for NOPOs should mirror those of other transactions.
- 4.5.10 Invoices and claims must be verified and processed in the Oracle Cloud system or relevant feeder system timeously. To avoid penalty under **Late Payment legislation**, invoices must be in the Accounts Payable system in time to be paid in accordance with the Council's payment terms. All relevant discounts should be taken. Therefore, Executive Directors must ensure that all Service receipting and matching processes are completed timeously to allow for invoices to be processed within 21 calendar days (or earlier if enhanced payment terms have been agreed) of receipt unless held back due to dispute. Compliance with the legislation will be the responsibility of Executive Directors.
- 4.5.11 The Executive Director of Finance and Corporate Services may have any transaction entered into the Oracle Cloud System examined. They will be entitled to any information and/or explanation required.
- 4.5.12 The Executive Director of Finance and Corporate Services shall pay all invoices and claims without undue delay. In scheduling the payment of invoices etc., the Executive Director of Finance and Corporate Services must take account of contract terms and conditions, and the treasury management needs of the Council.

- 4.5.13 Under **self-service processes in Oracle Cloud**, the ordering of supplies, services and works, and receipting them, can be carried out by the same individual. The process of certifying or processing the relative purchases and invoices for payment should be performed by different individuals, with the exception of 2-way matched invoices, where the invoice approval is carried out by the requestor. This action effectively replaces the receipt action normally carried out by the requestor. Excluding the exception, where this is not practicable, the Executive Director of Finance and Corporate Services shall be informed, in writing, and their agreement sought to such arrangements.
- 4.5.14 In consultation with appropriate Executive Directors, the Executive Director of Finance and Corporate Services shall be responsible for ensuring that adequate arrangements are made to notify the Executive Director of Finance and Corporate Service of;
- any cessation or change of user affecting rents or payments in connection with contracts, leases and any other agreements.
 - any acquisitions, disposals or vacancies in properties that may affect the rates or other financial charges on those properties.
- 4.5.15 Executive Directors shall be responsible for ensuring that adequate arrangements are made to monitor contracts, property leases, operating leases, equipment hires and any other periodic payment agreements and ensure that periods of notice are actioned by notification to the supplier and the Executive Director of Finance and Corporate Services so as to minimise payments for non or changed use.

4.6 Purchasing Cards

- 4.6.1 The Executive Director of Finance and Corporate Services, or such Officers authorised by them, shall be responsible for signing applications for issuing of purchasing cards, duly applied for by Services.
- 4.6.2 Executive Directors will be responsible for ensuring that proper procedures are prepared and maintained, and records are kept, to support the use of purchasing cards including payment of accounts, in line with **Purchasing Card Guidance** provided by the Executive Director of Finance and Corporate Services.
- 4.6.3 Purchases made using purchasing cards should take due account of any procurement contracts that the Council may have in place and are considered an exception to the standard procurement processes.

4.7 Payment of Contracts for Building, Construction or Engineering Work

- 4.7.1 All works contracts entered into by the Council, or by a Committee, or by any Officers exercising delegated powers, shall comply with the **Council's Standing Orders** in relation to contracts made by the Council under Section 81 or the 1973 Act, as set out in the **Council's Contract Standing Orders (Scheme of Tender Procedures)**. These Regulations deal with the financial arrangements necessary to carry through the various contracts. All tenders, contracts and orders must adhere to Council standard payment terms of up to 30 days from receipt of invoice and suppliers must be informed that payment will be by B.A.C.S.

