

# **STIRLING COUNCIL**

## **FINANCIAL REGULATIONS**

Effective from and including 4 October 2018



**STIRLING COUNCIL**  
**FINANCIAL REGULATIONS**

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## **FINANCIAL REGULATIONS INTRODUCTION**

### **1 SCOPE AND OBSERVANCE**

- 1.1 Section 95 of the Local Government (Scotland) Act 1973, requires all Local Authorities in Scotland to have adequate systems and controls in place to ensure the “proper administration of their financial affairs”, including the appointment of an appropriate officer with full responsibility for their governance.
- 1.2 These Financial Regulations detail the responsibilities of the Chief Officer - Finance who has been appointed as the “proper officer” along with the responsibilities of the Chief Executive, Depute Chief Executive and Senior Managers, collectively referred to as the Council Management Team, and including those authorised by them.
- 1.3 These Financial Regulations also detail the responsibilities of the Stirling Council (“the Council”), and its various Committees and Panels in relation to the conduct of the Council’s financial affairs.
- 1.4 The Committees, Panels, Members of the Council, Officers and Agents of the Council to whom these Regulations apply will observe the provisions of these Financial Regulations.
- 1.5 It will be the duty of the Council Management Team, both collectively and individually, to secure compliance with these Regulations and to ensure that all employees and agents of the Council are made aware of the Regulations and the requirement to comply with them.
- 1.6 All actions affecting the Council’s finances should only be conducted by properly authorised employees and the members of the Council Management Team will establish a clear and effective framework of authorisation for their area of responsibility.
- 1.7 Senior Managers and other authorised persons will ensure that only expenditure within the legal powers of the Council is incurred. Where this is not clear, the authorised person will consult the Chief Officer - Finance, and if necessary, the Chief Officer - Governance, prior to incurring such expenditure. Similarly, expenditure relating to new service developments, initial contributions to other organisations and responses to new emergency situations will also be authorised and/or approved under delegated powers, if necessary, prior to any related expenditure being incurred.
- 1.8 Senior Managers and other authorised persons will ensure that charges are applied only in circumstances within the legal powers of the Council. Where this is not clear, the authorised person will consult the Chief Officer - Finance, and if necessary, the Chief Officer - Governance prior to raising any invoices for service provision.
- 1.9 Any contravention of or potential non-compliance with these Regulations will be reported immediately to the Chief Officer - Finance, who may discuss the matter with the Chief Executive, Depute Chief Executive and the Chief Officer - Governance as appropriate, to determine any action to be taken. Required action may involve a report to the Audit Manager for further investigation.
- 1.10 Senior Managers will ensure that all spending within capital and revenue budgets conforms to proper accounting standards and practices, and will seek clarification of the proper classification, if required, from the Chief Officer - Finance.

- 1.11 The Financial Regulations will be applied and interpreted in a manner which takes account of the obligations contained within the Council's Contract Standing Orders, the Scheme of Delegation and the Chief Executive's Scheme of Sub-Delegation.

## 2 CORPORATE GOVERNANCE

- 2.1 Corporate governance is about the structures and processes for decision making and accountability, controls and behaviour throughout the Council. The fundamental principles of corporate governance are:-

**Openness:** anyone with an interest in the Council's affairs should have confidence in the decision-making and management processes and the individuals involved in them. This confidence is gained through openness in the Council's affairs and by providing full, accurate and clear information which leads to effective and timely action and scrutiny.

**Integrity:** there should be honesty, selflessness and objectivity and high standards of propriety and probity in the stewardship of the Council's funds and the management of the Council's affairs. Integrity is dependent on the effectiveness of the control framework and on the personal standards and professionalism of members and employees.

**Accountability:** there needs to be a clear understanding by everyone involved in the Council's affairs of their roles and responsibilities. There should also be a process which provides appropriate external scrutiny of the decisions and actions of those involved in the Council's affairs including the stewardship of the Council's funds and performance.

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

- 2.3 However in order to demonstrate that they are complying with these fundamental principles the Council will need to ensure that their systems and processes are:

2.3.1 monitored for their effectiveness in practice; and

2.3.2 subject to review on a continuous basis to ensure that they are current.

## 3 COUNCIL / COMMITTEE RESPONSIBILITIES

- 3.1 The Council, will continuously strive to meet its statutory duty to secure best value by way of economic, efficient and effective use of resources.

- 3.2 The responsibilities of the Council and its Committees and Panels are detailed in the Council's Scheme of Delegation. This also lists the powers delegated to specific officers, including the Chief Executive, who may further delegate powers under the Chief Executive's Scheme of Sub-Delegation.

- 3.3 The Council will be responsible overall for regulating and controlling its finances in conformity with these Regulations, with Committees being responsible for the areas within their respective remits.

- 3.4 The Council will keep under review the state of the overall finances, with Committees being responsible for the areas within their respective remits.

#### **4 FRAMEWORK FOR FINANCIAL ADMINISTRATION**

- 4.1 The Financial Regulations detail the responsibilities of Elected Members and the Council Management Team within the context of the Council's political management framework. The Financial Regulations may only be amended by the Council. The Scheme of Delegation gives the Finance & Economy Committee a responsibility to "prepare for the approval of the Council, and review from time to time, such Financial Regulations as may be necessary", The Audit Committee has a responsibility to 'maintain an overview of .....the Council's, financial regulations'.
- 4.2 The Chief Officer - Finance as the 'proper officer' for the proper administration of the Council's financial affairs will oversee the operation of the Financial Regulations within the Council and will provide to the Depute Chief Executive and Senior Managers a written framework which governs the Council's financial affairs. These Financial Regulations shall constitute that written framework.
- 4.3 In addition to the provisions of these Regulations, the Chief Officer – Finance may from time to time issue financial instructions, in amplification of these Regulations and may alter such instructions from time to time as may be considered appropriate. Subject to the approval of the Chief Officer - Finance, Senior Managers may also from time to time issue financial instructions relative to the functions of their Service.
- 4.4 The Financial Regulations and all financial instructions arising from them will be published on the Council's external website and internal intranet.
- 4.5 Any significant breaches of these Financial Regulations will be reported immediately to the Chief Officer - Finance, who may discuss the matter with the Chief Executive, Depute Chief Executive and the Chief Officer - Governance as appropriate, to determine any action to be taken. Required action may involve a report to the Audit Manager for further investigation.

#### **5 REVIEW OF FINANCIAL REGULATIONS**

- 5.1 These Financial Regulations may only be varied or revoked by the Council and any variation or revocation will be effective from the first working day after the conclusion of the Council meeting at which it was approved.
- 5.2 As part of the good governance of the Council's affairs, the Council agreed in December 2017 that the Chief Officer - Governance will carry out a regular (annual) review of the Council's constitutional documents, which includes the Financial Regulations.

#### **6 LEGAL INTERPRETATION**

- 6.1 Any matters requiring legal interpretation will be referred to the Chief Officer - Governance and the Chief Officer - Finance.
- 6.2 In these Financial Regulations reference to "Senior Managers" shall also include Chief Officers, save where the context otherwise requires.

# **STIRLING COUNCIL**

## **DETAILED FINANCIAL REGULATIONS**



# 1 ACCOUNTING AND FINANCIAL REPORTING

## Introduction

**This Financial Regulation gives advice on the Council's requirements for accounting procedures and records, production and publication of Annual Accounts, maintenance of an asset register and the presentation of External Audit reports to the Audit Committee.**

- 1.1 All accounts and accounting records of the Council will be compiled by or under the direction of the Chief Officer - Finance.
- 1.2 All accounting procedures and all accounting and related records of the Council and its Officers will be determined by the Chief Officer - Finance. Where such procedures and records are maintained other than by the Chief Officer - Finance, the Senior Manager concerned will be consulted.
- 1.3 The following principles will be observed in the allocation of accounting duties:-
  - 1.3.1 The duties of providing information regarding sums due to or by the Council and of calculating, checking and recording these, will be separated as completely as possible from the duty of collecting or disbursing them.
  - 1.3.2 Officers charged with the duty of examining and checking the accounts of cash transactions will not themselves be involved in maintaining these accounts.
  - 1.3.3 In exceptional circumstances the Senior Manager may, after consultation and agreement with the Chief Officer - Finance, sanction an arrangement, which does not comply with paragraph 1.3.2 above. This could be where staffing resources do not allow a division of duties. Alternative monitoring procedures will be specified in such cases, and where such arrangements are considered material or significant, the Depute Chief Executive should be informed.
- 1.4 The Annual Accounts will be prepared in accordance with the Accounting Code of Practice (ACOP) published by CIPFA. These accounts will report the Council's financial position to the end of the financial year on the 31st March and will be submitted to Council for approval. The draft unaudited accounts will be submitted to Audit Committee for approval for submission to the External Auditor and considered by the Council prior to the 30th June. The Chief Officer - Finance will also make arrangements for the public to have reasonable access to inspect the Council's accounts, and will advertise their availability as prescribed by the Local Authority Accounts (Scotland) Regulations 2014. The audited accounts will be submitted to Audit Committee for approval for signature by the statutory deadline of 30th September.
- 1.5 Senior Managers must provide any information necessary for the closure of the Accounts and within prescribed timescales. Details of the information required and procedures to be followed will be issued annually by the Chief Officer - Finance in a timely manner.
- 1.6 In accordance with statutory requirements, the Chief Officer - Finance will ensure that a register of all assets owned by the Council is maintained. To enable the asset register to be updated and maintained, all Senior Managers must comply with any procedures and requirements issued by the Chief Officer - Finance (or any person to whom maintenance of the register is delegated) in respect of all assets under their control.

- 1.7 Where external audit reports (including their follow ups) cover the audited Annual Accounts or other financial matters, it will be the responsibility of the Chief Officer - Finance to arrange the presentation of such reports to the Council and the Audit Committee. For other reports from external audit, regulatory bodies and inspection agencies, the Chief Officer - Finance will arrange the presentation to these bodies.
- 1.8 Any matter which is liable to have a material effect on the Council's finances must be discussed with the Chief Officer - Finance before any provisional or other commitment is incurred, or should commitments already have been made, then as soon as the impact on the overall financial position is made known.
- 1.9 Reports to committee, which should detail the financial implications to the Council of the matter under review, must be the subject of consultation with the Chief Officer - Finance, prior to being placed on any agenda. In order to meet this requirement, such reports should be available to the Chief Officer - Finance at least three working days before the circulation of the agenda for the Council or Committee at which the matter is to be discussed. The Chief Officer - Finance will also be consulted by Senior Managers before any commitment is incurred on matters delegated to them which are liable materially to affect the finances of the Council.
- 1.10 The Chief Officer - Finance has unrestricted direct access to the Chief Executive, other senior management and Members and is able to report direct to the Council and its committees.
- 1.11 The Chief Officer - Finance contributes to papers for Council Management Team meetings as required.
- 1.12 The Chief Officer - Finance will ensure that the principle of openness is observed in all matters relating to accounting and financial reporting.

## 2 REVENUE BUDGETING

### Introduction

**This Financial Regulation details the Council's requirements for the preparation of Revenue Budgets. Senior Managers have a key role to play in supplying the Chief Officer - Finance with accurate and timeous information. The approval of the Revenue Budgets by the Council gives Senior Managers the authority to incur appropriate expenditure.**

- 2.1 The Council has overall responsibility for approving the Council's annual Revenue Budget, and for approving, co-ordinating and monitoring major strategic policies. Annual estimates of revenue expenditure will be developed in consultation with the Council Management Team and Senior Managers individually. The Council Management Team will from time to time consider such detailed procedural arrangements as may be considered appropriate for the preparation of the annual revenue budget.
- 2.2 The draft revenue estimates and recommendations relating to the fixing of the Council Tax for the forthcoming financial year, will be submitted to the Council at a meeting to be held not later than the date prescribed from time to time by statute. The Council will approve the estimates subject to any amendments it may consider appropriate, authorise the expenditure, determine the Council Tax to be levied, and pass such resolutions as may be required. The Council may also determine indicative estimates for expenditure and Council Tax for the subsequent year or years.
- 2.3 The draft revenue estimates and recommendations relating to the fixing of the Council housing rents and other service charges for the forthcoming financial year, will be submitted to the Council at a meeting to be held not later than the date prescribed from time to time by statute. The Council will approve the estimates subject to any amendments it may consider appropriate, authorise the expenditure, determine the rents to be levied, and pass such resolutions as may be required. The Council may also determine indicative estimates for expenditure and rents for the subsequent year or years.
- 2.4 The inclusion of items in approved revenue budgets will give the appropriate Senior Manager authority to incur expenditure provided a committee or the Council has not placed reservation on any such item or items. Expenditure on any such reserved matters may only be incurred once any such reservation has been fulfilled or removed, either in whole or in part.
- 2.5 The Chief Officer - Housing will make recommendations for approval by the Finance & Economy Committee, in respect of HRA underspends and overspends, in line with statutory requirements. Where any material changes are required to the revenue budgets this will be reported to the Council.
- 2.6 The Chief Officer - Finance will report to the Council with respect to the level of financial resources proposed to be utilised in each financial year and will keep the Council informed with respect to the Council's finances and financial performance.

