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## **SECTION A: INTRODUCTION**

### **1. STATUS OF FINANCIAL REGULATIONS**

- 1.1 These Financial Regulations form part of the Standing Orders approved by the Council and must be read in conjunction with the Standing Orders.
- 1.2 The Council's Standing Orders and Financial Regulations form a key element of the Council's code of Corporate Governance, that is, the framework of guidance and control that allows the Council to demonstrate that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest, and accountable manner.
- 1.3 All Falkirk Council elected Members and Officers are required to ensure that they maintain the highest standards of probity in dealing with public money and in demonstrating that all appropriate steps have been taken to ensure that best value is achieved. While compliance with these Financial Regulations should provide a framework to facilitate this, the overriding principles of best value should be borne in mind at every stage of Members' and Officers' decision making process.
- 1.4 The Director of Finance is, for the purposes of Section 95 of the Local Government (Scotland) Act 1973, the Proper Officer, under the general direction of the Council and the Chief Executive, for the administration of the Council's financial affairs.
- 1.5 In addition to these Financial Regulations, the Director of Finance may issue financial guidelines. Subject to the approval of, and in collaboration with, the Director of Finance, Chief Officers may also issue financial guidelines, as appropriate, for their Service. A list of such guidelines is available from the relevant Services.
- 1.6 Any exemptions from the principles and procedures set out in these Financial Regulations must be authorised, in writing, by the Director of Finance. Consideration will only be given to exemptions where there are alternative, efficient and effective control arrangements in place.
- 1.7 Every Committee, Sub-Committee, Member, and Officer of the Council must adhere to these Financial Regulations (in exceptional circumstances the principles of best value may override these Regulations, in which case advice should be sought from the Director of Finance).
- 1.8 Chief Officers must ensure that all Officers are made aware of the Regulations and the requirement to comply with them. All new staff should be made aware of the Financial Regulations through the induction process.
- 1.9 All staff must report any breach of these Financial Regulations that they become aware of to their line manager or to the Director of Finance immediately. Failure by any Officer to comply with the Regulations or, in the case of staff with supervisory responsibilities, failure to ensure the compliance of others, may give rise to disciplinary consequences.

- 1.10 In addition to these Financial Regulations, Members and Officers must follow the Council's policies and procedures. Of particular relevance are the Councillors' Code of Conduct, the Code of Conduct for Members and Officers, and employees' Conditions of Service. These contain rules on issues such as gifts, hospitality, use of Council resources and conflicts of interest.
- 1.11 Wherever practical, financial transactions should be aggregated for the purposes of these Financial Regulations and, therefore, financial limits must not be avoided by deliberately splitting transactions into smaller components.
- 1.12 In exceptional circumstances, an Officer may make an expenditure commitment which is essential to meet any immediate need created by an emergency, subject to any such action being reported to, and retrospectively approved (or otherwise) in writing by, the relevant Chief Officer at the earliest opportunity.

## **SECTION B: FINANCIAL STEWARDSHIP AND BUDGETING**

### **2. FINANCIAL STEWARDSHIP**

- 2.1 The Policy and Resources Committee is responsible for regulating and controlling the finances of the Council in conformity with these Regulations. It will keep the Council informed as to the state of the Council's finances and will report on the accounts of each financial year as soon as practicable.
- 2.2 In addition, the Audit Committee has a role in monitoring the adequacy of the Council's arrangements for risk management, governance and control. The Audit Committee is responsible for reviewing the Annual Governance Statement, which provides a report on the adequacy of the Council's corporate governance arrangements, including financial governance, prior to its inclusion in the Council's Annual Report, on an annual basis.
- 2.3 The Director of Finance is responsible for:
- reporting to the Policy and Resources Committee on the level of financial resources proposed to be used in each financial year;
  - keeping the Policy and Resources Committee informed with respect to the Council's finances and financial performance;
  - informing other Committees about the financial implications of their activities.
- 2.4 Chief Officers must consult with the Director of Finance on the financial aspects of any report to any Committee, and before any commitment is incurred, which may significantly affect the finances of their Service and / or the Council.

### **3. BUDGETS**

- 3.1 The detailed form of capital and revenue budgets will be determined by the Director of Finance under the general direction of the Policy and Resources Committee.
- 3.2 Each Chief Officer will, in good time and in line with the timetable set by the Director of Finance, submit proposed programmes of budgeted revenue and capital expenditure and income for the ensuing financial year(s) to the Director of Finance for transmission to the Policy and Resources Committee.
- 3.3 The draft revenue budgets must be submitted to the Council for approval no later than the date prescribed by statute, currently 11th March in each year. In practice, as the Council collects the first direct debit from Council Tax payers in April, approval requires to be provided by mid-February.
- 3.4 The inclusion of items in approved revenue or capital budgets will constitute authority to the Committee or Chief Officer, as appropriate in terms of the Scheme of Delegation, to incur such expenditure during the period covered by that budget.