- 4.7.2 Where work included in a tender is covered by the Construction Industry Scheme, the tender documentation must stipulate the requirement for tenderers to have Scheme registration, as appropriate.
- 4.7.3 Payments to contractors on account of contracts shall be made by the Executive Director of Finance and Corporate Services on an invoice derived from a certificate issued by the Executive Director or their nominated Officer who must be an authorised signatory previously notified to and agreed by the Executive Director of Finance and Corporate Services. The certificate shall show the total value of the contract, the value of work executed, retention money, amount paid to date and amount now authorised for payment.
- 4.7.4 If, on any occasion, the cumulative value of extras or variations exceeds, or is expected to exceed, the lower of £250,000 or 20% of the tendered contract price, the Executive Director shall report this, together with explanations, to the appropriate Committee at the earliest opportunity. Thereafter, until completion of the contract, a report on contract progress, including details of further extras and variations, will be submitted to each subsequent meeting of the Committee.
- 4.7.5 Through the budget monitoring process, the Executive Director of Finance and Corporate Services may make alternative arrangements with Executive Directors for the reporting of variations on lower value contracts. In any case, contract variations must go through routine procurement governance, i.e. contract variation report as appropriate.
- 4.7.6 Where invoices are forwarded to the Executive Director of Finance and Corporate Services for amounts which exceed the appropriate capital estimates approved by the Council, and such excess is solely caused by a contractual liability, the Executive Director of Finance and Corporate Services shall have authority to meet such invoices. In consultation with the Executive Director of Finance and Corporate Services, the Executive Director responsible will report on the excess to the appropriate Committee.
- 4.7.4 In consultation with the Head of Legal and Democratic Services and appropriate Executive Directors, the Executive Director of Finance and Corporate Services will approve the arrangements for obtaining performance bonds/guarantees from contractors with regard to performance of contracts. The financial threshold for requesting performance bonds/guarantees has been set at £1.000m.

4.8 Tax Management, Including VAT

- 4.8.1 The Executive Director of Finance and Corporate Services will be responsible for the taxation procedures of the Council, ensuring where possible, that tax liabilities and obligations are properly reported and accounted for, avoiding any possible losses.
- 4.8.2 In particular, the Executive Director of Finance and Corporate Services will be responsible for:
- ensuring that transactions comply with relevant statutory requirements and authorities;
 - minimising the Council's tax liability; and
 - maximising the Council's tax flow.

4.8.3 In carrying out such responsibilities the Executive Director of Finance and Corporate Services will:

- define and allocate duties in relation to taxation and tax management;
- ensure that financial control systems operate effectively, produce the necessary information and minimise the risk of error;
- ensure appropriate guidance is provided to employees involved in processing tax-related transactions (which includes the **Council's VAT Manual**);
- ensure assistance is provided for any investigations undertaken by any Government Agency, and that justification for assessments made resulting from investigations are properly reviewed;
- implement arrangements to monitor the execution of these responsibilities;
- report any significant changes to the Council's tax affairs to the Cabinet Committee, and
- have unrestricted access to all documentation to assess the correct tax liability of the Council or that may affect the Council through any connected entity.

4.8.4 The Executive Director of Finance and Corporate Services may appoint external tax specialists.

4.8.5 The Executive Director of Finance and Corporate Services will be responsible for the dissemination of information on tax matters as appropriate. Executive Directors will be responsible for implementing guidelines introduced by the Executive Director of Finance and Corporate Services regarding any particular aspect of taxation.

4.8.6 Executive Directors are responsible for ensuring that they have properly recorded transactions in accordance with the guidance provided by the Executive Director of Finance and Corporate Services.

4.8.7 Where any transactions of a new, unusual or complex nature are being considered, Executive Directors must consult with the Executive Director of Finance and Corporate Services on the tax and accounting implications before presenting to Committee or committing the Council to any such new, unusual or complex arrangements in order to fully appraise all potential impacts on the Council.

4.9 Stock

4.9.1 Each Executive Director shall be responsible for the care and custody of stocks in their Services, including periodical stocktaking and test checks, ensuring that all stocks are checked at least once in every financial year.

4.9.2 Stocks shall not be carried by any Service in excess of reasonable requirements, as determined by the Executive Director for that Service.

4.9.3 The Executive Director of Finance and Corporate Services shall receive from each Executive Director such information they require in relation to stocks for the accounting, costing and financial records. **Stocktaking guidelines** shall be issued annually by the Executive Director of Finance and Corporate Services as part of the financial year-end processes and must be followed.

- 4.9.4 Each Executive Director shall report any stock adjustments arising from perpetual, periodical or year-end stock checks to the Executive Director of Finance and Corporate Services who shall make the necessary financial and accounting record adjustments, after making any enquires and receiving such explanations as are required.
- 4.9.5 Stocks and stores records must be kept in a form to be agreed by each Executive Director with the Executive Director of Finance and Corporate Services.
- 4.9.6 Where not required elsewhere by the Council, surplus stocks shall be disposed of by each Executive Director in accordance with **disposal methods and procedures** set out by the Head of Revenue and Commercial Services.