### 3 REVENUE BUDGETS – CONTROL AND MONITORING

#### Introduction

**This Financial Regulation provides details of the Council's requirements for budget monitoring, phasing of budgets, variance reporting and virement. Emergency procedures for immediate needs are also covered.**

**Budget monitoring is an essential tool in developing a business and management culture which continually monitors and reviews the use of resources in seeking to achieve the strategic aims of the Council.**

- 3.1 It will be the duty of the Council, the Finance & Economy Committee, the Chief Officer - Finance and each Senior Manager to monitor and control expenditure within the financial allocation provided in the Revenue Budget.
- 3.2 The Finance & Economy Committee will receive regular reports from Senior Managers on budget monitoring. The Chief Officer - Finance will provide Services with access to the Corporate Financial Information System and will provide statements of income and expenditure for Services on request.
- 3.3 It will be the duty of each Senior Manager, after consultation with the Chief Officer - Finance, to inform the Council and the Finance & Economy Committee where it is forecast that the total income or expenditure for a service is likely to vary significantly from the approved financial allocation, together with a report on proposed actions to address the situation.
- 3.4 All decision-making Committees have the authority to take decisions that are contrary to or not wholly in accordance with the approved revenue budget provided that any associated spending must not exceed £100,000 and must be offset by additional income or savings from elsewhere within the budget. Any proposal for a supplementary estimate not falling within this limit which involves a new policy or variation of existing policy and which may have a significant impact upon the corporate priorities and service plans of the Council, will be subject to the approval of the Council. The Council will take advice from the relevant Decision-making Committee on the policy significance of these variations.
- 3.5 The Finance & Economy Committee has delegated authority to 'monitor and review expenditure within the allocations provided for in the Council's approved Revenue and Capital budgets and, where the sums involved are material or there are significant policy considerations, make recommendations to the Council on requests for supplementary estimates'.
- 3.6 If the Finance & Economy Committee proposes to forego income or to incur revenue expenditure for which there is no budgetary provision, and where the Finance & Economy Committee does not propose to meet such expenditure by virement, it must seek a supplementary estimate recommendation to be submitted to Council. This should include any proposal to spend from balances. The Chief Officer - Finance shall provide advice to Council on any proposals at Council that involves financial commitment, and any such proposals brought forward must be explicit about where funding of any expenditure should be met from.
- 3.7 Any proposal for virement (diverting funds from one budget heading to another) involving a new policy or variation of existing policy which may have a significant impact upon the corporate priorities and service plans of the Council will be subject to the approval of the Council.

- 3.8 Any proposal for virement which will impact on the service provision undertaken by another service will require to be approved by the Finance & Economy Committee. Such proposals should only proceed where there is agreement by all affected Senior Managers that the virement should take place.
- 3.9 A Senior Manager may exercise virement within the overall Revenue Budget for their area or responsibility, provided that:
- 3.9.1 the amount of any individual virement does not exceed £250,000;
  - 3.9.2 that where the virement is for more than £100,000 there has been consultation with the relevant Administration portfolio holder on the matter and that a report has been prepared for inclusion in the Council Bulletin;
  - 3.9.3 the Chief Officer - Finance has been notified in writing; and
  - 3.9.4 the virement does not create an additional financial commitment into the following financial year.
- 3.10 Where the proposed Revenue virement is greater than £250,000 the approval of the Council must be obtained.
- 3.11 Whenever any virements of budget are made between Senior Manager areas of responsibility, that these are explicitly reported to the Finance & Economy Committee and the Council in the regular Revenue Budget monitoring reports.
- 3.12 Where income and expenditure is recorded in suspense accounts, prior to being transferred to their ultimate destination accounts, the suspense accounts should be regularly reconciled and cleared where possible. Any carry forward balances should be reviewed by the Chief Officer - Finance at the end of the financial year.
- 3.13 Income and expenditure relating to linked transactions or areas of activity should not be netted off in the financial ledger, but should be shown separately to ensure transparency and clarity in the presentation of financial information. Any exceptions to this should be approved by the Chief Officer - Finance.

## 4 CAPITAL BUDGETING

### Introduction

**This Financial Regulation details the Council's requirements in relation to General Services and Housing capital plans. The plans take into account the estimated expenditure and capital receipts available to the Council. The Council's General Services Capital Programme covers 10 financial years, with the Housing Capital Programme covering 25 years. Both are revised on an annual basis.**

**The process of setting capital investment programmes will follow the guidance in the 'Prudential Code for Capital Finance' financial management code of practice issued by CIPFA that constitutes proper accounting practice. The objectives of the Regulation are to ensure that capital plans are affordable, prudent and sustainable. The Regulation also sets out a clear governance procedure for the setting and revising of prudential indicators that will enable appropriate monitoring of capital expenditure to be undertaken.**

- 4.1 The Council Management Team are responsible for developing and reviewing capital budgets. The Council has overall responsibility for approving the Council's capital programme.
- 4.2 Within this policy framework, the Council will be responsible for determining the resource framework for the future development of Council policies and programmes in consultation with the Council Management Team. The Council Management Team will provide such guidance as may be considered appropriate on the priorities to be followed in the preparation of capital plans generally.
- 4.3 In the light of service plans established by the Council each financial year, the Council Management Team will from time to time consider such detailed procedural arrangements as may be considered appropriate for the preparation of the annual revision of the rolling capital programmes.
- 4.4 Service plans will inform the planning of capital programmes for future financial years. These Service Plans will help shape the detailed estimates in respect of capital expenditure within the agreed limits and in accordance with the procedural arrangements approved from time to time. The Service Plans are to be made available to the Council.
- 4.5 The draft capital estimates will be submitted to the Council. The Council will consider any such estimates, with any revisions it may consider appropriate, approve them, authorise the expenditure and pass such resolutions as may be required.
- 4.6 The inclusion of items in approved capital budgets gives the appropriate Senior Manager authority to incur expenditure provided that the Finance & Economy Committee or the Council has not placed a reservation on any such item or items. All Decision-making Committees have the authority to increase the costs of individual projects in the capital programme subject to these costs not exceeding 10% of the total project cost or £100,000, (whichever is the lesser), to cover an overspend, but only if this cannot be offset elsewhere in the approved capital programme. Expenditure on any other reserved matters may only be incurred once any such reservation has been fulfilled or removed either in whole or in part.
- 4.7 The Council has overall responsibility for approving the Housing Revenue Account (HRA) capital programme. Annual estimates of capital expenditure are developed in consultation with all Senior Managers, the Chief Officer - Finance and tenants groups. In setting the HRA Capital Programme, the principles contained within the Prudential Code should be followed.

- 4.8 The Chief Officer - Finance will report to the Council with respect to the level of financial resources proposed to be utilised in each financial year and will keep the Council informed with respect to the Council's finances and financial performance.
- 4.9 The detailed form of capital estimates will be determined by the Chief Officer - Finance, in consultation with the Council Management Team. Estimates of capital income and expenditure will be prepared by every Senior Manager in consultation with the Chief Officer - Finance. A budget setting timetable will be issued by the Chief Officer - Finance to Services outlining their responsibilities and deadlines.
- 4.10 In line with the decision of the Council at its meeting of 16th May 2005, the Chief Officer - Finance has the delegated authority to approve requests for prudential borrowing below a limit of £500,000 per request, subject to a satisfactory business case having been presented to the Chief Officer - Finance, and there being no net additional commitment on the Council's Revenue Budget.

## 5 CAPITAL BUDGETS – CONTROL AND MONITORING

### Introduction

**This Financial Regulation details the Council's requirements for monitoring capital expenditure in relation to the Capital Programmes approved. It also provides guidance for dealing with emergencies and necessary approvals. Any matter having a material effect on the Council's finances should be discussed with the Chief Officer - Finance before any provisional or other commitment is incurred, or before reporting details to the Finance & Economy Committee.**

- 5.1 It will be the duty of the Council, the Finance & Economy Committee, the Chief Officer - Finance and each Senior Manager to monitor and control expenditure within the financial allocation provided in the Capital Budget.
- 5.2 The Finance & Economy Committee will receive regular reports from Senior Managers on budget monitoring. This will be consistent with the service planning framework and corporate priorities as advised by the Finance & Economy Committee and agreed by the Council.
- 5.3 Monthly capital budget monitoring will be presented to the Capital Delivery Group and to Council Management.
- 5.4 The Finance & Economy Committee will also receive regular reports on budget monitoring in relation to the HRA capital programme.
- 5.5 The Chief Officer - Finance will provide Services with access to the Corporate Financial Information System and will provide statements of income and expenditure for Services on request.
- 5.6 It will be the duty of each Senior Manager, after consultation with the Chief Officer - Finance, to inform the Finance & Economy Committee and the Council where it is forecast that the total income or expenditure for the programme, or any part thereof, is likely to vary significantly from the approved financial allocation, together with a report on proposed actions to address the situation.
- 5.7 Any proposal for a supplementary estimate involving a new policy or variation of existing policy which may have a significant impact upon the corporate priorities and service plans of the Council will be subject to the approval of the Council which will take advice from the Finance & Economy Committee on the policy significance of these variations.
- 5.8 Where the Finance & Economy Committee proposes to forego income or to incur capital expenditure for which there is no budgetary provision, and where the Finance & Economy Committee does not propose to meet such expenditure by virement, it must seek a supplementary estimate recommendation to be submitted to Council.
- 5.9 Any proposal for virement (switching surplus funds from another budget head) involving a new policy or variation of existing policy which may have a significant impact upon the corporate priorities and service plans of the Council will be subject to the approval of the Council.
- 5.10 Any proposal for virement which will impact on the service provision undertaken by another service will require to be approved by the Finance & Economy Committee. Such proposals should only proceed where there is agreement by all affected Senior Managers that the virement should take place.

- 5.11 A Senior Manager may exercise virement within the overall General Services and HRA Capital Programmes subject to any procedures agreed by the Council Management Team, provided that:
  - 5.11.1 the amount of the virement does not exceed £250,000 or 10% of the approved capital expenditure whichever is the lesser sum;
  - 5.11.2 there has been consultation with the Chief Officer - Finance and the relevant Administration portfolio holder;
  - 5.11.3 the Chief Officer - Finance has been notified in writing; and
  - 5.11.4 the virement of expenditure is to a project within the same approved Capital Expenditure Programme.
- 5.12 Any virement on the General Services or HRA Capital Programmes in excess of £250,000 must receive the approval of the Council.
- 5.13 Whenever any virements of budget are made between Senior Managers' areas of responsibility, that these are explicitly reported to the Finance & Economy Committee and the Council in the regular Capital Programme monitoring reports.
- 5.14 Senior Managers, after consultation with the Chief Officer - Finance, may alter a Capital Programme of a particular Service in either of the following ways:
  - 5.14.1 by accelerating the progress on a project by deferring the start of other projects within the programme.
  - 5.14.2 by spending on a project programmed to start at a later date in the year where delays are occurring generally in the Programme.
- 5.15 Such alterations, however, may only be undertaken following the approval of a report, submitted to the Finance & Economy Committee on the circumstances surrounding the request. If this will impact on the overall Capital Programme a report will require the approval of the Council.

## 6 PARTNERSHIPS AND OTHER EXTERNAL ARRANGEMENTS

### Introduction

This Financial Regulation provides details of the Council's activity in relation to external agencies. Senior Managers are required to ensure the principles outlined are incorporated in the working practices of their Service and that as a minimum they adhere to the principles set out in the Council's Local Code of Practice on "Following The Public Pound And Funding External Bodies" or the code of practice prepared by CIPFA on 'Commissioning Local Authority Work and Services'.

As a minimum, arrangements entered into with third parties should adhere to the principles set out in the Council's Local Code of Practice on "Following The Public Pound And Funding External Bodies".

### Partnerships

- 6.1 Partnerships are likely to play a key role in delivering the Council's aims and objectives and in helping to promote and improve the well-being of the Council through a shared vision of services based on user wishes.
- 6.2 Partnerships may be entered into for a number of the following reasons:
  - 6.2.1 the desire to fund new ways to share risk;
  - 6.2.2 the ability to access new resources;
  - 6.2.3 to provide new and better ways of delivering services; and
  - 6.2.4 to forge new relationships.
- 6.3 In entering into partnerships, Services must accept that they have common responsibilities with their chosen partner, including the following:
  - 6.3.1 a willingness to take on a role in the broader programme appropriate to the skills and resources of the partner organisation;
  - 6.3.2 to act in good faith at all times and in the best interest of the Partnerships aims and objectives;
  - 6.3.3 to be open about any conflicts of interest which may arise;
  - 6.3.4 to promote the sharing of information, resources and skills between all parties in the Partnership;
  - 6.3.5 to hold confidentially any information received as a result of partnership activities or duties that is of a confidential or commercially sensitive nature; and
  - 6.3.6 to act wherever possible as an ambassador for the Council in the project.
- 6.4 The Chief Officer - Finance will advise Senior Managers on the effective controls required from such Partnerships and ensure that the Council's resources are used appropriately. Such advice should address the key elements of funding projects including scheme appraisal, risk and management appraisal, resourcing and transaction issues, payment arrangements and audit and security controls.
- 6.5 The Senior Manager shall be responsible for ensuring that the principle of openness is observed and shall make financial information available on any partnerships or

other external arrangements in an open way in consultation with the Chief Officer - Finance.

- 6.6 Senior Managers should maintain a register of all contracts entered into with external bodies (including limited companies set up by the Council). Prior to entering into agreements with external bodies, they should ensure that a risk management appraisal has been completed and that agreements and arrangements made do not impact adversely upon the services already provided by the Council.
- 6.7 The register of contracts maintained by the Senior Managers should be passed to the Depute Chief Executive who shall maintain a central register of all such contracts. This will be reported on an annual basis to the Audit committee. The register will include information on governance arrangements and the method of reporting financial and performance information.
- 6.8 Senior Managers must also ensure that all agreements and arrangements are properly documented and that the Chief Officer - Finance is provided with appropriate information to enable notes to be entered into the Council's Annual Statement of Accounts.
- 6.9 Senior Managers should establish performance measures for all partnerships, and performance should be monitored regularly as considered appropriate to the circumstances, and these measures should also be reported to Members at regular intervals. Records should be maintained of this evaluation so that this can be taken into consideration when setting up future partnerships.

#### **External Funding**

- 6.10 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. While funds from external Agencies provide additional resources to enable the Council to deliver services to the local community it has to be recognised that the funding may be linked to tight specifications and may not be flexible enough to link to the Council's overall plan.
- 6.11 The Chief Officer - Finance 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, both in the present and the future.
- 6.12 For their part, Senior Managers must ensure that the project progresses in accordance with the agreed terms and that all expenditure is properly incurred and recorded. This would include ensuring that agreed arrangements for monitoring and reporting on progress and dealing with variations are complied with. They must also ensure that claims for funds are made by the due date, and that records are maintained for audit purposes.