#### **4. BUDGETARY CONTROL**

- 4.1 It is the responsibility of each Chief Officer to monitor and control revenue and capital income and expenditure within the limits of the budgets approved by the Council.
- 4.2 In terms of the Local Government in Scotland Act 2003, the Council has agreed that a statutory trading account is required for trading operations with a turnover greater than 2% of the Council's total revenue spending. The Directors of Corporate and Neighbourhood Services and Development Services are responsible for ensuring that the Building Maintenance and Roads and Civil Engineering trading operations maintain statutory trading accounts and meet the requirements laid down by the Local Government in Scotland Act 2003. In order to demonstrate best value, Directors are responsible for ensuring that appropriate accounts are maintained for the Council's non-statutory trading operations.
- 4.3 To facilitate the monitoring and control of revenue and capital expenditure, and income, the Director of Finance will provide Services with access to the corporate financial systems. The Director of Finance may also provide statements of income and expenditure to Services where this is deemed necessary to maintain sound financial control.
- 4.4 The Director of Finance, after consultation with each Chief Officer will, in good time, ensure that the Policy and Resources Committee is informed if it is forecast that the total revenue or capital expenditure or income for a Service is likely to vary significantly from the approved budget.
- 4.5 The Director of Finance will submit regular statements of revenue and capital expenditure and income against budgets to the Policy and Resources Committee, as well as a report on the projected (and actual) year-end outturn.

#### **5. BUDGET TRANSFERS (Virement)**

- 5.1 Virement is the transfer of whole or a part of a Committee approved revenue or capital budget to a different budget heading through the Council's financial ledger. For the avoidance of doubt, this definition applies to transfers between Divisions or between Services.
- 5.2 Except as detailed below, virements of up to £350,000 between budgets can be proposed by Chief Officers and approved by the Director of Finance. A clear and documented trail of the proposal, including the reasons for the proposed virement, must be prepared by the Chief Officer and submitted in writing to the Director of Finance. Formal written approval, or otherwise, of virements must be retained by the Director of Finance. Virements in excess of £350,000 must be approved by the Policy and Resources Committee.
- 5.3 For capital budgets, the Policy and Resources Committee must approve any individual changes to the approved project or expenditure block of more than £350,000.

- 5.4 If unbudgeted revenue or capital income of more than £50,000 is received from a single external organisation over any 12 month period, details of the source, amount and intended use should be reported to the relevant Chief Officer, the Director of Finance, and the Policy and Resources Committee.
- 5.5 Schools must adhere to the budget virement and carry forward rules contained within the Devolved Schools Management Scheme.

## **6. ACCOUNTING**

- 6.1 All accounts and accounting records of the Council must be compiled under the direction of the Director of Finance. The Director of Finance will exercise supervision and control over all financial records and systems maintained by other Services, particularly with regard to ensuring uniformity. Services must inform the Director of Finance of any issues in this regard at the earliest opportunity.
- 6.2 The Director of Finance is responsible for ensuring that the Abstract of Accounts is produced in accordance with accounting requirements and that it is submitted to the Controller of Audit by the required statutory deadline, currently 30th June. Chief Officers must promptly provide the Director of Finance with all relevant information to meet this deadline.

## **SECTION C: CONTROL ARRANGEMENTS**

### **7. DOCUMENT RETENTION**

- 7.1 Chief Officers must put in place, and enforce, proper arrangements to ensure that all financial, legal and other documents are retained in accordance with the Council's retention schedules. This requirement applies equally to those documents stored electronically.
- 7.2 Where there is any doubt, Services must seek advice from the Records Management Section of Law and Administration Services as to the retention periods for specific documents.

### **8. ICT SECURITY**

- 8.1 All Officers of Falkirk Council, Elected Members, and Officers and agents of external organisations who in any way access or have responsibility for any Council information system, or have access to Council owned data, must adhere to the Council's Information Security Policy issued by the Director of Corporate and Neighbourhood Services. All new staff should be made aware of the Information Security Policy through the induction process.
- 8.2 The purpose of the Information Security Policy is to ensure that:
- all groups of staff are aware of the policy statement and associated legal and regulatory requirements, and of their rights and responsibilities in relation to Information Security;
  - all Council assets, including equipment and data, are adequately secured and protected;
  - a high level of awareness exists of the need to comply with Information Security measures;
  - where appropriate, monitoring arrangements are put in place to ensure compliance with policy objectives, guidelines and standards.
- 8.3 The Information Security Policy and associated guidelines for specific areas of Information Security will be developed by ICT in conjunction and consultation with the Corporate ICT Strategy Group (as appropriate) and agreed and implemented through the Corporate ICT Strategy.
- 8.4 While it is the responsibility of each member of staff to adhere to the Policy, all Chief Officers are directly responsible for implementing the Policy within their Service and for adherence to the Policy by their staff. Failure to comply with defined Policy and procedures, which are based on the security principles set out in ISO27001, the international standard for the establishment, implementation, control and improvement of the Information Security Management System, may be treated as a disciplinary offence, irrespective of whether there is any compromise of systems or data.

## **9. SEGREGATION OF DUTIES**

- 9.1 No Officer should have sole responsibility for all elements of a financial transaction, for example the requisition, order, receipt and payment for a good or service. It is Chief Officers' responsibility to ensure that appropriate segregation is applied between the key stages of every transaction, from beginning to end.
- 9.2 Ideally, there should be segregation between the Officers ordering and receipting/paying for goods and services. In exceptional circumstances, however, this may not be practical and, in those instances, the Director of Finance may approve exceptions (submitted formally and in writing), provided adequate compensating control and monitoring procedures are in place.
- 9.3 Officers involved in calculating and / or recording any income due to the Council should not collect or process the related income.
- 9.4 All cash collection and cash accounting records should be examined and checked by a second Officer, with periodic sample checks by line management as appropriate. All checks must be documented. Particular care must be taken to implement proper controls in all Council offices where Officers are required to collect and handle cash or valuables, in order to protect those individuals from suspicion or accusation.