4.10 Inventories

- 4.10.1 Facilities Management shall maintain inventories of furniture, fittings and equipment. Business Technology Solutions (BTS) shall maintain inventories of all computer equipment. For the remaining items such as machinery, scientific apparatus and other valuable property each Executive Director shall maintain inventories. Such inventories should be in a form as specified by the Executive Director Finance and Corporate Services and kept up to date at all times.
- 4.10.2 Facilities Management, BTS and each Executive Director shall be responsible for checking all items on the inventory during the year, for taking action in relation to identified surpluses or deficiencies, and for updating the inventory accordingly. Details of annual inventories should be held in a secure location and provided, on request, to the Executive Director of Finance and Corporate Services for asset register update.
- 4.10.3 Items on the Council's inventory shall not be removed from Council premises, otherwise than in accordance with the ordinary course of the Council's business, without the approval of the Executive Director concerned.
- 4.10.4 Where not required elsewhere by the Council, surplus inventory items shall be disposed of by the Executive Director in accordance with procedures set out by the Head of Revenue and Commercial Services.

4.11 Payroll, Pensions and Travel & Subsistence

- 4.11.1 The Executive Director of Finance and Corporate Services shall be responsible for the payment of all salaries, wages, pensions, compensation, travel expenses and other payments to all employees or former employees of the Council. This shall include the administration and regulation of travel and subsistence payments and pension administration.
- 4.11.2 Executive Directors shall conform to **Pay and Pensions Guidance** issued by the Executive Director of Finance and Corporate Services for the maintenance of controls, checks, submission of documents, records, procedures and timetables for computer data processing.
- 4.11.3 The determination of all salaries, wages and other allowances (other than Travel and Subsistence allowances) shall be a matter for decision or delegation by the Cabinet Committee.

- 4.11.4 Decisions relating to the payment of salaries, expenses and other allowances and changes to Conditions of Service, approved by the Council will be notified to the Executive Directors by the Executive Director of Finance and Corporate Services. It shall be the responsibility of Executive Directors to implement such decisions.
- 4.11.5 Executive Directors will notify the Executive Director of Finance and Corporate Services in a prescribed format and in accordance with approved timetables of all matters affecting payments in this section including:
- appointments, resignations, dismissals, suspensions, secondments and transfers;
 - absences from duty for sickness or other reasons apart from approved annual leave/flexi leave/TOIL;
 - changes in remuneration, other than normal increments, pay awards and agreements of general application;
 - information necessary to maintain records of service for pensions, Income Tax and National Insurance purposes; and
 - any cases where employees have been paid incorrectly.
- 4.11.6 Executive Directors are responsible for ensuring that appointments of staff within their Service are made in accordance with the staff structures approved by the Council.
- 4.11.7 All payroll and expenses claims, including overtime, allowances and travel & subsistence, must be submitted in a format approved by the Executive Director of Finance and Corporate Services and approved by an authorised manager on submission by the claimant.
- 4.11.8 Authorised approver lists are held on the appropriate systems with adequate approval around any amendments. These should be documented in the **Council's List of Officer Powers** as appropriate and will be made available to the Executive Director of Finance and Corporate Services by Executive Directors.
- 4.11.9 Approvers may only certify claims from officers junior to themselves. All claims by Heads of Service must be certified by an Executive Director, and those by Executive Directors by the Chief Executive.
- 4.11.10 Executive Directors should ensure that authorisation and internal control procedures are applied within the activity of payroll and pensions.
- 4.11.11 Certification of any expenses claim by Executive Directors or nominated Officers indicates satisfaction as to the accuracy of the claim and that it agrees with all terms of the **Council's Travel and Subsistence Regulations**.
- 4.11.12 Executive Directors will regularly review the arrangements in place within their Services for the certification of any expenses claim to ensure that checks are being performed to the standards detailed in the **Council's Travel and Subsistence Regulations**.
- 4.11.13 Executive Directors will timeously provide the Executive Director of Finance and Corporate Services with any details required for the annual return of taxable emoluments.