#### **Working for Third Parties**

- 6.13 Current legislation enables the Council to provide a range of services to other bodies. Such work may enable the Council to maintain economies of scale in certain areas, and to retain existing expertise.
- 6.14 Arrangements must be in place to ensure that any risk associated with this work is minimised and that such work is within the Council's legal powers. Contract Standing Orders must also be complied with in relation to contract tender, bids and acceptance.

- 6.15 The Chief Officer - Finance and the Senior Manager: Strategic Commissioning and Customer Development is responsible for the issue of such guidance that is required regarding third party contracts, and the maintenance of the contract register.
- 6.16 For their part Senior Managers must ensure that:

**Preliminaries and Set-Up**

- 6.16.1 the Service has the appropriate expertise to undertake the contract;
- 6.16.2 the approval of the Finance & Economy Committee is obtained before any negotiations are concluded to work for third parties;
- 6.16.3 any proposed contract subsidies should be approved in advance by the Council or the Finance & Economy Committee;
- 6.16.4 wherever possible, payment is received in advance of the delivery of the service;
- 6.16.5 a register of all contracts entered into with third parties is maintained in accordance with procedures specified by the Chief Officer – Finance and the Senior Manager: Strategic Commissioning and Customer Development; and
- 6.16.6 appropriate insurance arrangements are made with the Council's Insurers.

**After contract is operational**

- 6.16.7 all contracts are properly documented;
- 6.16.8 such contracts do not impact adversely upon the services provided by the Council;
- 6.16.9 the Council is not put at risk from any bad debt; and
- 6.16.10 the Chief Officer - Finance is provided with appropriate information to enable notes to be entered into the Council's Annual Statement of Accounts.

## **7 SCHOOLS FUNDS AND PARENT COUNCIL FUNDS**

### **Introduction**

**This Financial Regulation explains the Council's policy for the operation of both School Funds and Funds relative to Parent Councils.**

**A Guidance Note "School Fund Guidelines" has been issued by the Education Service.**

### **School Funds**

- 7.1 All money relating to school funds which are operated by officers of the Council by reason of their employment must be held in a bank or similar account(s), in the name of the Council and the name of the Fund it represents, and there must be at least two signatories to that bank account.
- 7.2 School Resource Officers will be responsible for ensuring that audited School Fund Accounts are submitted to the Senior Manager - Schools & Learning (CEdO) within the agreed timescales.
- 7.3 Head teachers will be responsible for delivering an annual report on school funds to the parent council for their school.
- 7.4 The Chief Officer - Finance or any authorised representative will have the same right of access to these funds as to all other Council Accounts.

### **Parent Council Funds**

- 7.5 All money relating to Parent Councils must be held in a bank or similar account(s), in the name of Stirling Council (name of School Parent Council). The Council Chairman, and Parent Council Treasurer, will be responsible for ensuring that annual audited accounts are submitted as directed by the Senior Manager - Schools & Learning (CEdO). All financial activities, including the operation of bank accounts, should comply with Guidelines issued by the Senior Manager - Schools & Learning (CEdO). Such Guidelines should include instructions that the Chief Officer - Finance, or his or her representative, will have the same right of access to these funds, as to all other Council Accounts.
- 7.6 The Treasurer of each Parent Council will present an annual report on the accounts to the Parent Council.
- 7.7 The Senior Manager - Schools & Learning (CEdO) will establish and maintain a register of all Parent Council Funds (supported by Annual Audited Accounts) and have the right of access to these Funds at all reasonable times.

## 8 INTERNAL AUDIT

### Introduction

**Internal Audit is an independent appraisal function established by the Council, to review internal control systems operated within the Council. It objectively examines, evaluates and reports on the adequacy of internal control as a contribution to probity, and as a contribution to the economic, efficient and effective use of resources. The status of Internal Audit within the Council is established by the Internal Audit Charter.**

**The Policies and Standards adopted by Internal Audit are documented in an Internal Audit Manual. The standards adopted are those set out in the Public Sector Internal Audit Standards. The Council's External Auditor will review the work of Internal Audit.**

- 8.1 The Chief Officer - Finance and the Depute Chief Executive will ensure that the Audit Manager conducts a continuous and effective internal audit of the accounting, financial and other operations of the Council. In so doing, the Chief Officer - Finance will not be subject to the control or direction of any person and the Audit Manager will have an appropriate degree of independence in conducting his or her duties.
- 8.2 The Audit Manager is required to report to Members through the Audit Committee. The Audit Committee will approve, but not direct, the annual audit plan and consider the annual audit report as well as any other reports deemed necessary to fulfil corporate governance requirements. The annual audit report will cover the work of Internal Audit and provide an assurance statement on the operation of internal controls throughout the Council. The Audit Committee will ensure that Internal Audit are complying with the terms of reference noted in para 8.3 below.
- 8.3 Internal Audit's role and status is set out in detail in the Internal Audit Charter, and conforms to the Public Sector Internal Audit Standards. Key responsibilities of Internal Audit's role within the Council are to ensure:-
  - 8.3.1 that an approved audit strategy is in place;
  - 8.3.2 that Audit Plans incorporate all relevant areas of risk and that these are addressed within the aims and objectives of the work carried out by Internal Audit;
  - 8.3.3 that Internal Audit work is carried out in a proper manner by demonstrating that work is maintained to a professional standard, resources are used effectively and there are sufficient resources to carry out the requirements of the Council;
  - 8.3.4 that Internal Audit is used in a proper manner, minimising any involvement in undertaking non-audit duties while functioning in that role;
  - 8.3.5 that, where applicable, Council practices are in line with appropriate corporate governance principles, and Council policy; and
  - 8.3.6 that effective follow-up procedures are in place to ensure that, where appropriate, all audit recommendations have been implemented in order to ensure that reliance can be placed on the internal controls of the Council.
- 8.4 While Internal Audit contributes to internal control by examining, evaluating and reporting to management on its adequacy and effectiveness, it should be noted that it is a management responsibility to determine the extent of internal control in the Council's systems, and Services should not depend on Internal Audit as a substitute for effective controls.

- 8.5 Internal Audit reports will be issued directly to the Senior Managers by the Audit Manager with copies passed to the Chief Executive, Depute Chief Executive, Chief Officer - Finance, the Chief Officer - Governance and External Audit. Reports are also forwarded to Elected Members.
- 8.6 Where it is deemed appropriate, the Audit Manager has power to report directly to the Chief Executive or the Audit Committee on any audit related matters.
- 8.7 The Chief Officer - Finance or Chief Officer - Governance or Audit Manager, including their authorised representatives, have authority, on production of identification, to:-
- 8.7.1 enter at all reasonable times any Council premises or land;
  - 8.7.2 have access to all records, documents and correspondence including any data held on computer storage media, which relate to the operation, administration and financial transactions of the Council;
  - 8.7.3 require and receive such explanations which are considered necessary concerning any matter under examination; and
  - 8.7.4 require any employee or agent of the Council to produce cash, stores or any other Council property under their control or to which they have access.
- 8.8 Senior Managers are required to notify the Chief Officer - Finance of all financial irregularities or of any circumstances which may suggest the possibility of irregularities, including those affecting cash, stores, contracts or property. The Chief Officer - Finance will instruct the Audit Manager to take such steps by way of investigation and report as considered necessary. The Chief Officer - Finance will inform the Chief Executive, Depute Chief Executive and the Chief Officer - Governance in all cases where it appears that there may be a crime or offence involved. A report must be made by the Audit Manager to the Police in all circumstances of financial irregularity where there is sufficient evidence to believe that an offence may have been committed.
- 8.9 In accordance with the Council's Anti-Fraud & Corruption Strategy (or equivalent), the Audit Manager will consider what action is required to be taken when a matter is reported by an employee and will comply with the requirements of the strategy.
- 8.10 The Audit Manager will require Services to provide information to enable a report to be prepared for the Chief Officer - Finance who is required to include an Annual Governance Statement in the Council's Annual Accounts. In order to undertake this task the Audit Manager must be consulted on, and given assurance as to, the adequacy of internal control when any financial system is being introduced or materially altered by Services.

## 9 RISK MANAGEMENT

### Introduction

**This Financial Regulation summarises the Council's requirements for risk management. The Council Management Team reviews risk management issues and approves policy developments as appropriate.**

### Risk Management

- 9.1 The objectives of the Council's risk management strategy are to:
  - 9.1.1 Identify risks facing the Council across all Services;
  - 9.1.2 Analyse risks by systematic assessment and manage them;
  - 9.1.3 Control risks by taking action to minimise the likelihood of the event occurring and/or reduce the severity of the consequences should it occur;
  - 9.1.4 Continuously monitor risks and procedures to control them;
  - 9.1.5 Integrate risk management into the day to day activities of all Council employees and elected Members, and
  - 9.1.6 Inform judgements on the nature and extent of insurance cover and the balance between self-insurance and external cover.
- 9.2 The Council Management Team will:
  - 9.2.1 Ensure that the Council manages risk effectively in line with core values;
  - 9.2.2 Promote risk management;
  - 9.2.3 Monitor progress and report to Members; and
  - 9.2.4 Consider strategic risk.
- 9.3 Senior Managers will ensure that the risks generated by or likely to impact on their Service and the Council corporately are managed effectively, specifically through the maintenance of a strategic risk register and a series of operational risk registers focused on Senior Managers' areas of responsibility.
- 9.4 Service Managers will manage risk effectively in their particular Service areas.
- 9.5 Individual employees will manage risk effectively in their jobs.
- 9.6 The Council Management Team, Senior Managers and their staff will be supported by the Council's Risk Manager. The Audit Committee will ensure that appropriate arrangements for the management of risk are in place and will periodically review the various risk registers.

## 10 INTERNAL CONTROL AND AUTHORISATION

### Introduction

**This Financial Regulation provides advice on authorisation and internal control. Senior Managers are required to ensure the principles outlined are incorporated in the working practices of their Service.**

**The Council requires its employees to be accountable. This means employees will understand and accept responsibility for their actions. Employees engaged in financial administration must therefore:-**

- **be capable of performing work allocated to them;**
- **be provided with sufficient time to carry out their duties properly;**
- **undertake their tasks efficiently;**
- **be demonstrably above reproach.**

### Internal Control

- 10.1 Internal controls are implemented to ensure that the Council's business is conducted in an orderly and efficient manner, its policies adhered to, its assets protected and its records complete and accurate. The Council recognises CIPFA's control objectives for all major systems, as outlined in its systems based control matrices, which detail the expected system checks and controls that would be in place to provide assurance that appropriate internal controls are operating.
- 10.2 Internal controls will vary throughout the Council depending on activity, size, volume of transactions and geographical distribution. However, three types of internal control will apply as a minimum requirement:-
- 10.2.1 separation of duties;
  - 10.2.2 internal check; and
  - 10.2.3 management review.
- 10.3 Separation of duties will be introduced so that individuals cannot influence financial transactions from start to finish. Therefore transactions will be progressed in stages by different people. For example, orders could be prepared by one person, received and checked off by a second person, and invoice settlement handled by a third; similarly debtor accounts will be raised, payments received and income controlled by separate officers. Alternative arrangements, for example, where only a small number of employees are available, must be agreed with the Chief Officer - Finance.
- 10.4 To reduce the chance of errors, all financial transactions must be subject to internal check at every stage. Controls will be evidenced by signing the documents involved by both the person undertaking the work and the person checking it.
- 10.5 When the internal control is performed by way of a computerised system and access rights are password controlled, authorisation must be made in the manner specified for the application, as detailed in its User Manual.
- 10.6 For the purposes of security, key systems are protected and as such it is absolutely crucial that passwords are not disclosed under any circumstances. The procedures for access controls are included in a guideline prepared by the Technology & Information Manager and these should be adhered to at all times.

- 10.7 Management will also regularly review financial transactions, through the use of regular reports, management returns etc. rather than on an ad hoc basis, with records of expenditure or income received, for reasonableness to independent statistics or performance.
- 10.8 The Chief Officer - Finance is responsible for advising on and implementing effective systems of internal financial control. In order to provide assurance as to the effectiveness of internal controls within financial systems the Audit Manager must be consulted on, and give assurance as to the adequacy of internal control when any financial system is being introduced, or materially altered.

### **Authorisation**

- 10.9 The Council will only enter into transactions that are required, for the essential conduct of its business, therefore, all financial transactions will be authorised before being effected.
- 10.10 Register of authorised signatories and users for both computerised and manual systems, is maintained by Finance Services. In order to maintain this register the Chief Officer - Finance will be advised by way of the prescribed form (Authorised Signatories Form available on the intranet) of:
- 10.10.1 the names, designations and locations of staff appointed as authorised signatories or users;
  - 10.10.2 any financial limits applicable to individual authorising officers; and
  - 10.10.3 the types of transactions which they approve.
- 10.11 Sample signatures of authorising officers will also be supplied.
- 10.12 Any amendments to this register, e.g. leavers, amended responsibilities, will immediately be notified to the Chief Officer - Finance, by Senior Managers using the Authorised Signatories Form.
- 10.13 By authorising financial transactions, officers are accepting responsibility for them, confirming that they are satisfied, for example, that the following are true:-
- 10.13.1 **for orders** - goods or services are relevant to the Council's needs, in type and quantity; are being procured at an appropriate price and quality from an approved source; and there are sufficient uncommitted funds available from the relevant budget to pay for the item(s).
  - 10.13.2 **for timesheets and overtime claims** - hours stated were actually worked by the employee concerned, have not been previously paid, and were in accordance with an appropriate prior authority, such as a contract of employment, and the overtime claims comply with the terms of the Council's policies.
  - 10.13.3 **for expense claims** - the activity claimed was approved in advance; performed in the manner stated; and was necessary to the business of the Council. The claim conforms with the relevant rates, scales or entitlements, is not excessive and has not previously been paid.
  - 10.13.4 **for petty cash claims (imprest)** - the expenditure incurred was on items of a minor nature (typically less than £20); is fully supported by till receipts or other reliable vouchers; is allocated to valid account codes and the

imprest account has been inspected and the cash in hand checked in accordance with the correct procedures.