## **10. FOLLOWING THE PUBLIC POUND**

- 10.1 Services must adhere to the Council's 'Funding at Falkirk' guidance for allocating funds to external organisations. This guidance incorporates the "Code of Guidance on Funding External Bodies and Following the Public Pound" issued jointly by COSLA and the Accounts Commission, and applies where funding is provided or transferred to arms-length bodies such as companies, trusts and voluntary organisations. Contractual arrangements which have been agreed via a process of competitive tendering are exempt, and Contract Standing Orders apply.
- 10.2 Prior to the allocation of funding to an external organisation, advice should be sought from the Council's External Funding Unit. In summary, the process for the allocation of funding will be as follows:
- determine whether funding is to be provided in line with Following the Public Pound or Contract Standing Orders (External Funding Unit will provide assistance as required);
  - Undertake a risk assessment based on the level of funding to be provided, the period over which funding is to be provided, and other risk factors as per Following the Public Pound Guidance;
  - Based on the results of the risk assessment, the following will apply:
    - **Single year** support of <£20,000 and risk assessment **low**: apply small grants terms and conditions. Authorisation by Head of Service and no requirement to report to Committee;
    - **Single Year** support of <£20,000 and risk assessment **medium/high**: Joint Working Agreement and Committee approval required. Annual report to Information Bulletin;



- **Multi-year** support of <£20,000 and risk assessment **low**: Joint Working Agreement and Committee approval required. Annual report to Information Bulletin;
- **Multi-year** support of <£20,000 and risk assessment **medium/high**: Joint Working Agreement and Committee approval required. Annual monitoring report must be submitted to Committee;
- **Single year** support of >£20,000 and risk assessment **low/medium/high**: Joint Working Agreement and Committee approval required. Annual report to Information Bulletin;
- **Multi-year** support of >£20,000 and risk assessment **low/medium/high**: Joint Working Agreement and Committee approval required. Annual monitoring report must be submitted to Committee.

## **SECTION D: INCOME AND EXPENDITURE**

### **11. INCOME**

- 11.1 Chief Officers will, at least annually and in consultation and agreement with the Director of Finance, review all scales of charges or tariffs relating to their Service. Appropriate steps will be taken to publicise all fees and charges.
- 11.2 Chief Officers are responsible for identifying all sources of income within their Service, for calculating and collecting the income due to the Council, and for monitoring to ensure all income is duly and timeously received (all significant shortages must be immediately brought to the attention of the Director of Finance). Chief Officers are also responsible for retaining clear and formal records relating to amounts due, received and outstanding.
- 11.3 Finance Services and Law and Administration Services may provide assistance to Services in the collection and monitoring of income.
- 11.4 Chief Officers must promptly provide the Director of Finance with the details necessary to raise accounts for sums due to the Council.
- 11.5 All income received by an Officer of the Council must be immediately acknowledged by the issue of an official receipt, or other such document as approved by the Director of Finance. An exception to this rule may be permitted with the specific written approval of the Director of Finance.
- 11.6 All receipts and other forms of stationery used to record income will be in a form approved by the Director of Finance. They should be treated as accountable stationery and will be ordered, controlled and issued under secure arrangements approved by the Director of Finance.
- 11.7 All money received by an Officer on behalf of the Council must be paid in full and without delay into an official nominated bank account. Appropriate arrangements must be made for ensuring that all monies are banked securely. Where possible, the Council's contract with an appointed security company should be utilised. Where this is not possible, alternative arrangements should be put in place in consultation with the Council's Income Manager (arrangements will be dependant on factors such as location, amount banked, and staffing).
- 11.8 A clear, documented audit trail must be maintained as evidence of proper income handling, administration and banking.

### **12. DEBT WRITE-OFF**

- 12.1 It is the responsibility of Chief Officers to manage and monitor debts accruing, and to take all reasonable steps, within a reasonable timescale, to ensure that all monies due are collected. A formal and balanced assessment of the likelihood of full or partial debt collection should be carried out, and this should inform the debt recovery action to be taken. There may be occasions where this assessment concludes that it would be uneconomical or impractical to commence or pursue recovery action. Appropriate evidence must be retained to support the results of the assessment.

- 12.2 In those cases where recovery action is pursued, there may be instances where, despite all reasonable steps having been taken, the debt remains outstanding and, in these cases, advice should be sought from the Director of Finance.
- 12.3 Only properly raised sundry accounts can be written off (Note that in the case of outstanding sums in respect of deceased pensioners there is no requirement to raise a sundry account). Where there is to be write off, this should take account of the following financial limits:
- Director of Finance (or delegated Chief Officer): authority to write off any individual debt of £5,000 or less;
  - Policy and Resources Committee: authority to write off any individual debt of more than £5,000.
- 12.4 Accurate and complete records must be retained by the Director of Finance for all debts written off, with documentation retained in line with the Council's retention schedule.