- 4.11.14 The Executive Director of Finance and Corporate Services will maintain a procedure to be applied in cases of incorrect payment to employees.
- 4.11.15 The Executive Director of Finance and Corporate Services will be responsible for transmitting pension contributions to the Council Pension Fund and payment of statutory payroll deductions, including Income Tax and National Insurance, to HM Revenue and Customs within statutory timescales.

4.12 Councillors' Remuneration and Expenses

- 4.12.1 Payment of Councillors' Remuneration and Expenses will be in accordance with the **Scottish Government's 'Councillors Remuneration, Allowances and Expenses Guidance'** as adopted by the Council.
- 4.12.2 Remuneration is based on four levels of payment, depending on the responsibilities of the Councillors. Payment of remuneration will be made in 13 equal instalments by the Executive Director of Finance and Corporate Services. Councillors are not required to submit a claim for remuneration.
- 4.12.3 Fife Councillors may be appointed to a Joint Board as either a Convener or Vice Convener. Depending on the level of the remuneration the Councillor is receiving from the Council, they may be eligible to receive a higher remuneration. The level of this remuneration will also be in accordance with the **Scottish Government's 'Councillors Remuneration, Allowances and Expenses Guidance'**. The difference in the remuneration payable will be recovered from the relevant Joint Board.
- 4.12.4 Councillors are entitled to payment of travel and subsistence expenses, or other expenditure reasonably incurred while on approved duties. Councillors are required to input claims through the Oracle Cloud system and retain receipts in support of any expenses or allowances claimed. Details of the timetable for submission and rates applicable are available from the Executive Director of Finance and Corporate Services.
- 4.12.5 The Head of Legal and Democratic Services will maintain a Councillors' Register of all remuneration and expenses paid to or on behalf of Councillors, detailing name, amount and nature of payment. **An annual publication of the Councillors' Remuneration and Expenses** is available on the Council's website.
- 4.12.6 The Executive Director of Finance and Corporate Services will ensure procedures and controls are in place to approve and process payments accurately.

4.13 Retention of Documents (Including Financial Documents)

- 4.13.1 Full details of the document retention periods for all documents can be found in the Council's Records Retention Schedule and further guidance can be found in the **Council's Information and Records Management Policy**.
- 4.13.2 The Council Records Manager will be responsible for advising on records retention and destruction as well as on other information, records management matters and Public Records (Scotland) Act compliance.

- 4.13.3 Executive Directors will be responsible for the implementation of the **Council's Information and Records Management Policy** within their Directorate. Each Service should assign responsibility for records management to Information Asset Owners (IAO's) within their Service. They will typically be the point of contact for discussions pertaining to Records Management, Data Protection and Information Security.
- 4.13.4 Within each Directorate, the Executive Director will be responsible for appointing IAO's for each Service. The IAO will typically be the Service Manager responsible for the Service managing the information concerned. The IAO will be responsible for all information within their Service and liaise with the Council Records Manager to maintain Records Retention Schedules. The IAO will be responsible for approving changes to Retention Schedules within their Service. In addition, all financial records must be retained in line with retention rules and destroyed in line with agreements that have been approved by the Executive Director of Finance and Corporate Services.

5. RISK MANAGEMENT AND CONTROL OF RESOURCES

5.1 Property and Security

- 5.1.1 Each Executive Director shall be responsible for proper security at all times of the property (including access to buildings after opening hours), cash, stock, stores, furniture, equipment, etc., under their control.
- 5.1.2 Executive Directors must ensure that Services comply with the Council's policy on their responsibilities of persons in control of relevant premises, including monitoring and managing compliance with the buildings and installed plant sections for each location, which are contained within the **Council's Health and Safety Framework**.
- 5.1.3 Each Executive Director shall consult with the Executive Director of Finance and Corporate Services where special security arrangements are required and the Executive Director of Finance and Corporate Services shall advise in any case where security appears to them to be inadequate.
- 5.1.4 Wherever appropriate, the Executive Director of Finance and Corporate Services shall seek and take account of advice on security issues from other sources within the Council.
- 5.1.5 The Executive Director of Finance and Corporate Services shall advise the maximum limits for cash holdings and these limits must not be exceeded except with the permission of the Executive Director of Finance and Corporate Services.
- 5.1.6 Keys to safes and similar containers shall be carried by the nominated officer or held in a secure place if this is impracticable.
- 5.1.7 A register of key holders shall be held for each location. The Executive Director of Finance and Corporate Services will advise on matters relating to information security. Wherever appropriate, they shall seek and take account of advice on security issues from other sources within the Council.