10.13.5 **for invoices (including interim contract payments)** - the goods or services were received by the Council in good condition and met the required quality standard; the liability to pay is the Council's and is a legitimate expense; the price paid is consistent with order details or other contractual arrangement with the supplier; the invoice has not previously been paid; and the costs have been allocated to appropriate codes in the Council's accounting records.

10.13.6 **for accounts receivable (including sundry debtors)** - the account represents the amount due for services or supplies rendered for a statutory fee, or an undischarged debt, is for the maximum amount obtainable under the current scale of charges, is correctly calculated and payment has not previously been rendered.

10.14 Officers must only authorise a transaction when they are aware of its circumstances; are given access to documents supporting it; and are in a position to challenge it.

10.15 Officers will not authorise transactions in which they have a personal interest.

10.16 When officers authorise manual transactions they must sign their name in full, the use of initials alone or an ink stamp is not acceptable.

10.17 Senior Managers are responsible for determining the numbers and distribution of authorised signatories and authorised users to meet their needs within the management structures of their Service.

10.18 An annual review of all such authorisations must be carried out by each Service to ensure that any list of names submitted to or held by the Chief Officer - Finance is complete and current.

## 11 RETENTION OF FINANCIAL DOCUMENTS

### Introduction

**This Financial Regulation provides guidance on the retention and disposal of financial documents.**

### Main Issues

- 11.1 The main reasons behind questions on document retention are storage difficulties, cost and VFM. Once documents are no longer required for day to day administration there is a strong incentive to dispose of them. However, there are certain requirements imposed by HM Revenue and Customs and Grant Awarding Bodies (e.g. European Funding) which must be adhered to.
- 11.2 Apart from these requirements Senior Managers will decide what is to be retained, based on operational needs and the availability of storage facilities. However, the premature disposal of documents can be prejudicial to a number of enquiries including fraud.
- 11.3 Senior Managers will establish if there are any further retention requirements (e.g. contractual, legal, industry practice, etc.) and must ensure that these are met.
- 11.4 Generally the original document will be retained. Therefore duplicate copies (e.g. of timesheets) may be disposed of before the relevant time scales have passed. However, Services must ensure that the original has been retained before disposing of any duplicates.
- 11.5 To save storage costs, documents can be retained in electronic format rather than in paper form. However, it is important to establish the legal admissibility of information stored in photographic or electronic form first, as well as dealing with issues such as the potential for loss by fire, computer failure, etc. Advice on the most efficient methods of storage can be obtained from the Team Leader - Records & Information Governance.
- 11.6 While the advice, which follows, is of a general nature any specific problems relating to financial records should be addressed to the Chief Officer - Finance.

### Retention Periods

#### HM Revenue and Customs

- 11.7 HM Revenue and Customs require all business records to be kept for a minimum period of six years (unless a dispensation has been awarded which is currently three years for Stirling Council). These records include:-
  - orders and delivery notes
  - purchase orders for creditors and copy supply invoices to debtors
  - any debit or credit notes issued or received
  - cash records and till rolls
  - bank statements and paying-in slips
  - creditors, debtors and cash income ledger control accounts
  - VAT account

- annual accounts
  - import and export documents
  - relevant business correspondence
- 11.8 HM Revenue and Customs allow organisations to retain records on electronic media or micro-storage media, provided that copies can be produced and there are adequate facilities for HM Revenue and Customs staff to view these when required. However, this approval can be withdrawn if these requirements are not met.
- 11.9 HM Revenue and Customs require records for the payment of salaries or wages to be retained for a minimum of three years after the end of the tax year in which they occur. These can be kept either on paper or in a computerised format.

### **External Audit**

- 11.10 A number of documents must be retained for external auditors to verify the final accounts of the Council. Other documents required by external audit which do not have to be retained for a longer period because of statutory or other reasons need only be retained until the audit has been completed, as agreed by External Audit.
- 11.11 Annual Accounts and any associated working files should be retained permanently. When no longer of administrative value they should be offered initially to the Council's Technology & Information Manager.
- 11.12 All documentation relating to grant claims should be retained, in terms of the award made.

### **Historical Documents**

- 11.13 In addition, financial documents considered to be of historical interest may merit permanent retention. Where this is likely, advice will be sought from the Council's Team Leader - Records & Information Compliance and/or the Council Archivist.

### **Storage and Disposal**

- 11.14 All current and historical financial documents, must be retained securely.
- 11.15 Both prior and current years' records will be retained on file. Subsequently, documents to be retained can be held in storage in secure containers, with access to the store being tightly controlled. Guidance for the management of records within the Council can be accessed on the Council's intranet.
- 11.16 Permanent records will be retained separately from those to be disposed of in due course:
- in acid-free boxes or document wallets
  - in well-ventilated premises on shelves allowing a free-flow of air
- 11.17 Financial document containers will be labelled clearly detailing:
- the origin and contents
  - the period they relate to
  - the person or section responsible for them
  - their retention information (generally a "Not to be Disposed of Before" date)

11.18 Time-expired financial records, which include any personal information, must be treated as confidential waste and will be shredded or incinerated under supervision or forwarded to a specialist contractor (for confidential destruction). Financial records not including personal information can be disposed of through ordinary waste paper collection agents but must not be placed in open skips, left out in bin sacks or be exposed to casual retrieval.

## 12 PREVENTION AND DETECTION OF FRAUD & CORRUPTION

### Introduction

**This Financial Regulation provides information relative to the Council's Anti-Fraud & Corruption Strategy, which can be located on the Council's intranet (The Source).**

- 12.1 The Council requires that employees and Members apply the highest standards of conduct and integrity in the conduct of their business and to their dealings with external organisations and members of the public. The Council's Anti-Fraud & Corruption Strategy outlines the responsibilities of employees and Members and arrangements for reporting suspected cases of fraud or corruption.
- 12.2 Senior Managers shall be responsible for ensuring that all employees under their management are aware of the contents of the code of conduct and that employees adhere to the rules and regulations contained therein.
- 12.3 Senior Managers are required to notify the Chief Officer - Finance of all financial irregularities or of any circumstances which may suggest the possibility of irregularities, including those affecting cash, stores, contracts or property.
- 12.4 Senior Managers are required to notify the Chief Officer - Finance of all financial irregularities or of any circumstances which may suggest the possibility of irregularities, including those affecting cash, stores, contracts or property. The Chief Officer - Finance will instruct the Audit Manager to take such steps by way of investigation and report as considered necessary. The Chief Officer - Finance will inform the Chief Executive, Depute Chief Executive and the Chief Officer - Governance in all cases where it appears that there may be a crime or offence involved. A report must be made by the Audit Manager to the Police in all circumstances of financial irregularity where there is sufficient evidence to believe that an offence may have been committed.
- 12.5 In accordance with the Council's Anti-Fraud & Corruption strategy (or equivalent), the Audit Manager will consider what action is required to be taken when a matter is reported by an employee and will comply with the requirements of the strategy.
- 12.6 The Councillors' Code of Conduct, as published by the Standards Commission Scotland recommends standards of conduct for Members of Local Authorities and gives guidance on gifts and hospitality. These rules will also apply to officers under the Code of Conduct for Stirling Council Employees, approved by Finance & Economy Committee in February 2018.

## 13 PERFORMANCE INDICATORS

### Introduction

This Financial Code provides information on statutory performance indicators and their preparation.

The Local Government Act 1992 places a duty upon authorities to ensure they have arrangements in place for collecting, recording and publishing information required to comply with the annual directions issued by the Accounts Commission. The Council must ensure, as far as possible, that the information published in relation to these requirements is accurate and complete.

In addition Stirling Council may require other internal performance indicators and this Financial Code covers the preparation and reporting of these indicators.

### Statutory Performance Indicators

13.1 Under the Local Government Act 1992, all local authorities are required to publish specific information on the performance of their services. The information required is detailed in an annual direction to local authorities issued by the Accounts Commission.

### Preparation of Indicators

13.2 The Chief Officer - Finance will ensure that officials at corporate and Service level have been allocated the responsibility for preparing the indicators and ensuring compliance with statutory requirements. Senior Managers will ensure that officers comply with the Stirling Council Internal Guide to Statutory Performance Indicators.

13.3 In order to prepare the indicators each Senior Manager will:-

13.3.1 establish systems and procedures to ensure that the required information is gathered;

13.3.2 ensure that all working papers and relevant documents which may be examined by external auditors will be available on request;

13.3.3 gather information which is as far as possible, accurate and complete;

13.3.4 ensure the annual direction and guidance is available to all officers involved in the process; and

13.3.5 publish the data required in the correct format by the prescribed date.

13.4 Senior Managers will establish and document procedures for ensuring the completeness and accuracy of performance information. These will include: audit trails, internal checks, reconciliations, independent reviews, reasonableness tests, variance analyses etc.

13.5 Senior Managers shall report the statutory performance indicators to the appropriate Committee on an annual basis.

### Internal Performance Indicators

13.6 Senior Managers will ensure that officers have been allocated the responsibility for preparing the indicators that have been agreed for measuring Service performance. As well as operational indicators this will include partnerships, the use of consultants and procurement.

- 13.7 In order to prepare the indicators each Senior Manager will:-
- 13.7.1 establish systems and procedures to ensure that the required information is gathered;
  - 13.7.2 ensure that all working papers and relevant documents are retained;
  - 13.7.3 gather information which is as far as possible, accurate and complete; and
  - 13.7.4 report the performance to the appropriate Committee following any timetable agreed for this purpose. Where no timetable has been agreed the performance should be reported at least annually.

#### **Industry Performance Standards**

- 13.8 Where the Council provides a service that is subject to a performance standard set by an external agency or government body the Senior Manager will ensure that the Council adheres to that standard where appropriate.
- 13.9 Where compliance with such a standard is not mandatory and the Senior Manager does not consider it appropriate to comply with the standard or part(s) of it a written record should be kept documenting the reasons for non-compliance. The relevant portfolio holder should be informed in writing when this takes place.

#### **Links to Service Plans/Single Outcome Agreement**

- 13.10 Long-term planning and budgeting assumptions may differ from those made in operational planning and budgeting, since it is intended to give each Senior Manager the widest possible choices in creating future opportunities and emphases. Senior Managers are encouraged to propose, and be responsible for, choices within their areas of expertise, within the resources available to them, and consistent with the Council's long-range priorities.
- 13.11 Long-range planning and budgeting will require careful consideration of potential external influences and recognised internal strengths and weaknesses; analysis of trends; appraisal of options; assessment of possible strategies; and articulation of the Council's vision and its goals. Proposals for initiating, reorganising, or terminating activities may require approval at differing levels. The conduct of long-range planning and budgeting should create conditions, which promote excellence and encourage Senior Managers and other budget managers to plan for the future. Long-range planning and budgeting should encourage creativity and innovation as Senior Managers articulate and achieve their objectives, consistent always with their role within the Council and the Council's objectives as articulated in The Stirling Council 5 Year Business Plan 2018-23 and The Stirling Plan (Local Outcomes Improvement Plan) 2017-27.

## 14 COUNCIL TAX

### Introduction

**This Financial Regulation sets out the Council's policies in relation to the billing and collection of Council Tax and Non-Domestic Rates in order to ensure that the maximum amount of income is collected at the minimum cost to the Council. It includes:-**

#### **- the arrangements for the Billing and Collection of Council Tax**

- 14.1 It shall be the duty of the Chief Officer - Finance to make adequate financial and accounting arrangements for such income to ensure the proper recording of all monies due to the Council and for the proper and timeous collection of all such income.
- 14.2 The Chief Officer - Finance will ensure that:
- 14.2.1 An accurate Council Tax bill is issued to every property contained in the valuation list, based on the Banding determined by the Central Scotland Valuation Joint Board, levying the Council Tax charge for that band as declared by the Council and applying such reliefs, exemptions and discounts as are due to the Council Tax Payer.
  - 14.2.2 There are proper accounting arrangements and payment facilities in place to enable payments to be posted to and accounted against the Council Tax Payers' accounts and issue appropriate receipts, where requested.
  - 14.2.3 There are arrangements in place to issue appropriate follow up notices for underpaid and unpaid Council Tax.
  - 14.2.4 Appropriate arrangements are in place to ensure that in the event of non-payment, agents can be employed to effect appropriate diligence to effect recovery.
  - 14.2.5 There are arrangements in place to refund sums overpaid by a Council Tax Payer.
  - 14.2.6 Information is provided to individuals regarding their entitlement to reliefs and discounts.
  - 14.2.7 There are arrangements in place to regularly review all exemptions, discounts, reliefs awarded, in order to ensure that they are only awarded in valid circumstances.
- 14.3 In relation to properties that have been unoccupied for a period of more than one year, the Council has the discretionary power to apply an additional Council Tax charge under The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Regulations 2013/45. Where that power has been exercised, the Chief Officer - Finance will consider any applications for exemption from the additional charge, following applications made by individual tax payers, including reviewing any supporting evidence to substantiate such exemptions.