### **13. PURCHASING OF GOODS AND SERVICES**

- 13.1 The Director of Finance and the Director of Law and Administration (or equivalent) must be consulted before any contract, lease, rental, hire purchase arrangement or equivalent is entered into that will result in significant future financial commitment.
- 13.2 Contract Standing Orders specify the circumstances and value of contracts for which formal competitive tenders are mandatory. All contracts above this value, currently £30,000, must comply with the Contract Standing Orders. All Officers responsible for contracts, whatever their value, must read, be familiar with, and apply the requirements of the Contract Standing Orders, including the Protocol on Appointment of Consultants.
- 13.3 The total contract value of orders for similar goods and services must be used when assessing financial limits for purchasing, ie the total cost over the lifetime of the contract. Only in exceptional circumstances should one-off order values be used.
- 13.4 The Council has a Procurement Strategy and operates a Central Purchasing Service (CPS) and User Intelligence Groups (UIG) to co-ordinate and undertake purchasing. The role of the CPS and UIGs is to co-ordinate purchasing arrangements across and within Council Services, ensuring that purchasing decisions achieve best value and reflect the principles of the Council's Procurement Strategy and Policy.
- 13.5 To ensure that the objectives of the Procurement Strategy are achieved, Services must follow any purchasing policies issued by the Director of Corporate and Neighbourhood Services. These policies will also incorporate and cover areas such as environmental purchasing and community benefit.

- 13.6 For purchases below £30,000, Services should use the formal tendering process in which case they must follow the procedure in Contract Standing Orders. If a formal tendering process is not followed, then the Officer authorising the order should be able to demonstrate that best value has been achieved. This can be done by:
- use of contracts or catalogues prepared by the CPS/UIGs;
  - obtaining and retaining a minimum of 3 written quotations;
  - following the advice of the CPS, or Corporate and Neighbourhood Services ICT for computer equipment.
- 13.7 Where no purchasing contracts are in place, Services, in consultation with the CPS, may make their own purchasing arrangements:
- for orders below £1,000;
  - where there is demonstrably no genuine competition; or
  - for orders that require to be made in an emergency.
- 13.8 The principle of achieving best value in purchasing still applies, and Services must retain all relevant documentation relating to all purchases and purchasing decisions.

#### **14. ORDERS FOR GOODS AND SERVICES**

- 14.1 Official orders will be in a form approved by the Director of Finance. They should be treated as accountable stationery and will be ordered, controlled and issued under arrangements approved by the Director of Finance.
- 14.2 Official orders must be raised for all goods or services to be supplied to the Council except where:
- an acceptance letter has been written following a tendering process;
  - there is a prior written agreement which prescribes payment frequency;
  - periodic payments such as rates, subscriptions, and maintenance agreements have been agreed;
  - payment is based on metered use such as gas, telephone, water and electricity;
  - payments are being made via imprest;
  - the supplier requests the completion of their own order stationery, such as for training courses and publications;
  - there are exceptional circumstances, and the specific approval of the Director of Finance has been obtained.
- 14.3 Corporate purchasing cards may also be used by Services for making low value purchases which require instant payment and where there is no corporate contract in place. Appropriate controls over the issue and rescinding of cards, the imposition of transaction and monthly/annual authorisation limits, and the independent checking of transaction statements must be established and rigorously enforced.
- 14.4 For purchases made electronically via the Council's approved systems, appropriate controls over authorisation, ICT security, and pre-payment checks should be established and enforced.

- 14.5 Orders must be given to the supplier in advance of any work, goods or services being provided to the Council. If a verbal order is given, this must be confirmed in writing as soon as possible and marked 'confirmation order'. Exceptions may be approved by the Director of Finance.
- 14.6 All orders and internal requisitions to another Service will be authorised via the Council's approved electronic systems or be signed by an appropriate authorised signatory. Chief Officers will maintain lists of such authorised signatories.
- 14.7 The Officer authorising an order must be satisfied that:
- all appropriate procedures have been followed in the raising of the order;
  - the expenditure is legal and within the power of the Council;
  - there is sufficient budget provision;
  - best value has been achieved;
  - the timing of the order and the quantities ordered are appropriate;
  - the price has been agreed;
  - the nature and quantity of goods or services to be supplied is clearly stated on the order;
  - a correct ledger code has been provided.

## **15. PAYMENT FOR GOODS AND SERVICES**

- 15.1 All payments, except those out of imprests (petty cash) and advances, will be by the automated transfer of funds from the Council's main bank accounts, cheque, or corporate purchasing card.
- 15.2 In the absence of a proper invoice (and matched purchase order), any request for payment must be supported by appropriate documentation signed by an authorised signatory. Chief Officers must, at least annually, supply and update the Director of Finance with the names and specimen signatures of all such authorised signatories.
- 15.3 All invoices must be certified for payment by an authorised signatory. Chief Officers will maintain lists of such authorised signatories.
- 15.4 The authorised signatory must be different to the signatory of the related order. In exceptional circumstances, where this may not be practical, appropriate compensating controls must be in place.

- 15.5 The Officer certifying an invoice or other payment must be satisfied that:
- the goods or services have been received and are of the agreed quantity and quality;
  - the invoice price matches the agreed price;
  - the arithmetic is correct including discounts, credits and VAT;
  - appropriate entries have been made in inventories or stock records;
  - the invoice has not previously been authorised for payment;
  - the invoice is in the name of Falkirk Council (or an integral part of it);
  - the invoice is a proper liability of the Council.
- 15.6 Care must be taken not to make duplicate payments, especially if the invoice is a fax, copy invoice or photocopied invoice. Payments must not be made on the basis of suppliers statements.
- 15.7 Goods and services should not be paid for in advance. In exceptional circumstances, pre-payment may be appropriate, but should only be undertaken after discussion with the Director of Finance, and where it has been established that the advantages clearly outweigh the risks.
- 15.8 Invoices will be promptly input to the creditors system and matched to an order and goods received note. Non-purchase order invoices should be registered in the creditors system and promptly authorised.