- 5.1.8 Arrangements for the security of Information Systems/Technology, and associated data, software and services are detailed in the **Information System Security Policies** which should be complied with at all times.

5.2 Information Governance and Security

- 5.2.1 Each Executive Director shall be responsible for the proper governance of information and data under their control.
- 5.2.2 The Executive Director of Finance and Corporate Services issues advice on the collection, security, use and disposal of data which is contained in the **Council's Information and Cyber Security Guidelines** which must be followed at all times.
- 5.2.3 The Head of BTS is responsible for the security and storage of data while it is held within the Council's assured digital solutions and the management of all risks relating to those solutions.

5.3 Gifts, Hospitality and Conduct

- 5.3.1 Executive Directors are responsible for ensuring that all staff are aware of the terms of the **Council's Code of Conduct for Employees**, including **Supplementary Guidance on Hospitality and Gifts** and that they comply with the conditions therein.
- 5.3.2 The Executive Director of Finance and Corporate Services shall ensure that all Councillors have signed the declaration of acceptance of offer of office that includes an undertaking for Councillors to meet the requirements of **Councillors' Code of Conduct** in the performance of their functions.
- 5.3.3 In this regard, all Councillors will be issued with a copy of the **Code and guidance issued by the Standards Commission for Scotland**.

5.4 Prevention and Detection of Irregularities, Fraud and Corruption

- 5.4.1 The Council's Strategy and Response Plan for the Prevention and Detection of Fraud and Corruption outlines the Council's approach to counter fraud and corruption. The **Council's "Fraud – A Guide to Your Role"** document explains the role of Council employees in responding to suspected financial misconduct, fraud, theft and corruption and the protection they have under the **Council's Whistleblowing Policy** when reporting fraud.
- 5.4.2 The Council will be robust in dealing with any financial malpractice and can be expected to deal timeously and thoroughly with any person who attempts to defraud the Council or who engages in corrupt practices, whether they are Councillors, employees, consultants, contractors or other suppliers, benefit claimants, tenants or unrelated third parties.
- 5.4.3 Executive Directors are required to notify the Executive Director of Finance and Corporate Services immediately on becoming aware of all financial irregularities or suspected irregularities or of any circumstances which may suggest the possibility of irregularities, including those affecting cash, stores, contracts or property.

- 5.4.4 Concerns relating to potential fraud and corruption are likely to be in the public interest. Employees can raise these concerns through the **Council's Whistleblowing Policy**.
- 5.4.5 The Executive Director of Finance and Corporate Services shall inform the Chief Executive in cases where it appears to the Executive Director of Finance and Corporate Services that there may be a criminal offence involved and shall take such steps, by way of investigation and report, as may be considered necessary.
- 5.4.6 In the event that any transactions, activities or contracts initiated or under the direct supervision of the Executive Director of Finance and Corporate Services are brought into question, the Chief Executive will assume the reporting arrangements which would otherwise be undertaken by the Executive Director of Finance and Corporate Services.
- 5.4.7 In all circumstances of financial irregularity, if investigations indicate that there are reasonable grounds for believing that a criminal offence has occurred, the Executive Director of Finance and Corporate Services will arrange for the matter to be reported to Police Scotland as appropriate.
- 5.4.8 The Council's Disciplinary Procedures will be used where the outcome of investigation indicates improper behaviour on the part of employees.
- 5.4.9 Where loss has been suffered through fraudulent activity, the Council will pursue the perpetrator for recovery, including taking legal action where appropriate.