## 15 NON-DOMESTIC RATES

### Introduction

**This Financial Code sets out the Council's policies in relation to the billing and collection of Council Tax and Non-Domestic Rates in order to ensure that the maximum amount of income is collected at the minimum cost to the Council. It includes:-**

#### **- the arrangements for the Billing and Collection of Non-Domestic Rates**

- 15.1 It shall be the duty of the Chief Officer - Finance to make adequate financial and accounting arrangements for such income to ensure the proper recording of all monies due to the Council and for the proper and timeous collection of all such income.
- 15.2 The Chief Officer - Finance will ensure that:-
- 15.2.1 An accurate Non Domestic Rates bill is issued to every property in the Valuation Roll based on the Rateable Value determined by the Central Scotland Valuation Joint Board, levying the National Non Domestic Rates declared by the Scottish Government and applying any reliefs due by the Rate Payer.
  - 15.2.2 There are proper accounting arrangements and payment facilities in place to enable payments to be posted to and accounted against Rate Payers' accounts and issue appropriate receipts, where requested.
  - 15.2.3 There are arrangements in place to issue appropriate follow up notices for underpaid and unpaid Non Domestic Rates.
  - 15.2.4 Appropriate arrangements are in place to ensure that in the event of non-payment, agents can be employed to effect appropriate diligence to effect recovery.
  - 15.2.5 There are arrangements in place to refund sums overpaid by a Rate Payer.
  - 15.2.6 Information is provided to Rate Payers regarding their entitlement to reliefs and discounts.
  - 15.2.7 There are arrangements in place to regularly review all reliefs awarded, in order to ensure that they remain valid.

## 16 HOUSING RENTS

### Introduction

This Financial Regulation sets out the Council's policies in relation to letting of Council Houses, Garages & Pitch Sites, Commercial Properties and in particular the collection of Rent in order to ensure that the maximum amount of income is collected at the minimum cost to the Council. It includes:-

- the arrangements for the collection of Rents
- the arrangements for pursuing arrears

The arrangements for letting Council Houses & Garages will be as described in the Council's Allocations Policy.

The arrangements for writing off Rent debt are set out in Financial Regulation 18.

It should be noted that while principal responsibility in relation to Housing Rents lies with the Chief Officer - Housing, any decisions regarding the following should be taken in consultation with the Chief Officer - Finance.

### General

- 16.1 It shall be the duty of the Chief Officer - Housing to make adequate financial and accounting arrangements for such income to ensure the proper recording of all monies due to the Council and for the proper and timeous collection of all such income.
- 16.2 The Chief Officer - Housing, after consultation with the Chief Officer - Finance, will advise the Council on appropriate rent level increases to meet the Council's obligations to enable the Council to set the Rent levels as detailed in Financial Regulation 2 - Revenue Budgeting.

### Rent

- 16.3 The Chief Officer - Housing will ensure that: -
- 16.3.1 A rent notification is issued to every tenant in every property let by Stirling Council showing the amount of rent due appropriate to that property as agreed by the Council on an annual basis.
  - 16.3.2 There are proper accounting arrangements and payment facilities in place to enable payments to be posted to and accounted against the tenants rent accounts and issue appropriate receipts, where requested.
  - 16.3.3 There are arrangements in place to allow for rent related payments such as shared heating & lighting and insurance to be properly accounted for where relevant.
  - 16.3.4 There are arrangements in place to issue appropriate follow up notices for underpaid and unpaid Rent.
  - 16.3.5 Appropriate arrangements are in place to ensure that in the event of non-payment, agents can be employed to effect appropriate diligence to effect recovery according to agreed policies.
  - 16.3.6 There are arrangements in place to refund sums overpaid by a tenant.

### **Garages & Pitch Sites**

- 16.4 The Chief Officer - Housing will ensure that:-
- 16.4.1 A bill is issued for every pitch site, which is allocated to a lessee at the rate agreed by the Council on an annual basis.
  - 16.4.2 A rent notification is issued to every tenant/lessee in every garage let by Stirling Council showing the amount of rent due appropriate to that garage as agreed by the Council on an annual basis.
  - 16.4.3 There are proper accounting arrangements and payment facilities in place to enable payments to be posted to and accounted against lessees/tenants accounts and issue appropriate receipts, where requested.
  - 16.4.4 There are arrangements in place to issue appropriate follow up notices for underpaid and unpaid garage and pitch site rents.
  - 16.4.5 Appropriate arrangements are in place to ensure that in the event of non-payment, agents can be employed to effect appropriate diligence to effect recovery according to agreed policies.
  - 16.4.6 There are arrangements in place to refund sums overpaid by a lessee/tenant.
  - 16.4.7 Information is provided to garage and pitch site lessees/tenants regarding their entitlement to discounts.
  - 16.4.8 There are arrangements in place to regularly review all discounts awarded, in order to ensure that they remain valid.

### **Commercial Properties**

- 16.5 The arrangements in place for Rents set out in this Financial Regulation will apply equally to lessees of Commercial Properties unless specifically stated otherwise in the lease agreement with the Council.
- 16.6 Each lease agreement with the Council will specify the frequency of Rent payments and an appropriate invoice will be raised accordingly, and each lease should set out an appropriate review period.

## 17 WRITING OFF OF DEBT

### Introduction

**This Financial Regulation provides advice and guidance on the procedures for writing-off debt due to the Council. Generally, once it is clear that an amount will not be recovered, measures will be taken to write it off.**

### General

- 17.1 In consultation with the Chief Officer - Finance, Senior Managers are required to review at least annually the categories of debts appropriate to them and identify debts where all possible methods of recovery have been exhausted and consequently it is clear that an amount will not be recovered. Following such reviews a list of any balances which is considered to be irrecoverable will be submitted to the Chief Officer - Finance requesting they be written off.
- 17.2 Outstanding amounts due to the Council, once correctly established, may only be approved for write-off by a resolution of the Audit Committee or the full Council, except that the Chief Officer - Finance may authorise write-off where:
- 17.2.1 there are good and sufficient reasons for so doing, and
  - 17.2.2 the total outstanding for each debtor is less than £10,000
- 17.3 The Chief Officer - Finance will lodge claims with the appropriate person (including liquidators and trustees in sequestration) in relation to sums due to the Council.

### Council Tax/Non-Domestic Rates

- 17.4 Debts written off under delegated powers will be reported to the Council via the Information Bulletin.

### Rent Arrears

- 17.5 Rent arrears, once correctly established, may be written off by the Chief Officer - Finance up to £10,000 where there are good and sufficient reasons for so doing and in consultation with the Depute Chief Executive and the Chief Officer - Housing.
- 17.6 Former tenant arrears may be written off by the Depute Chief Executive in consultation with the Chief Officer - Housing and the Chief Officer - Finance where it is uneconomic to pursue collection.

## 18 BANKING ARRANGEMENTS

### Introduction

**This Financial Regulation details the Council's requirements for banking including:**

- **Appointment of bankers**
- **Opening/Closing of bank accounts**
- **Cheques and Cheque control**
- **Banking of income**
- **Payments by BACS and CHAPS**

- 18.1 It should be noted that while the Chief Officer - Finance has overall responsibility for the banking arrangements for the Council this is in relation to his duties as Chief Finance Officer under section 95 of the Local Government (Scotland) Act 1973.
- 18.2 The Chief Officer - Finance will be responsible for the appointment of the Council's bankers.
- 18.3 All arrangements with the Council's bankers will be made by or under arrangements approved by the Chief Officer - Finance who shall be authorised to operate such bank accounts as may be considered necessary.
- 18.4 All cheques, and other forms enabling payment to be made from any Council bank account but excluding cheques drawn on authorised imprest accounts, will be ordered only on the authority of the Chief Officer - Finance, who will ensure that proper arrangements have been made for their safe custody and that adequate controls exist over the usage and production of cheques.
- 18.5 Cheques drawn on the Council's main bank accounts will bear the facsimile signature of the Chief Officer - Finance or be signed by the Chief Officer - Finance, the Chief Officer - Governance, the Depute Chief Executive, Chief Executive or any other bank signatories who may be determined from time to time.
- 18.6 All Council employees involved in cheque handling or control will be made aware that:-
- 18.6.1 Under no circumstances will any of the Council's cheques be altered. Any cheque, which has been altered, will be treated as a fraudulent attempt to obtain payment.
- 18.6.2 Requests to issue or re-issue a cheque to a third party will normally be refused. The Council is bound to pay its creditors but not to settle affairs on their behalf. However, under exceptional circumstances the Chief Officer - Finance or other authorised cheque signatories may alter the name of the payee, only.
- 18.7 Where a creditor reports the non-receipt or loss of a cheque, the Creditors and Cash & Banking Section will check whether the cheque has been cashed and put a 'stop' on it with the bank. Replacement cheques will be issued only in those cases where cheques have not been cashed, and, if the bank has 'stopped' the cheque and an indemnity certificate has been completed by the creditor.
- 18.8 All arrangements for the receipt and payment of monies using the Clearing House Automated Payment System and the Bankers Automated Clearing Services will be made by or under arrangements approved by the Chief Officer - Finance.
- 18.9 All income received will be promptly paid intact into the Council's bank accounts in accordance with arrangements approved by the Chief Officer - Finance.

- 18.10 The Chief Officer - Finance shall be responsible for arranging any indemnity required by the Council's bank regarding the signature of cheques by mechanical means, or where the services of a security firm is used for the deposit or receipt of cash to the bank.
- 18.11 The use of credit/purchase cards will be made by or under arrangements approved by the Chief Officer - Finance.

## 19 INCOME & CASH COLLECTION

### Introduction

This Financial Regulation details the Council's requirements for income. It includes:

- a review of charges at least annually
- arrangements for collection, custody, control and banking of income
- notification of relevant information for submission or certification of grant claims to the Chief Officer - Finance

- 19.1 It should be noted that while the Chief Officer - Finance has overall responsibility for the income of the Council this is in relation to his duties as Chief Finance Officer under section 95 of the Local Government (Scotland) Act 1973. Where day to day responsibilities for income collection and recording are delegated to other Senior Managers, they will act in accordance with procedures agreed with the Chief Officer - Finance and subject to consultation as required.
- 19.2 Unless prescribed by statute the Council will determine the rates to be charged for goods and services supplied to the public and other organisations.
- 19.3 Not less frequently than once per year, each Senior Manager will, in consultation with the Chief Officer - Finance, review scales of charges or tariffs relating to the Service, except where the charge is fixed externally.
- 19.4 To preserve the real value of such income, increases recommended to the Finance & Economy Committee will take into account the current rate of inflation and reflect the impact of any change in the rate of VAT.
- 19.5 The Chief Officer - Finance will define arrangements to ensure the appropriate recording of all income due, and the proper collection, control and banking of all income due to the Council.
- 19.6 Within the remit of the Service each Senior Manager will notify promptly the Chief Officer - Finance of all money due to the Council and of contracts, leases and other agreements and arrangements entered into which involve the receipt of money by the Council.
- 19.7 The collection of all income due to the Council will be the responsibility of the Chief Officer - Finance. All amounts due to the Council will be collected in accordance with arrangements and systems approved by the Chief Officer - Finance who has the authority to inspect any relevant documentation as considered necessary.
- 19.8 All receipt forms, receipt tickets, books, and other forms of accountable stationery used to record financial and related transactions including refunds will be in a form approved by the Chief Officer - Finance and will be ordered, controlled and issued to Services by, or under arrangements approved by Chief Officer - Finance and in accordance with guidance notes issued on this matter.
- 19.9 No Officer will give a receipt for money received on behalf of the Council on any form other than an official receipt form or ticket provided or approved by the Chief Officer - Finance for this purpose. This regulation will not apply to the receipt of money for which a receipt is contained in a document under seal of the Council, and where the Chief Officer - Finance has been advised of the execution of the document and the sum of money received.

- 19.10 All money received will be kept secure and comply with insurance requirements as detailed in Financial Regulation 32 until banking takes place.
- 19.11 All money received by an employee on behalf of the Council will without delay be paid intact to the Chief Officer - Finance or, as may be directed, to the Council's banking or National Giro account or transmitted directly to any other body or person entitled thereto. No deduction may be made from such money save to the extent that the Chief Officer - Finance may specifically authorise.
- 19.12 Personal cheques will not be cashed out of the money held on behalf of the Council, nor shall personal cheques be substituted for cash collected on behalf of the Council.
- 19.13 Every transfer of official money from one member of staff to another shall be evidenced in the records of the Service concerned by the signature of the receiving Officer using appropriate internal transfer documentation.
- 19.14 All grants will be paid to the Chief Officer - Finance. The Chief Officer - Finance will be advised timeously of all information required to enable the certification of applications for grants. Senior Managers must maintain procedures to ensure timeous submission of grant claims and by way of regular review confirm receipt of such monies. Where grant awards are restricted, pending the provision of further information, Senior Managers will ensure appropriate and timeous explanations are provided to the Chief Officer - Finance, for the removal of such restrictions.
- 19.15 Income arising from work done, goods supplied or services rendered should where possible be paid for at the time of delivery. If not, Senior Managers must ensure that debtor accounts are rendered within 14 days from the date of service (or month end or quarterly for regular invoicing arrangements). Debtor accounts, once raised, may only be cancelled by an appropriate authorised officer, where it has been raised in error. (Note: Financial Regulation 18 refers to the write-off of debt).
- 19.16 Senior Managers will provide the Chief Officer - Finance with details of staff permitted to enter and approve debtor invoices in Accounts Receivable.
- 19.17 The Chief Officer - Finance shall lodge claims with the appropriate person (including Liquidators and Trustees in Sequestration) in relation to sums due to the Council.
- 19.18 Where credit card or debit card transactions are received, these should be maintained in accordance with agreed standards, e.g. transaction details should be kept secure.