## **16. SALARIES, WAGES, PENSIONS AND EXPENSE CLAIMS**

- 16.1 The payment of all salaries, wages, pensions and other payments to employees or former employees of the Council and pensioners of the pension schemes administered by the Council, shall be made by the Director of Finance, or under alternative arrangements approved and controlled by the Director of Finance.
- 16.2 All documents which form the basis of a payment must be in a format approved by the Director of Finance.
- 16.3 All documents, including electronically generated documents, which form the basis of a payment, must be signed by the person completing the form and certified by an authorised signatory(s) as required. The completing and certifying signatures can be either manual or electronic. Chief Officers must supply and update the Director of Finance with the names, designations and specimen signatures of such authorised signatories on at least an annual basis. In the case of electronic signatures and certification, Chief Officers must supply and update the Director of Finance with the names and designations of Officers authorised to complete and certify electronic documents, again on at least an annual basis. Other than in exceptional circumstances, and with the prior approval of the Director of Finance, documents that form the basis of a payment cannot be completed and certified by the same person.

16.4 The certifying Officer must be satisfied that:

- forms and claims have been completed fully, accurately, and in line with all relevant guidance;
- claims are valid;
- claims are not excessive or anomalous;
- in the case of expense claims, journeys were necessary and authorised, expenses were properly and necessarily incurred, and allowances were properly due;
- evidence of expenditure, such as petrol VAT receipts, is provided where appropriate;
- in the case of overtime claims, the Officer was authorised in advance to work the additional hours, and the claimed hours were actually worked.

16.5 Each Chief Officer must keep records to support claims for payment and provide information in a format agreed with the Director of Finance. Each Chief Officer is responsible for the accuracy and authenticity of such information.

16.6 Each month, the Director of Finance shall provide each Chief Officer with a report of the payments that were made to their employees in the preceding calendar month. The purpose of the report is to provide Chief Officers with information that will enable them to identify any matters that may need further investigation and/or correction. For example, an employee who:

- appears to be wrongly coded to the Chief Officer's budget;
- has an unexpectedly high payment; or
- has left employment but continues to receive payments.

16.7 Each Chief Officer shall certify to the Director of Finance, before the end of the calendar month following receipt of the report, that the report has been checked and that any exceptional or anomalous payments have been explained and corrected if necessary.

16.8 The monthly payroll report process is a key financial control that will be subject to scrutiny by both Internal and External Audit. Chief Officers must ensure that documentation is retained to confirm that the report has been checked and that any necessary investigation and/or corrective action has been taken.

16.9 Chief Officers will notify the Director of Corporate and Neighbourhood Services and the Director of Finance as soon as possible of all matters affecting the payment and pension entitlement of employees.

16.10 Appointments of all employees and changes to grades will be made in accordance with approved establishments, grades and rates of pay and any procedures approved by the Director of Corporate and Neighbourhood Services.

16.11 Overtime must be authorised prior to it being worked. Chief Officers must have regard to the reasonableness of the amount of overtime worked, and must ensure that Working Time Regulations, as well as the principle of best value, is adhered to.

16.12 Claims for payment of salaries, wages, overtime and other allowances, including travel and subsistence, must be submitted to the Payroll Section within the deadlines specified by the Director of Finance from time to time. In addition:

- claims must relate to a single pay period;
- claims for travel and subsistence and expenses must be submitted with appropriate receipts attached, including petrol VAT receipts;
- in exceptional circumstances, claims submitted more than two months after the end of the calendar month to which the claim relates will only be paid if authorised by the Chief Officer, and accompanied by a memo from the Chief Officer outlining the reason for the delay.

16.13 The Director of Corporate and Neighbourhood Services and the Director of Finance will keep all Chief Officers informed of changes to conditions of service, pension benefits and other relevant matters.

## **17. PAYMENTS TO MEMBERS**

17.1 Payments to Members of the Council, including co-opted Members and Justices of the Peace, will be made by the Director of Finance, or under arrangements approved by the Director of Finance. For claims relating to expenses, properly completed standard claim form must be submitted in accordance with:

- Guidelines issued on Members Expenses and Allowances; and
- any relevant legislation.

17.2 As per paragraph 16.12:

- claims must relate to a single calendar month; and
- claims for travel and subsistence and expenses must be submitted with appropriate receipts attached, including petrol VAT receipts.



## **SECTION E: ASSETS AND SECURITY**

### **18. INVENTORIES**

- 18.1 Chief Officers must make arrangements for inventory lists to be drawn up for all areas of their Service. The inventory should include details and location of office equipment, furnishings, plant and machinery and any other valuable property. As a guide, a purchase price of £200 may be used to determine if an item should be included on an inventory list. Other factors, such as attractiveness and portability should, however, also be taken into consideration.
- 18.2 For insurance purposes, a copy of all inventory lists should be kept off site. Where manual inventories are held, a separate copy should be held electronically, as part of Services' business continuity arrangements. Where inventories are held electronically, a back-up copy should be held at a different location or on a different server.
- 18.3 Inventories must be kept up to date, with at least an annual check of all items. Any significant discrepancies should be reported to the Director of Finance.
- 18.4 Wherever practical, valuable property should be clearly marked as the property of the Council. All ICT equipment should be clearly marked with an asset number, with guidance available from the Director of Corporate and Neighbourhood Services.
- 18.5 Council property should not be removed from Council premises, other than in the course of proper Council business, except with the specific authority of the Chief Officer.
- 18.6 The Director of Corporate and Neighbourhood Services should be consulted before disposing of any ICT equipment. The disposal of other inventory items should be undertaken in accordance with Financial Regulation 19.4.