5.5 Risk Management

- 5.5.1 The **Council's Risk Management Policy and Strategy** document is approved by the Standards, Audit and Risk Committee. It is subject to at least one formal comprehensive review during each administrative term, at intervals not exceeding five years. Any material amendments made to the document will be presented to the Council's Standards, Audit and Risk Committee for approval.
- 5.5.2 The **Council's Risk Management Policy and Strategy** provides direction surrounding the management of risk and ultimately supports the achievement of objectives and delivery of outcomes, protect staff, assets and the local community, as well as help to ensure financial sustainability. Whilst risk management is the responsibility of all Elected Members and Council officers, the principal roles and responsibilities for risk management are set out within the **Risk Management Policy and Strategy**.
- 5.5.3 The Council will maintain a Strategic Risk Register. The risks within the Strategic Risk Register and the internal control frameworks in place to mitigate them will be monitored, reviewed, and assessed on an ongoing basis. Horizon scanning and escalation processes and procedures are in place to support this. Risk appetite will be defined and communicated for each of the Council's strategic risks. Directorate / Service-level Risk Registers, which reflect risks at a service level, where the impacts are predominantly operational will also be maintained.

- 5.5.4 Each Executive Director is responsible for strategic and operational risk management in their own Directorate in line with the Council's Risk Management Policy, Strategy and supporting procedures and will nominate one or more senior officer from within their Directorate to lead on, oversee and promote risk management locally.
- 5.5.5 A Risk Management Strategy Group, chaired by the Executive Director of Finance and Corporate Services as Senior Responsible Officer for Risk and attended by key officers from every Directorate in the Council, will meet on a regular basis. The Risk Management Strategy Group will be responsible for providing oversight on the Council's risk management arrangements, including reviewing the **Council's Risk Management Policy and Strategy**, establishing and maintaining the Council's risk appetite, monitoring the Council's Strategic Risk Register and overseeing progress made towards implementing the Risk Management Improvement Plan.
- 5.5.6 Risk management update reports, including updates on the Strategic Risk Register and information surrounding developments to the Council's risk management arrangements, will be compiled, and presented to the Council Executive Team and Standards, Audit and Risk Committee in line with the Policy and Strategy document.

5.6 Insurance

- 5.6.1 In consultation with other Executive Directors, the Executive Director of Finance and Corporate Services shall be responsible for insurance management, including the appointment of brokers, advisers, underwriters, claims handlers and insurers, required to provide commercial insurances for those risks that may pose a threat to the Council's financial stability.
- 5.6.2 Executive Directors shall notify the Executive Director of Finance and Corporate Services immediately of any claim or legal action received from a 3rd party and any loss, liability, damage or any incident which may give rise to a claim in connection with their Service or area of responsibility, whether or not covered by insurance.
- 5.6.3 In order to comply with the Insurance Act 2015, Executive Directors must advise every material circumstance that the Council 'knows' or 'ought to know' or provide sufficient information to put a prudent insurer on notice that it needs to make further enquiries for the purpose of revealing those material circumstances.
- 5.6.4 Executive Directors shall give prompt notification to the Executive Director of Finance and Corporate Services of all new or increased risks to be considered for insurance and of any changes which could affect insurable risks.
- 5.6.5 The Executive Director of Place shall ensure that any changes to a property's occupancy and any property additions, disposals or alterations to a property that may affect the insured value are notified at the earliest opportunity to the Executive Director of Finance and Corporate Services to ensure that appropriate property insurance is in place.

- 5.6.6 Executive Directors will provide an annual return of fee income received for professional services provided to third parties and additionally Executive Directors should advise the Executive Director of Finance and Corporate Services of any new instances of provision of professional service to third parties to allow appropriate professional indemnity insurance to be purchased.
- 5.6.7 Executive Directors shall notify the Executive Director of Finance and Corporate Services immediately of any change to the delivery of services or functions either outsourced or in-sourced to allow appropriate insurances to be arranged.
- 5.6.8 Executive Directors must notify the Executive Director of Finance and Corporate Services of all major capital and revenue projects at an early stage if insurance cover or specialised insurance advice is required. Failure to provide this information at an early stage will impact on the ability to arrange insurance in time and may affect the cost to insure these projects longer term / once completed.
- 5.6.9 The Executive Director of Finance and Corporate Services shall, annually or at such other period as they may consider necessary, review all insurances in consultation with other Executive Directors as appropriate.
- 5.6.10 All appropriate employees shall be included in a fidelity guarantee policy.
- 5.6.11 Insurance cover against accidents to Councillors of the Council shall be arranged as provided for in Section 86 of the 1973 Act. Personal accident cover shall also be effected for officers and other employees as may be agreed by the Council.
- 5.6.12 The ***Council's List of Officer Powers*** sets out when Executive Directors and the Chief Executive are authorised to make ex gratia payments in cases not covered by insurance.
- 5.6.13 Executive Directors shall consult with the Executive Director of Finance and Corporate Services and the Head of Legal and Democratic Services regarding the terms of any indemnity which the Council is requested to give.
- 5.6.14 Executive Directors should not make any admission of liability, take any action which may be construed as an admission of liability or waive any rights of recovery.
- 5.6.15 Executive Directors must ensure that any mandatory actions or improvements arising from an insurer risk review or survey, are either implemented within agreed timescales or consult with insurers to negotiate an alternative. Due consideration should also be given to implementing or any advisory actions or improvements proposed by the Council's insurers.