## 20 PAYROLL AND TRAVEL & SUBSISTENCE

### Introduction

**This Financial Regulation provides details of the Council's requirements for payroll, travel and subsistence. Although the Chief Officer - Finance is responsible for payment it is essential that Services have systems in place to ensure timeous and accurate information is passed to the Chief Officer - HR. Senior Managers must ensure that all payroll costs, including overtime, are accurate and that leavers are deleted timeously from the payroll.**

- 20.1 Each Senior Manager will keep such records and provide such information in regard to salaries, wages and other emoluments as the Chief Officer - HR may require, and will be responsible for the accuracy and authenticity of such information.
- 20.2 The payment of all salaries, wages, compensations and other emoluments to all employees or former employees of the Council and all other payments made to employees as a consequence of their employment by the Council will be made by the Chief Officer - Finance under arrangements approved from time to time by the Council.
- 20.3 The Chief Officer - Finance will be responsible for the payment of all appropriate wages and salary agreements to Council employees. Together with the Chief Officer - HR, the Chief Officer - Finance will keep all Senior Managers informed as to changes in conditions of service, superannuation benefits and other matters relative thereto.
- 20.4 Each Senior Manager will notify the Chief Officer - HR and the Chief Officer - Finance as soon as possible, and in a prescribed form and manner, of all matters affecting the payment of such emoluments, and in particular:-
  - 20.4.1 appointments, including temporary and casual appointments, resignations, dismissals, suspensions, secondments and transfers;
  - 20.4.2 absences from duty for sickness or other reason, apart from approved annual/flexi leave;
  - 20.4.3 changes in remuneration, other than normal increments and pay awards and agreements of general application; and
  - 20.4.4 information necessary to maintain records of service for superannuation, income tax, National Insurance and the like.
- 20.5 Senior Managers are responsible for ensuring that appointments of all employees are made in accordance with the procedures approved by the Council and the approved establishments, grades and rates of pay.
- 20.6 All time sheets, expense claims and other documents which form the basis of a payment to an employee of the Council will be in a form agreed with the Chief Officer - HR.
- 20.7 The names of officers authorised to sign such payroll documents will be sent to the Chief Officer - Finance, together with specimen signatures and will be amended on the occasion of any change. Where electronic transmission of forms has been agreed the arrangements for approving forms on-line will be as detailed in any guidance issued by the Chief Officer - Finance on this matter.
- 20.8 Senior Managers should ensure that authorisation and internal control procedures applied within the activity of payroll etc. comply with Financial Regulation 10 - Internal

Control and Authorisation. Where appropriate, payroll forms should be signed by the claimant prior to being signed by an authorised person.

- 20.9 The Chief Officer - HR will be responsible for the administration and regulation of employee expenses.
- 20.10 All claims for payment of car allowances, subsistence allowances, travelling and incidental expenses will be submitted to the Chief Officer - HR, duly certified in an approved form, and made up to a specified day of each month by agreed dates. The names of officers authorised to sign such records will be sent to the Chief Officer - HR by each Senior Manager together with specimen signatures and will be amended on the occasion of any change.
- 20.11 In accordance with the guidance on the completion of travel and expense claims receipts must be provided to support expenses. The receipts must be in original form, unaltered, reasonable and a valid tax receipt where VAT applies. If there is one receipt covering a group the claim must only be submitted once and the claimant should confirm this is the case with the other group members.
- 20.12 The certification by or on behalf of the Senior Manager shall be taken to mean that the certifying officer is satisfied that the journeys were authorised, the expenses properly and necessarily incurred and that the allowances are properly payable by the Council. The certifying Officer should send the agreed claim directly to Payroll or in a manner which does not require the claim to be returned to the employee.
- 20.13 Employees' claims submitted more than three months after the expenses were incurred will be paid only with the express approval of the Depute Chief Executive.
- 20.14 Senior Managers will regularly review the arrangements in place within their Service for the certification of any claim to ensure that checks are being performed to the standards agreed.
- 20.15 Senior Managers will timeously provide the Chief Officer - HR with any details required for the annual return of taxable emoluments.
- 20.16 All authorised claims for expenses from employees must be processed through the Payroll and not paid through the Creditors payment system or as a Petty Cash item. In exceptional circumstances expense claims not paid through the Payroll can be accepted if agreed by the Chief Officer - Finance.

## 21 MEMBERS REMUNERATION, ALLOWANCES AND EXPENSES

### Introduction

**This Financial Regulation details the Council's requirements for the payment of Members remuneration, allowances and expenses and provides guidance on claims procedures.**

- 21.1 Payment of Members' salaries will be in accordance with the Scheme adopted by the Council. Payment of salaries and expenses will be made on a monthly basis by the Chief Officer - Governance.
- 21.2 Members are entitled to payment of travel and subsistence expenses relating to approved duties. Members are required to submit claims on official expenses claim forms and provide receipts in support of any expenses or allowances claimed. Details of the timetable for submission and rates applicable are available from the Chief Officer - Governance.
- 21.3 The Chief Officer - Governance will maintain records of all expenses paid under the Scheme, detailing name, amount and nature of payment. These will be available for inspection by 1st June each year by any local government elector of the Council at the office of the Chief Officer - Governance, at all reasonable times and a copy may be made if so desired.
- 21.4 The details of payments made to Members is disclosed within the Council's audited accounts and published on the Council's website. The overriding principle here is that there should be complete openness and transparency in this process in order that all payments are available for inspection by the Council, and are therefore in the public domain.
- 21.5 Where Members attend meetings, site visits, system demonstrations etc. which are arranged by or on behalf of Services and are part of their approved duties this should be recorded as noted above. Any costs which relate to Members attendance may be paid by the services directly, but should be properly allocated in the financial ledger. Services should report annually any expenditure of this nature to the Chief Officer - Governance.

## 22 PAYMENT OF ACCOUNTS, GRANTS & CONTRIBUTIONS

### Introduction

**This Financial Regulation details the Council's requirements for payments of accounts, grants etc. It includes procedures to ensure that the Council only makes payments which are due to be paid and for the correct amount.**

**Senior Managers will ensure that appropriate and efficient systems operate within their areas for certification of invoices for payment. Performance Indicators published by the Council in accordance with the Accounts Commission Direction include:**

**"The number of invoices paid within 30 calendar days of receipt, or the agreed time limit if otherwise specified, as a percentage of all invoices paid."**

**Therefore, Senior Managers should ensure that all invoices are processed at least within 21 calendar days of receipt unless held back due to dispute. In scheduling the payment of invoices etc., the Chief Officer - Finance must take account of commercial terms and conditions and the Treasury Management needs of the Council.**

- 22.1 All payments of money due from the Council (except imprest payments made under Financial Regulation 24) will be by BACS, cheque, CHAPS or other mechanism paid from the Council's bank account(s) by the Chief Officer - Finance or other authorised signatory. The use of purchase cards will be made by or under arrangements approved by the Chief Officer - Finance.
- 22.2 For internal control purposes, Senior Managers will ensure the separation of duties of employees responsible for the ordering process from employees responsible for the invoice certification process unless alternative arrangements have been agreed in advance with the Chief Officer - Finance.
- 22.3 Senior Managers will arrange timeous processing of invoices for payment and internal recharges. Before certifying an invoice or other payment document, the certifying officer will, save to the extent that the Chief Officer - Finance may otherwise determine, be satisfied that:-
- 22.3.1 the charge is a proper liability of the Council;
  - 22.3.2 the work, goods or services to which the invoice relates have been correctly ordered, received, carried out, examined and approved; and are in accordance with the order;
  - 22.3.3 the prices, extensions, calculations, trade discounts, other allowances, credits, and Value Added Tax and other taxes, are correct;
  - 22.3.4 the relevant expenditure has been properly incurred and is within the relevant estimate provision subject to these Regulations;
  - 22.3.5 the payment demonstrates best value for money;
  - 22.3.6 appropriate entries have been made in inventories, stores records or stock books as required;
  - 22.3.7 the invoice has not been previously passed for payment;
  - 22.3.8 the invoice is in the name of the Council or an integral part of it;

- 22.3.9 invoices have been made out by the supplier of the goods, services etc. not an Officer of the Council;
- 22.3.10 where internal recharges are processed prior to certification the charge will be agreed by the relevant parties as soon as possible after processing. Any disagreements will be referred to the Chief Officer - Finance;
- 22.3.11 the payment does not relate to employee expenses, which should be reimbursed through the Payroll.
- 22.4 The Senior Manager issuing an order is responsible except as otherwise specifically arranged with the Chief Officer - Finance for examining, verifying and certifying the related invoice(s) and similarly for any other payments generated within the Service which may not be supported by an invoice or voucher from a third party. Such certification will be a signature in manuscript by or on behalf of the Senior Manager or electronic equivalent. The names of Officers authorised to sign such records will be sent to the Chief Officer - Finance by each Senior Manager together with specimen signatures and will be amended on the occasion of any change.
- 22.5 Senior Managers should ensure that Authorisation and Internal Control procedures applied within the activity of Account Payments etc. comply with Financial Regulation 10 - Internal Control and Authorisation.
- 22.6 Payments will only be made on duplicate or photocopied invoices and faxes in exceptional circumstances. In these cases the Budget Holder must undertake sufficient checks to ensure that the original invoice has not been previously processed. The invoice should agree to an existing unmatched purchase order. The inability to match a copy invoice should alert the Budget Holder to the possibility that it is a duplicate invoice.
- 22.7 Where the sum invoiced by a supplier is incorrect, the invoice should be returned to the supplier for alteration. Alternatively, the supplier may issue a credit note which will be processed through the Invoice Payments system.
- 22.8 The format of recharges to, from and within Services will be approved by the Chief Officer - Finance.
- 22.9 Applicants for grants from the Council or the Common Good Funds will submit completed application forms and where appropriate their Constitution and Audited Accounts to be reviewed by relevant Senior Managers. Approval may be given by nominated officers in accordance with schemes or processes approved by Committee, provided that the grants are reported in the Council Bulletin prior to their commencement. Any other grant awards must be reported to the Finance & Economy Committee for approval.
- 22.10 Every Senior Manager will as soon as possible after 31st March notify the Chief Officer - Finance, by a date which may be specified each year, of all significant outstanding expenditure relating to the previous financial year.
- 22.11 Each Senior Manager will make arrangements to monitor purchasing within the Service to ensure that this is for categories of expenditure and with limits agreed for the Service and that the order has been placed with the 'approved' supplier or called off the agreed contract.
- 22.12 Duly certified invoices will be passed without delay to the Chief Officer - Finance or appropriate officer for payment within 30 days wherever possible and may be examined to the extent that is considered necessary, for which purpose the Chief

Officer - Finance or appropriate officer shall be entitled to make such enquiries and to receive such information and explanations as may be required.

- 22.13 Businesses can claim interest from the Council if payments are late. To avoid this every Senior Manager must ensure that invoices are paid promptly and that payment terms are agreed and kept.
- 22.14 Payments in advance may be permitted in certain circumstances under arrangements agreed by the Chief Officer - Finance or following defined criteria laid down by the Chief Officer - Finance.

## 23 PETTY CASH (IMPRESTS)

### Introduction

This Financial Regulation summarises the Council's requirements for the operation of petty cash expenditure and this is more fully detailed in the Imprest Guidelines issued by the Chief Officer - Finance. All imprest holders should have received a copy of the guidelines when taking over the imprest. The guidelines include information on:

- **Opening, closing and operation of imprest bank accounts**
- **Type of payments - essentially of a small nature and for the agreed purpose of the imprest**
- **Submission of an annual certificate of balance at financial year end**
- **Confirmation that the imprest is still required.**

23.1 The Chief Officer - Finance will:-

23.1.1 Provide such imprests as considered appropriate for such Officers of the Council as are needed for the purposes of defraying petty cash and other expenses.

23.1.2 Where appropriate authorise the opening of a bank account for use by the imprest holder who will not cause such account to be overdrawn. A record will be maintained of all imprest bank accounts opened. If an imprest bank account becomes overdrawn this matter must be reported to Internal Audit.

23.1.3 Approve arrangements made by Senior Managers to enable minor items of expenditure to be paid from imprest accounts, where these are considered reasonable and appropriate. Such payments will be supported by receipted vouchers whenever possible.

23.1.4 Issue guidance notes to imprest holders detailing how imprest accounts will be maintained.

23.1.5 Ensure that all imprest holders receive a copy of the imprest guidelines and agree to adhere to them in writing prior to the opening of the account.

23.2 All imprest holders will be required to notify the appropriate Finance Team when the purpose of the imprest changes or it is considered no longer necessary to hold an imprest.

23.3 An Officer responsible for an imprest will, when requested, provide the Chief Officer - Finance with a certificate as to the state of his imprest.

23.4 Officers will be personally responsible for Imprests which they hold and on leaving the Council or otherwise ceasing to be entitled to hold an imprest, they shall account to the Chief Officer - Finance for the amount advanced. A formal record of this accounting will be retained in the Service concerned for inspection.

23.5 No income received on behalf of the Council may be paid into an imprest account but must be banked or paid to the Authority as provided elsewhere in these Regulations. Any bank interest accrued must be remitted separately and timeously to the Chief Officer - Finance.

## 24 ORDERS FOR WORKS, GOODS AND SERVICES

### Introduction

**Purchasing has a major impact on the Council. It has therefore made specific arrangements for this activity: -**

- **through authorised budget holders in Services**
- **through Officers responsible for procurement**
- **in accordance with the Standing Orders Relating to Contracts**

- 24.1 The Council operates a Strategic Commissioning unit and Services are required to make use of the Unit. Strategic Commissioning will maintain a contract register and can be contacted for advice on any type of purchase. This service will consist of the provision of purchasing advice, compliance with EC Regulations and disposal of equipment.
- 24.2 Official orders will be in a form approved by the Chief Officer - Finance. Each Senior Manager will ensure that proper procedures exist for the custody, control and authorisation of official order forms.
- 24.3 Official orders will be issued for all work, goods or services to be supplied to the Council except as follows:-
- 24.3.1 Work, goods or services which are covered by a prior written agreement which prescribes that payments will be made at certain intervals or under certain conditions.
  - 24.3.2 The metered element of telephone, gas, water and electricity services, but not the installation, alteration or repair of such services.
  - 24.3.3 Periodic payments such as rates.
  - 24.3.4 Purchase in cash for which reimbursement is made through an imprest account.
  - 24.3.5 Contracts identified in Standing Orders Relating to Contracts.
  - 24.3.6 Where the specific approval of the Chief Officer - Finance has been obtained.
- 24.4 Except as specifically agreed by the Chief Officer - Finance, all orders will be in writing or in an electronic format approved by Strategic Commissioning, and will be given to the supplier in advance of any work, goods or services being provided to the Council. However, in an emergency arising from circumstances outside the control of the Council, a verbal order may be given which will be confirmed in writing as soon as possible thereafter.
- 24.5 Orders must be priced and will state where invoices should be sent and that the official order number should be quoted on all invoices.
- 24.6 All orders will, by way of authorisation, be signed by the appropriate Senior Manager or by a person authorised in writing to do so, and the names and specimen signatures of such persons will, if so required, be supplied to the Senior Manager - Strategic Commissioning & Customer Development with details of any limits agreed by the Service.