### **19. STOCKS AND STORES**

- 19.1 Chief Officers are responsible for the control of any and all stocks and stores held within their Service. Chief Officers must ensure that:
- stock is securely stored;
  - stock levels are maintained at the minimum level required to meet operational requirements;
  - stock records are sufficient and reliable taking into consideration the value and risk associated with the stock;
  - stocks are counted at least once per year and checked by a person independent of the day to day administration of the stock.
- 19.2 All stock write-offs must be authorised in writing by a manager independent of the day to day administration of the stock. Chief Officers should consider the value of individual stock items held in making arrangements for such write-off.
- 19.3 Any significant stock losses or write-offs should be reported to the Director of Finance.

19.4 Surplus stocks can be disposed of as follows:

- if the income realised is expected to be under £5,000, Chief Officers may authorise its disposal (while taking cognisance of 19.5 below);
- if over £5,000, disposal must be by competitive tender, public auction, or equivalent, in consultation with the Central Purchasing Service.

19.5 Where surplus stocks are not suitable for sale or auction, the methods of disposal should follow the priority order below:

- Reuse: Clarify whether there is an interest in the reuse of the surplus stocks, firstly within the disposing Council Service, then with other Council Services and then finally with charity or voluntary groups. The stocks should be transferred to those intending to reuse them following any necessary treatment, for example removal of Council markings;
- Recycle: If there is no demand for reuse then the surplus stocks, where practical, should be appropriately recycled;
- Disposal: if the surplus stocks cannot practically be reused or recycled then they should be disposed of in an appropriately licensed landfill facility.

19.6 Officers disposing of waste must ensure compliance with the 'duty of care' legislation in the Environmental Protection Act 1990.

## **20. VEHICLES, PLANT AND EQUIPMENT**

20.1 The Fleet Manager is responsible for ensuring that all vehicles are maintained in a satisfactory state of repair, and will take action or issue advice to ensure that all legal and safety requirements are complied with. Vehicles includes all those owned, leased, hired by, or otherwise in the custody or control of, the Council.

20.2 Each Chief Officer is responsible for the operation and control of all vehicles, plant and equipment in use within their Service, and for compliance with any guidance and instruction issued by the Fleet Manager, or their Service.

20.3 Chief Officers are also responsible for ensuring that best value is achieved through the use of all vehicles, whether owned, leased, or hired, and for ensuring that Service fleet size and structure, and vehicle usage, is commensurate with business need.

20.4 Vehicles must only be used for the purposes of the Council, and by such persons and in such a manner as the Chief Officer directs.

20.5 No Officer may take a vehicle home unless on official stand-by duty, or where prior formal and written permission has been granted by the relevant Chief Officer. Permission will only be given if use of the vehicle is essential for the conduct of Council business. The unofficial or unauthorised use of a vehicle, including the carrying of unauthorised passengers, is prohibited, and so doing may result in disciplinary action.

- 20.6 If any vehicle is involved in an accident, whether or not there is injury or damage, the person in charge of the vehicle at the time of the accident must complete an accident report on the standard form and forward it immediately to the Fleet Manager and to the Director of Finance. Where there is personal injury the Director of Corporate and Neighbourhood Services should also be notified.
- 20.7 All use of vehicles must be recorded in log books provided by the Fleet Manager.
- 20.8 All vehicles surplus to the requirements of the Council will be disposed of by public auction, or by such other method as the Fleet Manager, and the Central Purchasing Service, may jointly determine.

## **21. ESTATES AND PROPERTY SECURITY**

- 21.1 The Director of Corporate and Neighbourhood Services must maintain a complete, accurate, and up to date register of all Council houses.
- 21.2 The Director of Community Services must maintain a complete, accurate, and up to date register of all other properties, owned or leased by the Council, in line with an agreed Property Management Plan.
- 21.3 The Director of Law and Administration (or equivalent) must keep custody of all title deeds under secure arrangements.
- 21.4 Responsibility for ensuring that there is an effective management system for overseeing the control and maintenance of individual operational Council properties' security systems rests with the appointed Premises Manager. Chief Officers are responsible for ensuring that a Premises Manager has been formally appointed for all buildings within their Service, and for ensuring that the appointed Premises Manager fulfils their obligations as per the Premises Manager's Handbook.

## **22. CASH SECURITY**

- 22.1 Chief Officers must advise the Director of Finance of all new circumstances within the Service where cash is held or is otherwise under the control of Officers of the Council. Chief Officers must ensure that the minimum level of cash is held, subject to the practicalities of individual circumstances.
- 22.2 The transfer of cash, incoming cheques, or valuables, from one Officer to another should be evidenced by a receipt or written record. Chief Officers are responsible for ensuring that Officers are provided with the appropriate guidance and documentation to allow the evidencing of all transfers.
- 22.3 Chief Officers are responsible for the security of safes and similar receptacles. Access must be controlled and limited, and security should be commensurate with risk. A register of keyholders should be maintained and the loss of any key should be reported immediately to the Chief Officer.