6. EXTERNAL FINANCIAL ARRANGEMENTS

6.1 Awards to Voluntary Organisations and Individuals

- 6.1.1 The Council is committed to the principles of Audit Scotland's 'Code of Guidance on Funding External Bodies and Following the Public Pound' and as a result remains accountable to the public to ensure that its money is well spent.

6.1.2 Each Executive Director shall be responsible for ensuring that all awards to voluntary organisations and individuals are made in accordance with the ***Council's Monitoring and Evaluation Framework***. In particular:

- all non-recurring grants of £5,000 and under from an approved scheme are made under delegated powers;
- any non-recurring grants of over £5,000 or out with an approved scheme are approved in advance by the appropriate Committee;
- information on all recurring and non-recurring grants is passed without delay to the Community Investment Team in Communities Directorate in order that a comprehensive, central database can be maintained;
- all recurring grants are approved in advance by Committee;
- all monitoring checks must be completed before grant awards are presented to Committee for decision-making; and
- recurring awards for £10,000 and under are made in a single payment; awards of over £10,000 are paid quarterly in advance.

6.2 Partnerships and Joint Ventures, External Funding and Working for Third Parties

Partnerships

- 6.2.1 The Executive Director of Finance and Corporate Services will advise Executive Directors on the effective controls required from such partnerships to ensure that the Council's resources are not wasted. Such advice should address the key elements of funding projects including scheme appraisal, risk and management appraisal, resourcing and transaction issues, and audit and security controls as well as ensuring that the appropriate budgetary management and control is in place.
- 6.2.2 Each Executive Director shall be responsible for ensuring that all tax implications including VAT for projects/ventures entered into with partner organisations are determined and investigated before the Council becomes contractually or otherwise obligated.
- 6.2.3 Executive Directors should ensure that prior to entering into agreements with external bodies that a risk management appraisal, including business case as appropriate, has been completed, that agreements and arrangements made do not impact adversely upon the services already provided by the Council, and that appropriate advice where necessary has been taken from the Head of Legal and Democratic Services.
- 6.2.4 Executive Directors must also ensure that all agreements and arrangements are properly documented and that the Executive Director of Finance and Corporate Services is provided with appropriate information to enable notes to be entered into the Council's Annual Accounts.
- 6.2.5 Executive Directors will ensure that a report of the performance and outcomes from all the partnerships are submitted to the appropriate Committee.

- 6.2.6 If the Council has in operation Joint Committees/Partnerships where the activity of such Committees/Partnerships are administered by Officers who may be Officers of the Council or other partners a Guidance Note relevant to these activities will be prepared and should operate in conjunction with the sections in this document.
- 6.2.7 As part of its joint working with the Health Service under the Health and Social Care Partnership, the Council has agreed Fife Integration Joint Board Financial Regulations. As they effect the Council's operations, the Fife Integration Joint Board Financial Regulations are in all respects subservient to these Financial Regulations.
- 6.2.8 Where any other partnership Financial Regulations are agreed they will in all aspects be subservient to these Financial Regulations.

External Funding (e.g. Grants received)

- 6.2.9 External funding is potentially a very important source of income to the Council, but the conditions attached need to be carefully considered to ensure that they are compatible with the aims and objectives of the Council.
- 6.2.10 Executive Director of Finance and Corporate Services should ensure that arrangements are in place to receive and properly record such income in the Council's accounts, that audit and accounting requirements are met, and that the funding requirements are considered prior to entering into any agreements.
- 6.2.11 Executive Directors must ensure that the project progresses in accordance with the agreed terms and that all expenditure is properly incurred and recorded. They must also ensure that claims for funds are made by the due date.