- 24.7 The person authorising any order will ensure that the expenditure to be incurred is legal, that funds have been provided in the budget to cover such expenditure, and that the order indicates clearly the nature and quantity of goods etc. to be supplied, any contract or agreed price relating thereto, and the budget head to which it is to be charged.
- 24.8 A copy of any order form will, if so required, be supplied to the Chief Officer - Finance.
- 24.9 Senior Managers may not enter into any lease arrangement without the express approval of the Chief Officer - Finance and must follow the Contract Standing Orders in relation to making procurement arrangements regarding the lease.
- 24.10 Where goods are obtained through use of a purchasing card, an Internet or Web based system, or an electronic commerce system, this must be arranged in accordance with any guidance issued by the Chief Officer - Finance, and the principles of ordering, pricing and authorisation contained in this Financial Regulation must still be adhered to.

## 25 PAYMENTS FOR BUILDING, ENGINEERING AND ASSOCIATED WORKS

### Introduction

**This Financial Regulation details the Council's requirements in relation to payments for Contracts for Building, Engineering and Associated Works.**

**The procedures are designed to ensure that the Council only makes payments in respect of the value of work certified by the appropriate Senior Manager. In addition, material variations in cost must be reported to the Finance & Economy Committee. Where claims from contractors arise outwith the Conditions of Contract, the Senior Manager concerned will consult with the Chief Officer - Finance. The Council's Contract Standing Orders also apply.**

- 25.1 Where contracts provide for payments to be made by instalments, the appropriate Senior Manager shall maintain appropriate Contract Registers to show the state of account on each contract between the Council and the contractor, together with any other payments and related professional fees.
- 25.2 At the conclusion of each financial year such information should be reconciled to financial information held on the Council's financial ledger.
- 25.3 Payment to contractors on account of contracts will be made only on a certificate issued by the appropriate Senior Manager (or private architect, engineer, or consultant, etc. where engaged by the Council) or by a depute or other nominated officer.
- 25.4 Subject to the provisions of the contract in each case every extra or variation will be authorised in writing by the appropriate Senior Manager (or contracted private architect, engineer or consultant) as may be appropriate or by a depute or other nominated Officer. These will be reported as detailed in Council Standing Orders relating to Variations and Extensions to Contracts where the increase or decrease is 10% of the contract price or £25,000 whichever is the greater.
- 25.5 Where factors arise during the course of a contract that materially alters the contract, or may result in a significant overspend in the contract, then the Senior Manager must report this information to the next meeting of the Finance & Economy Committee and to the Chief Officer - Finance. The submission of any such preliminary report will not preclude the need to comply with the requirements of the following paragraph.
- 25.6 In any event, where any significant additional expenditures, as prescribed, are identified (other than variations authorised in the terms of the contract), the estimated additional cost shall be reported to the Chief Officer - Finance and:
  - 25.6.1 Where the expenditure exceeds 5% of the approved net estimated cost, to the relevant Portfolio Holder(s).
  - 25.6.2 Where the expenditure exceeds 10% of the approved net estimated cost, to the Finance & Economy Committee.
  - 25.6.3 Any overspends on such contracts should be reported to the Finance & Economy Committee and the Council as part of the regular Revenue Budget and Capital Programme monitoring reports.
- 25.7 Claims from contractors in respect of matters not clearly within the terms of any existing contract will be referred to the Chief Officer - Governance for consideration

of the Authority's legal liability and, where necessary, to the Chief Officer - Finance for financial consideration before a settlement is reached.

## 26 VEHICLES, PLANT & EQUIPMENT

### Introduction

**This Financial Regulation provides advice on the use of Council vehicles, plant and equipment whether it is owned, loaned to, leased or hired by the Council.**

- 26.1 Each Senior Manager will be responsible for the operation and control of all vehicles in use within that Service, and for the purposes of these Regulations, the term vehicles will include all vehicles, mobile plant and equipment, whether owned, leased, loaned to or hired by, or otherwise in the custody or control of, the Council. The Chief Officer - Finance must be provided with details of all vehicles being used by the Council.
- 26.2 Except as may be determined by the Environment & Housing Committee, the Senior Manager - Environment & Place will be responsible for ensuring that all vehicles are maintained in a satisfactory state of repair, and will take such steps as are considered necessary by way of action or advice to ensure that all legal and safety requirements in respect of their operation are complied with.
- 26.3 All vehicles will be used only for the purposes of the Council, and by such persons and in such a manner as the Senior Manager - Environment & Place shall direct.
- 26.4 No employee may take a vehicle home unless officially rostered for stand-by duty and the vehicle is required for the performance of such duty, and the prior permission of the Senior Manager - Environment & Place has been granted, which permission will not be given unless such use of the vehicle is essential for the conduct of Council business. In such circumstances the unofficial or unauthorised use of a vehicle including the carrying of unauthorised passengers is prohibited. Where the occurrences of standby duties are infrequent, vehicles should be kept at the council's place of business. Occasional standby periods will not be construed as justification for employees taking vehicles home on a regular basis.
- 26.5 If any vehicle is involved in an accident, whether or not there is injury to any person or damage to any vehicle or property, the person in charge of the vehicle at the time of the accident will, not later than the end of the current shift, or earlier if the nature of the accident so warrants, inform the respective Senior Manager of the circumstances, and will complete an accident report on the standard form which will be forwarded immediately to the Senior Manager - Environment & Place, or such other arrangements as may have been put in place. The form is then sent to the Chief Officer - Finance.
- 26.6 All use of vehicles will be recorded in such forms, logbooks and or electronic systems as the Senior Manager - Environment & Place, in consultation with Council Management Team may require.
- 26.7 All vehicles surplus to the requirements of the Council will be disposed of by public auction or by such other method as the Senior Manager - Environment & Place may determine. The Chief Officer - Finance must be notified of all disposals and acquisitions of vehicles.
- 26.8 Each Senior Manager will ensure that all risks relating to the operations of vehicles within their Service have been considered and that appropriate safeguards, policies and procedures have been adopted taking into account good risk management practices. In particular it should be noted that no keys should be left in vehicles that are unattended.

## 27 INVENTORIES, STOCKS AND STORES

### Introduction

This Financial Regulation gives details of Council requirements for inventories, stocks and stores. Details of procedures relating to inventories and stock reporting at the financial year end are detailed in guidance issued by the Chief Officer - Finance.

Inventories relate mainly to furniture and equipment, procedures are therefore applicable to all Council locations. Stock is held by various Council Services at a number of stores and depots.

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 regular basis.

### Note

Confusion often arises between the meaning of 'inventories' and 'stores' or 'stock'. For ease of reference the Code uses these terms as follows:-

**Inventories** - computer equipment, equipment, fittings, furniture, machinery, plant, software, vehicles, and other similar items.

**Stock or Stores** - items used in the delivery of a service - cable, cement, fuel, glass, ingredients, light bulbs, piping, raw materials, sink units, spare parts, stationery, wood, and other similar items.

**All inventories items should be kept secure in accordance with good risk management practices. This will also apply to stock or stores items until they are required for use.**

- 27.1 Inventories will be maintained on a continuous basis by all Senior Managers, and these will contain an adequate description of furniture, fittings and equipment, plant and machinery, save that the extent to which the property of the Council will be so recorded. The form in which the inventories will be kept is to be determined by the appropriate Senior Manager with the concurrence of the Chief Officer - Finance.
- 27.2 Each Senior Manager will be responsible for maintaining an annual check of all items on the inventory, for taking action in relation to surpluses or deficiencies and noting the inventory accordingly. Any material deficiency will immediately be notified to the Chief Officer - Finance.
- 27.3 The care, custody and level of stock in any Service will be the responsibility of the Senior Manager, who will ensure that:
- 27.3.1 adequate arrangements have been made for the proper and secure storage of all stock and that these arrangements have taken account of good risk management practices;
  - 27.3.2 stock levels are maintained at the minimum level sufficient to meet the operational requirements of the Service. Stocks and stores items will not be held in excess of these requirements except in specific circumstances agreed by the Senior Manager;
  - 27.3.3 all stocks received, issued or otherwise disposed of are accounted for in the manner prescribed by the Chief Officer - Finance;

- 27.3.4 stocks are checked at least once a year by persons independent of the day to day administration of those stocks; and
- 27.3.5 any surpluses or deficiencies found on stocktaking or at any other time are investigated and reported to the Chief Officer - Finance.
- 27.4 The Chief Officer - Finance may with the concurrence of the Senior Manager concerned write off losses of stock up to a value of £10,000 for individual stock items.
- 27.5 Surplus materials, stores and equipment will be disposed of by competitive tender or public auction except where the Senior Manager certifies that the income likely to accrue from disposal is less than £10,000. No items which collectively cost more than £35,000 can be disposed of without the approval of the Chief Officer - Finance. Competitive tenders will be taken by the Chief Officer - Finance following an approved process.
- 27.6 Similarly where an item on an inventory is surplus to Service requirements, the appropriate Senior Manager, before disposing of the item, will consult the Chief Officer - Finance.
- 27.7 The Council's property will not be removed otherwise than in accordance with the ordinary course of the Council's business or used otherwise than for the Council's purposes except in accordance with specific directions issued by the Senior Manager concerned and subject to maintenance of appropriate records.
- 27.8 Senior Managers will provide the Chief Officer - Finance with appropriate records of stocks and stores held as at 31st March of that year (or other date as determined by the Chief Officer - Finance), by the date requested each year.

## 28 PROPERTY AND SECURITY

### Introduction

**This Financial Regulation details the Council's requirements for Property and Security for Council Properties. It includes: -**

- **the maintenance of a land database together with a register of all Heritable Properties**
- **custody of Title Deeds**
- **security for cash, cheques, data or information, equipment, financial documents, furniture, keys, and stores**
- **compliance with all Information System policies.**

**In addition there is a section which relates to the Council's responsibilities for the protection of Private Property and the circumstances when this would apply.**

28.1 The Senior Manager - Infrastructure or an officer nominated will maintain a land database, including a register of all properties owned or leased by the Council.

28.2 This Register shall as far as practicable, include the following information:

- Location and Plan Register
- Property Address
- The purpose for which the property is held
- Tenure
- Description
- Occupier
- Current Valuation
- Date of Valuation
- Bases of Valuation eg market valuation, insurance
- Purchase Details
- Estimate of Remaining Life of Asset
- Rents Payable
- Tenancies Granted

28.3 Similarly the Chief Officer - Housing should maintain a register of HRA properties and Plant and Vehicles, respectively with relevant information included.

28.4 Information relating to all of the above Registers should be made available to the Chief Officer - Finance to support Capital Accounting and other requirements for an Asset Register and should be cross referenced to the Title Deed register.

28.5 Each Senior Manager is responsible for maintaining proper security at all times of all buildings, stocks, stores, furniture, equipment, cash etc. under their respective control. The appropriate Officers will be consulted in any case where security is thought to be defective or where it is considered, or has been advised, that security may be inadequate, or that special security arrangements may be required.

28.6 Each Senior Manager is responsible for evaluating risks within their Service and ensuring that there are adequate procedures in place to monitor risk and take appropriate actions to manage the risks identified.

28.7 Each Senior Manager should put in place, or ensure compliance with, arrangements for the control of visitors to buildings. This will include the logging in and out of visitor's books, ensuring that visitors are not left unaccompanied in Council buildings at any time and that the health and safety of visitors to Council buildings is safeguarded.

- 28.8 The arrangements for Information Security are outlined in the Information Security Policy Statement, which must be complied with by all staff. The policy addresses how Information Security will be provided and what will be included.
- 28.9 All heritable securities which are the property of or in the name of the Council, or its nominees, and the title deeds of all property in its ownership will be held in custody of the Chief Officer - Governance.
- 28.10 Each Senior Manager will advise the Chief Officer - Finance of all circumstances within the Service where cash is held or is otherwise under the control of employees of the Council, and shall ensure that all amounts of cash so held or controlled do not exceed such amounts as may be prescribed by the Chief Officer - Finance. (Various limits apply depending on the security arrangements in place). These cash limits must not be exceeded without the prior written agreement of the Chief Officer - Finance.
- 28.11 The following procedures should be followed in order to account for and control the use of keys:
- 28.11.1 A register of keyholders must be kept in each location;
- 28.11.2 Keys to safes and similar security receptacles must be carried on the persons of those responsible or held in a secure place if this practice is inconvenient. The loss of any such keys must be reported immediately to the appropriate Senior Manager and Chief Officer - Finance;
- 28.11.3 Keys to safes and similar security receptacles must not be left in unattended premises, which house the safe unless kept in a secure key safe. The key to such a key safe must not be left on the premises. Similar provisions apply to safe security combinations; and
- 28.11.4 Duplicate keys and records of safe combinations must be held securely in a different location from the safe or similar receptacle.
- 28.12 All employees will be issued with an identity card containing a photograph and the employee's designation. Identity cards must be carried at all times whilst the employee is on Council business and must be produced to any person having reasonable grounds to know the identity of the holder. Senior Managers should put in place arrangements to withdraw identity cards, and any other access cards, immediately someone has left the employment of Stirling Council as part of the exit interview process detailed by HR.
- 28.13 The Chief Officer - Finance will be responsible for ensuring that secure arrangements are in place for the preparation and storing of cheque stationery, stock certificates, bonds and other financial documents.
- 28.14 Senior Managers will be responsible for the security, custody and control of all documents within their Service. The retention period for all financially related books, forms and records will be determined by the Chief Officer - Finance. (See also Financial Regulation 11 Retention of Financial Documents).
- 28.15 Senior Managers will be responsible for ensuring compliance with all Information Security Policies approved by the Council or the Council Management Team. The purposes of these policies is to ensure that:
- 28.15.1 there are efficient arrangements for the security of Information Systems (IS), Information Technology (IT) and associated data, software and services;

- 28.15.2 all users of the Council's IS, IT and associated data, software and services are clear about what is acceptable and unacceptable usage.
- 28.16 Senior Managers should ensure that staff comply with the policies on Information Security. In particular the Do's and Don'ts of Information Security which is available on the Council's intranet.
- 28.17 Insignia of Office and similar items will be deposited with the Chief Officer - Governance for safe custody.