## **23. DATA PROTECTION**

- 23.1 The Director of Corporate and Neighbourhood Services, in consultation with the Director of Law and Administration (or equivalent), is responsible for ensuring that proper privacy and security is maintained in respect of information held on manual or computer records, and that the requirements of relevant legislation, such as the Data Protection Act 1998, are complied with.
- 23.2 Chief Officers must ensure that all personal information held on manual or computer records is confined solely to the purposes detailed in the relevant data protection register entry. No person will communicate any such personal information to a third party except where the information is being communicated in compliance with the data protection register entry and where the third party is entitled to receive it in terms of that entry.

## **SECTION F: INTERNAL AUDIT, RISK MANAGEMENT AND INSURANCE**

### **24. INTERNAL AUDIT**

- 24.1 The Director of Finance will make arrangements for a continuous and effective Internal Audit of the financial and other operations of the Council and in doing so, will not be subject to the control or direction of any person.
- 24.2 The aim of the Internal Audit function is to provide an independent and objective opinion to the Council on the risk and control environment, comprising risk management, governance and control, by evaluating its effectiveness in achieving the Council's objectives. It objectively examines, evaluates and reports on the adequacy of the framework of internal controls as a contribution to the proper, economic, efficient and effective use of resources.
- 24.3 Internal Audit must comply with relevant professional guidance, currently the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006.
- 24.4 The Internal Audit Manager has access to report directly to the Audit Committee, Chief Executive, Director of Finance and all other Chief Officers of the Council.
- 24.5 Internal Auditors have authority, on production of identification, to:
- enter at all reasonable times any Council premises or land;
  - access any records, documents, correspondence, and any data held on computer storage media;
  - request and receive such explanations as are necessary concerning any matter under examination; and
  - require any Officer to produce cash, stores or any other Council property under their control or to which they have access.
- 24.6 Chief Officers are responsible for identifying and managing the risk of fraud and corruption, for ensuring that appropriate risk management, internal control and governance arrangements are in place, and that best value is achieved. The Internal Audit Manager's Annual Assurance Report to the Audit Committee will provide an opinion on the overall adequacy and effectiveness of these arrangements.
- 24.7 During the course of each financial year, Internal Audit will review and report on the adequacy and effectiveness of internal controls, in particular:
- the safeguarding of assets;
  - the economic, efficient and effective use of resources;
  - the suitability and reliability of management information; and
  - compliance with approved Council policies, plans and procedures.
- 24.8 Where Internal Audit write a report incorporating recommendations aimed at improving the existing framework of internal control, Chief Officers, must confirm in writing, within the specified timescale, details of the action taken or to be taken, or give an explanation as to why no action is to be taken.

- 24.9 Chief Officers are required to notify Internal Audit of all significant proposed changes to systems, or the establishment of new systems.
- 24.10 In respect of partner organisations, Chief Officers are required to inform Internal Audit where:
- key systems are being operated, or key services provided, to other organisations by the Council;
  - key systems are being operated, or key services provided, by other organisations on behalf of the Council.
- 24.11 The Internal Audit Manager will decide, in consultation with all relevant parties, whether Internal Audit conduct the necessary audit work to derive the required opinions themselves, or rely on the opinions provided by other auditors or inspectors.
- 24.12 Chief Officers are required to promptly notify the Director of Finance of all financial irregularities or of any circumstances which may suggest the possibility of irregularities.
- 24.13 Any Officer has the right to use the Council's Confidential Reporting Policy or contact the Director of Finance or Internal Audit Manager on any financial irregularity or issue which gives them cause for concern.
- 24.13 The Director of Finance will form an opinion on the process to be followed on notification of an irregularity. This decision will be made with due regard to the Council's Anti-Fraud and Corruption Strategy and guidance on Financial Irregularity Investigations.. The Chief Executive and the Director of Law and Administration (or equivalent) will be informed in all significant cases, and the Director of Corporate and Neighbourhood Services will be informed where formal disciplinary action is likely.

## **25. RISK MANAGEMENT AND BUSINESS CONTINUITY**

- 25.1 The Corporate Risk Management Group is responsible for ensuring that there is a consistent approach to risk management, including health and safety, business continuity planning, community safety and emergency planning, across the Council. The Corporate Risk Management Group will be chaired by a Chief Officer, and is responsible for the ongoing review and update of the Corporate Risk Register. The Chair will report periodically to CMT and to the Audit Committee on the status of the Council's Risk Management arrangements.
- 25.2 Chief Officers must ensure that appropriate Risk Management arrangements are established within their Service. A Service Risk Management Plan must be drawn up and maintained by each Chief Officer. This may be supported by subsidiary divisional Risk Management Plans. Services will operate their risk management systems in accordance with corporate guidance.
- 25.3 Chief Officers must have a comprehensive Business Continuity Plan(s) in place for their Service, covering all operational activities and locations. The relevant staff must be aware of, and properly trained to ensure the effectiveness of, the Plan. Plans should be tested at least annually.

- 25.4 Updated copies of Business Continuity Plans and Risk Management Plans must be passed to the Emergency Planning Section of Development Services which will act in a corporate co-ordinating capacity for the Plans.
- 25.5 The Emergency Planning Section will maintain the Council's Emergency Plan for dealing with emergencies affecting the public in the Falkirk Council area. Chief Officers must assist with this plan, for example, by providing regular updated information.