Working for Third Parties

- 6.2.12 **Legislation** allows the provide a range of services to other bodies. Arrangements must be in place to ensure that any risk associated with this work is minimised and that such work is intra vires.
- 6.2.13 The Executive Director of Finance and Corporate Services is responsible for the issue of any **financial guidance associated with working for third parties**, including arrangements for the maintenance of contract registers.
- 6.2.14 For their part Executive Directors must ensure that:
- the approval of relevant Committees is obtained before any negotiations are concluded to work for third parties;
 - a register of all contracts entered into with third parties is maintained in accordance with procedures specified by the Executive Director of Finance and Corporate Services;
 - appropriate insurance arrangements are made;
 - no contracts are subsidised by the Council without formal approval;
 - wherever practicable, payment is received in advance of the delivery of the service;
 - the Service has the appropriate expertise to undertake the contract;
 - such contracts do not impact adversely upon the services provided by the

- Council;
- all contracts are properly documented; and
- the Executive Director of Finance and Corporate Services is provided with appropriate information to enable notes to be entered into the Council's Annual Accounts.

6.3 Subsidy Control (formerly State Aid)

- 6.3.1 Subsidy Control has replaced the concept of “state aid” which was repealed from UK law on 31 December 2020. The UK’s relationship with the EU is now governed by the Trade and Cooperation Agreement 2020 (the TCA). This is an international agreement but it is not law. This is supplemented by the ***UK Government’s ‘Guidance on the UK’s international subsidy control commitments’***. Officers should ensure that up to date advice is sought from the Head of Legal and Democratic Services on projects or transactions involving subsidy control.
- 6.3.2 It shall be each Executive Director’s responsibility to ensure that the Council fully complies with subsidy control provisions in respect of any funding or subsidy granted by the Council to an Undertaking. Each Executive Director shall ensure that a Subsidy Control Risk Assessment is undertaken where they consider that such funding or subsidy could potentially be subject to subsidy control and a copy of the Risk Assessment should be forwarded to the Head of Legal and Democratic Services.

6.4 Shared Services

- 6.4.1 Shared Services are arrangements where the Council collaborates with other public authorities to obtain works, goods or services. These types of arrangements are excluded from the full application of the Public Contracts (Scotland) Regulations 2015 provided certain criteria are met (Regulation 13(8) refers) and therefore do not need to be publicly tendered.
- 6.4.2 Identification of a Shared Service arrangement should be undertaken following consultation with the Executive Director of Finance and Corporate Services and should only be entered into where the Executive Director of the relevant service can demonstrate that such arrangement represents best value to the Council.
- 6.4.3 Approval to enter into a Shared Service arrangement should be sought from the relevant Committee.
- 6.4.4 Shared Service arrangements may only be entered into on written terms and conditions approved by the relevant Executive Director following consultation with the Head of Legal and Democratic Services.
- 6.4.5 The Head of Revenue and Commercial Services shall maintain a register of agreements for shared services and each relevant Executive Director shall ensure that the prescribed information as detailed by the Head of Revenue and Commercial Services is communicated to them on an annual basis.
- 6.4.6 All Shared Service arrangements should be subject to review and renewal of approval by the relevant committee at least every four years.

6.5 Sponsorship

- 6.5.1 Sponsorship is defined as “Any commercial agreement by which a sponsor, for the mutual benefit of the sponsor and the sponsored party, contractually provides financing or other support in order to establish an association between the sponsor’s image, brands or products and a sponsorship property in return for rights to promote this association and/or for the granting of certain agreed direct or indirect benefits”.
- 6.5.2 Commercial Sponsorship arrangements must comply with the **Council’s Advertising and Sponsorship Policy and Procedures** which is managed jointly by the Communications Manager and Head of Revenue Commercial Services and monitored through multi-service working group that meets twice a year.
- 6.5.3 Any terms and regulations relating to the sponsorship activities should include reference to the fact that they are subject to review by the Council’s Audit and Risk Management Service.