#### **Protection of Private Property**

- 28.18 Each Senior Manager will notify the Depute Chief Executive in such form as may be required of any case known where the Council has assumed a legal responsibility to prevent or mitigate loss of or damage to movable private property, and will in each case cause an itemised inventory to be prepared in the presence of two Officers.
- 28.19 Where the Depute Chief Executive so determines, any valuables such as jewellery, cash or documents of title will be deposited for safe custody with the relevant Senior Manager.
- 28.20 Any person who, by virtue of employment with the Council, is responsible for the custody or management of cash or property belonging to a third party will, in so doing, employ standards of stewardship no less than those laid down in these Regulations and elsewhere for cash and property belonging to the Council.
- 28.21 The standards of stewardship will follow good risk management practices and each Senior Manager will be required to carry out an assessment of the effectiveness of the safekeeping arrangements at least annually.
- 28.22 Each employee will, if so required by the Chief Officer - Finance or the Senior Manager concerned, provide immediately a full and proper account of all cash and property received from, or on behalf of a third party, and will, if so directed, transmit such cash or property to any other specified person or persons as may be entitled to receive it.

## 29 TREASURY MANAGEMENT

### Introduction

This Financial Regulation explains the Council's policy for treasury management.

Such activities are not necessarily confined to one specialist section of the Council as is often portrayed. Each person within the Council has an important role to play and can actively assist by good financial housekeeping on a day to day basis. For example, staff can assist in improving savings on interest charges and cash flow by giving the Chief Officer - Finance and/or Treasury Management Accountant advance notice of any large requests for payment or anticipated large receipts.

### Policy Statement

29.1 The Council defines its treasury management activities as:

**“The management of the organisation's borrowing, 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 those risks”.**

29.2 The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which effective treasury management activities will be measured. Accordingly the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

29.3 The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

29.4 The Treasury Policy Statement is supported by a manual of Treasury Management Practices. This manual sets the framework within which the scope of all treasury management powers and activities operate.

29.5 All borrowing and lending will be effected in the name of the Council and the Council will adopt the key recommendations of CIPFA's Treasury Management in Public Services: Code of Practice (the Code).

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

29.6.1 a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities;

29.6.2 suitable treasury management practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

29.7 The content of the policy statement and TMPs will follow the recommendations contained in the Code, subject only to amendment where necessary to reflect the particular circumstances of the Council. Such amendments will not result in the Council materially deviating from the Code's key recommendations.

- 29.8 The Council will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year report and an annual report after its close, in the form prescribed in its TMPs.
- 29.9 The Council is responsible for the implementation and monitoring of its treasury management policies and practices. The Council delegates responsibility for the execution and administration of treasury management decisions to the Chief Officer - Finance and/or designated staff, who will act in accordance with the Council's policy statement and TMPs and, if officers are CIPFA members, CIPFA's Standard of Professional Practice on Treasury Management.

### **Approved Activities**

- 29.10 The Council's treasury activities are solely concerned with the management of debt and short term investment and the Council will not take up any speculative positions which may be interpreted as trading activities. The authority will not engage in any borrowing or lending activities other than those set out within its policy statement.
- 29.11 In the operation of Treasury activities, the limitation of exposure of capital to risk is of primary significance, and the pursuit of high returns is of secondary importance. Only investment instruments set out in the Investment Regulations published by the Scottish Government will be regarded as valid instruments for the Council to utilise. Any other instruments will be regarded as ultra vires. As well as the Investment Regulations, regard should also be paid to statute and case law which governs the financial affairs of Scottish local authorities, in determining what should be regarded as permitted investment instruments.

### **Use of Treasury & Investment Advisers**

- 29.12 The Chief Officer - Finance may appoint advisers for assistance and guidance on treasury management activities and may engage advisers on other financing aspects as considered appropriate, such as lease finance.
- 29.13 The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon external service providers.

### **Administrative Arrangements & Delegated Powers**

- 29.14 All funds in the hands of the Council will be aggregated for the purposes of Treasury Management and will be under the control of the Officer designated for the purposes of Section 95 of the Local Government (Scotland) Act 1973, in Stirling Council's case, the Chief Officer - Finance.
- 29.15 The Council delegates responsibility for the implementation and monitoring of its treasury management policies and practices to the Finance & Economy Committee, and for the execution and administration of treasury management decisions to the Chief Officer - Finance and/or designated staff, who will act in accordance with the Council's policy statement and TMPs and, if officers are CIPFA members, CIPFA's Standard of Professional Practice on Treasury Management.
- 29.16 All investments of money under its control will be made in the name of the Council or in the name of nominees approved by the Council; bearer securities will be excepted from this regulation but any purchase of such securities shall be reported to the Council.
- 29.17 The Chief Officer - Finance, or other designated officers, are authorised to sign all loan, leasing and investments documents unless:

29.17.1 statute or other legal requirements require other signatures, or

29.17.2 alternative arrangements have been approved by the Council.

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

29.19 The Council have approved the delegation of powers to the Chief Officer - Finance for the approval of Prudential Borrowing for projects below a limit of £500,000.

#### **Reporting Requirements and Annual Report**

29.20 The Council will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid year report and an annual report after its close, in the form prescribed in its TMPs. These reports will be received by the Finance & Economy Committee.

29.21 Should the Chief Officer - Finance wish to depart in any material respect from the main principles of the CIPFA Code, the reasons must be disclosed in the report to the Finance & Economy Committee/Council prior to any actions being taken.

## 30 INVESTMENTS, TRUSTS AND CHARITABLE FUNDS

### Introduction

This Financial Regulation details the Council's requirements for the stewardship of the Common Good Funds, Trusts and other Charitable Funds. It includes: -

- Appointment of an Investment Manager
- Performance Review by the relevant Committee
- Safe custody and control of funds and securities
- Guidance for Curators

- 30.1 All heritable securities which are the property of or in the name of the Council or its nominees and the title deeds of all property in its ownership will be held in custody of the Chief Officer - Finance. Where possible trust funds will be in the name of the Council.
- 30.2 Unless otherwise provided for in a trust deed or Investment Mandate, the sale of investments, will be in line with the policy determined by the Council.
- 30.3 All Officers acting as trustees by virtue of their official position will deposit all securities, etc. relating to the trust or charitable fund with the Chief Officer - Finance, unless the deed otherwise provides.
- 30.4 The Chief Officer - Finance will ensure appropriate custody and control of all charitable funds held by the Council ensuring that all expenditure is in accordance with the conditions of relevant trust deeds.
- 30.5 The disposal of assets which belong to the Common Good Funds, is delegated to the Provost's Panel, and any disposal should be reported in the Council Bulletin.

### Holding of Funds for Third Parties

- 30.6 The Council is occasionally appointed to hold funds for third parties, e.g. Access to Funds and Intervention Orders under the Adults with Incapacity Act and other appointeeships under social security legislation. In such cases a proper duty of care should be exercised by Council officers. Appropriate security of such funds should be arranged, with strict controls over who can authorise the use of funds, including the return of funds to the third party, as and when the intervention orders no longer apply.

## **31 INSURANCE**

### **Introduction**

**This Financial Regulation summarises the Council's requirements with regards to insurance.**

### **Insurance Arrangements**

- 31.1 The Chief Officer - Finance may appoint Insurance Brokers, Advisers, Insurers/Underwriters and Claims Handlers, to advise on all aspects of insurance and risk management.
- 31.2 The Chief Officer - Finance will take out the necessary insurances to protect the interests of the Council and will review the terms and conditions of such insurances as required.
- 31.3 Senior Managers will give prompt notification to the Chief Officer - Finance of all new or increased risks, properties, vehicles, equipment and other assets which require to be insured and of any alterations affecting existing insurances.
- 31.4 Senior Managers will advise the Chief Officer - Finance of any activities within their Service remit which might result in any person or body having a claim against the Council.
- 31.5 Senior Managers will advise the Chief Officer - Finance of employees of the Council who require fidelity guarantee insurance cover and the Chief Officer - Finance will arrange insurance cover.
- 31.6 The Chief Officer - Finance will annually, or at such other lesser period as may be considered necessary, review all insurances in consultation with other Senior Managers as appropriate.
- 31.7 Senior Managers will consult the Chief Officer - Finance regarding the terms of any indemnity which the Council is requested to give.

### **Claims Procedure**

- 31.8 Senior Managers will immediately notify the Chief Officer - Finance in writing of any loss, liability or damage or any other event likely to lead to a claim, and shall inform the Police where there is a legal liability to do so, or where, after consulting the appropriate Officers of the Council, they have been advised to do so.
- 31.9 Senior Managers will immediately notify the Audit Manager of all incidents involving loss or theft of Council assets and other incidents involving dishonesty.
- 31.10 At no time will liability be admitted or any indication given that an offer of settlement will be made to a claimant or potential claimant.
- 31.11 The Chief Officer - Finance will be responsible for the administration, negotiation and settlement of all insurance claims made by or against the Council in consultation with other Officers where necessary.
- 31.12 The Chief Officer - HR or a nominated officer will be informed of all cases involving personal injury to employees.

## 32 TAX MANAGEMENT

### Introduction

**This Financial Regulation sets out the Council's requirements for Income Tax and VAT Management. It includes:-**

- **Allocation of responsibility for taxation to the Chief Officer - Finance**
- **The appointment of professional advisers**
- **The requirement for Senior Managers to consult the Chief Officer - Finance on transactions which have tax implications.**

**Periodically the Council is inspected by HM Revenue and Customs. These inspections may result in the imposition of penalties for non-compliance with tax law. Therefore, it is essential that Senior Managers ensure that employees are aware of any relevant taxation matters and that where necessary guidance is obtained from the Chief Officer - Finance.**

32.1 In particular the Chief Officer - Finance will be responsible for:

32.1.1 ensuring that transactions comply with relevant statutory requirements and authorities;

32.1.2 minimising the Council's tax liability; and

32.1.3 maximising the Council's cash flow.

32.2 In carrying out such responsibilities the Chief Officer - Finance will ensure that:

32.2.1 duties in relation to taxation and tax management are defined and allocated;

32.2.2 financial control systems operate effectively, produce the necessary information and minimise the risk of error;

32.2.3 appropriate guidance is provided to employees involved in processing tax related transactions;

32.2.4 assistance is provided for any investigations undertaken by any Government Agency, and that justification for assessments made resulting from investigations are properly reviewed;

32.2.5 arrangements are put in place to monitor the execution of these responsibilities; and

32.2.6 any significant changes to the Council's tax affairs are reported to the Council.

32.3 The Chief Officer - Finance may appoint external tax specialists.

32.4 The Chief Officer - Finance will be responsible for the dissemination of information on tax matters as appropriate. Senior Managers will be responsible for implementing guidelines introduced by the Chief Officer - Finance regarding any particular aspect of tax.

32.5 Where transactions of a new or unusual nature are being considered, Senior Managers will consult with the Chief Officer - Finance on the tax implications before committing the Council.

### 33 VALUE ADDED TAX

#### Introduction

This Financial Regulation provides advice on VAT.

VAT is charged on taxable goods and services supplied in the course of business by a registered person or company. The Council is registered for VAT.

The Council's VAT Registration Number is 663 873 401

#### Supplies Made by the Council

- 33.1 Many services the Council provides are undertaken as part of its statutory duties, funded from Council Tax, Rates and Central Government Grants, and are therefore regarded as "non-business" for VAT purposes and VAT is not chargeable. However, some goods and services supplied by the Council are subject to VAT. In cases of doubt advice should be obtained from the VAT Accountant.
- 33.2 When debtor accounts are issued and income banked the correct VAT liability must be applied when processing to the Financial Ledger. Penalties for not treating VAT properly on income can be severe.
- 33.3 Invoices rendered by the Council for goods and services provided will conform to HM Revenue and Customs requirements and will be agreed with the Chief Officer - Finance.
- 33.4 Senior Managers will ensure the VAT classification of all new charges raised is confirmed with the Chief Officer - Finance who will also provide detailed guidance on the VAT classifications applicable to other service charges and suppliers.

#### Supplies to the Council

- 33.5 When invoices are being paid, the correct VAT liability must be applied when processing to the Financial Ledger.
- 33.6 To reclaim VAT, the Council must have a valid tax invoice from a registered trader and be able to produce it on request. If input tax is claimed and not supported by a valid invoice the Council may be liable for penalties for misdeclaration of tax.

Invoices for services or supplies to the Council must meet HM Revenue and Customs requirements.

#### Categories of VAT

- 33.8 There are various different categories of VAT, each of which has a different code in the Financial Ledger:

Category	Rate	VAT Code	Description
Standard Rated	20%	01	All transactions taxed at 20% unless they fall into one of the other categories
Lower Rated	5%	05	Specific supplies of goods & services taxed at a reduced rate

<b>Category</b>	<b>Rate</b>	<b>VAT Code</b>	<b>Description</b>
Zero Rated	0%	02	Specific supplies of goods & services taxed but at a rate of 0%
Exempt	No VAT	03	Supplies of goods & services specifically exempt
Non Business	No VAT	04	Supplied under statutory duties