## **26. INSURANCE**

- 26.1 The Director of Finance will make appropriate insurance arrangements and negotiate all claims.
- 26.2 Chief Officers will notify the Director of Finance promptly of any changes in properties, vehicles, equipment and other assets, any new or increased risks, and any activities which might result in claims against the Council.
- 26.3 Chief Officers will immediately notify the Director of Finance in writing of any loss, liability or damage, or any event likely to lead to a claim. Chief Officers will inform the Police where there is a legal liability to do so, or where the Insurance Section has advised them to.
- 26.4 Chief Officers will notify the Director of Corporate and Neighbourhood Services of all cases involving personal injury.
- 26.5 All appropriate Officers of the Council will be included in suitable fidelity guarantee insurance.
- 26.6 Chief Officers will consult the Director of Finance and the Director of Law and Administration (or equivalent) regarding the terms of any indemnity which the Council is requested to give.

## **SECTION G : BANKING AND TREASURY**

### **27. BANKING ARRANGEMENTS AND CHEQUES**

- 27.1 All arrangements with the Council's bankers, including indemnities, will be made by, or under arrangements approved by, the Director of Finance, who is authorised to operate such bank accounts as may be considered necessary.
- 27.2 Bank accounts must not be opened unless authorised in writing by the Director of Finance.
- 27.3 Any direct debits or standing orders must only be set up in accordance with procedures put in place by the Director of Finance.
- 27.4 The Director of Finance will ensure that secure arrangements are in place for the ordering, storage and printing of cheques.
- 27.5 Cheques drawn on the Council's main bank accounts will bear the facsimile signature of the Director of Finance or be signed by the Director of Finance or other Officers formally authorised by the Director of Finance.
- 27.6 All arrangements for transfer, receipt or payment using any form of automated bank transfer will be made by, or under arrangements approved by, the Director of Finance.
- 27.7 Personal cheques must not be cashed out of money held on behalf of the Council, or substituted for cash collected on behalf of the Council.

### **28. PENSION FUND INVESTMENTS**

- 28.1 All pension fund investments will be made in the name of the Council, or in the name of nominees approved by Committee. Bearer securities are excepted from this regulation, but the purchase of bearer securities must be reported to Committee.
- 28.2 All securities other than heritable securities will be deposited with the Director of Finance, or the nominees approved by Committee.
- 28.3 The Director of Finance will report periodically on investment strategy, and on the progress of investments, to the Investment Committee.

### **29. TREASURY MANAGEMENT**

- 29.1 The Council adopts the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice 2001 (as amended).
- 29.2 Accordingly, the Council will create and maintain, as the cornerstones for effective treasury management:
- a Treasury Management Policy Statement, stating the policies and objectives of its treasury management activities;



- suitable Treasury Management Practices, setting the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
- 29.3 The Policy and Resources Committee will receive reports on the Council's 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 set out in the Treasury Management Practices.
- 29.4 The Council delegates responsibility for the implementation and monitoring of its treasury management policies and practices to the Policy and Resources Committee, and for the execution and administration of treasury management decisions to the Director of Finance, who will act in accordance with the Council's Policy Statement and Treasury Management Practices, and CIPFA's Standard of Professional Practice on Treasury Management.
- 29.5 All borrowing and lending will be effected in the name of the Council.
- 29.6 The Director of Finance will be the Council's registrar of stocks, bonds and mortgages granted by the Council, and will maintain records of all borrowing of money by the Council.
- 29.7 The Director of Finance will be responsible for ensuring the Council's compliance with CIPFA's Prudential Code for Capital Finance in Local Authorities, including the preparation and monitoring of prudential indicators.

## **SECTION H : IMPRESTS, ADVANCES AND OTHER FUNDS**

### **30. IMPRESTS/ PETTY CASH**

- 30.1 The Director of Finance will provide an amount of money, called an imprest, for nominated Officers of the Council, for the purpose of paying for minor petty cash expenditure.
- 30.2 Imprests will be operated in accordance with detailed procedures issued by the Director of Finance.

### **31. ADVANCES**

- 31.1 An advance may be issued to an Officer who is likely to incur expenditure on behalf of the Council out of their own pocket.
- 31.2 Advances will be issued and operated in accordance with detailed procedures issued by the Director of Finance.

### **32. INDEPENDENT FUNDS**

- 32.1 Independent funds are those operated by Council Officers by reason of their employment with the Council. Examples include school funds and donation accounts.
- 32.2 Such funds should be operated in accordance with any specific guidance issued by the Director of Finance.
- 32.3 Chief Officers are responsible for:
- authorising the establishment of funds;
  - maintaining a register of all funds and bank accounts;
  - ensuring all funds with their own bank accounts are audited annually.

### **33. CLIENT FUNDS**

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

#### **34. PROTECTION OF PRIVATE PROPERTY**

- 34.1 Circumstances may arise where the Council is required to assume legal responsibility over the moveable property of a third party. For example, personal possessions left in an abandoned house or where a client is moving into care.
- 34.2 Chief Officers must prepare a detailed inventory of all such property. The inventory should be assessed for items of value or legal importance, and arrangements made for their safe custody and eventual disposal in line with operational Service guidance.

#### **35. TRUST FUNDS**

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