

REPORT TO: POLICY AND RESOURCES COMMITTEE – 10 NOVEMBER 2003
REPORT ON: PROPOSED AMENDMENTS TO FINANCIAL REGULATIONS
REPORT BY: DEPUTE CHIEF EXECUTIVE (FINANCE)
REPORT NO: 626-2003

1.0 PURPOSE OF REPORT

1.1 To review the Council's Financial Regulations.

2.0 RECOMMENDATIONS

2.1 That the revised Financial Regulations appended hereto be approved and adopted with immediate effect and it be remitted to the Depute Chief Executive (Finance) to make any consequential amendments if necessary.

3.0 FINANCIAL IMPLICATIONS

3.1 None.

4.0 LOCAL AGENDA 21 IMPLICATIONS

4.1 None of the proposals in this report conflict with the Council's key Agenda 21 themes.

5.0 EQUAL OPPORTUNITIES IMPLICATIONS

5.1 None of the proposals in this report conflict with the Council's key Equal Opportunities policies.

6.0 BACKGROUND

6.1 The revised Financial Regulations reflect recent changes to the designations of posts, Committee and Departmental Structures, changes to legislation and minor consequential adjustments.

6.2 Further adjustments which require explanation are detailed below.

6.2.1 3 Year Revenue and Capital Budgets

The Financial Regulations have been amended to reflect the fact that the Council must prepare 3 Year Revenue and Capital Budgets (Paragraphs 2 and 5).

6.2.2 Prudential Framework

The Local Government in Scotland Act 2003 will introduce a new system of local authority capital investment, namely Prudential Framework from 1 April 2004. The requirements of the Prudential Framework have been reflected in the Financial Regulations (Paragraph 5).

6.2.3 Internal Audit

The Internal Audit section within the Financial Regulations have been rewritten to reflect more accurately current Internal Audit guidance, as provided by the Chartered Institute of Public Finance and Accountancy (Paragraph 8).

6.2.4 Grants/Subscriptions – Following the Public Pound

The Financial Regulations have been updated to reflect the requirements of the Accounts Commission/COSLA Code of Guidance on Following the Public Pound (Paragraph 21).

6.2.5 Statutory Trading Accounts

The Local Government in Scotland Act 2003, requires local authorities to maintain statutory Trading Accounts for certain services, and the Financial Regulations have been amended to reflect these new requirements (Paragraphs 26 and 28).

6.2.6 Reserves and Balances

The Chartered Institute of Public Finance and Accountancy (CIPFA) have issued guidance on local authority reserves and balances, and the Financial Regulations now reflect this guidance (Paragraph 27).

7.0 **CONSULTATIONS**

7.1 All Chief Officers have been consulted in the preparation of this report.

8.0 **BACKGROUND PAPERS**

8.1 None.

9.0 **Name David Dorward**

Depute Chief Executive (Finance)

Date: 31 October 2003

FINANCIAL REGULATIONS

1. Introduction

- 1.1 The Depute Chief Executive (Finance), being the proper officer for the purpose of Section 95 of the Local Government (Scotland) Act 1973, shall be responsible to the Finance Committee for the proper administration of the Council's financial affairs. The Local Authority Accounts (Scotland) Regulations 1985 require that officer to determine the system of accounting control and form of accounts and supporting records and to ensure that the accounts and records are kept up-to-date by the relevant Chief Officer.
- 1.2 The Depute Chief Executive (Finance) shall report to the Policy & Resources Committee with respect to the level of financial resources proposed to be utilised in each financial year by the Council, shall keep the Finance Committee informed as to the detailed administration and application of such resources, and shall keep other Committees informed with respect to the financial implications of their activities.
- 1.3 The Depute Chief Executive (Finance) shall be entitled to report upon the financial implications of any matter coming before the Council, spending Committees or other Committees, and shall further report to the Finance Committee if necessary in the interests of the financial affairs of the Council.
- 1.4 Any Chief Officer who intends to submit a report, which has financial implications to the Council, Committee or Sub-Committee must forward a copy of the report to the Depute Chief Executive (Finance) no later than 14 days before the meeting. Any observations on the report made by the Depute Chief Executive (Finance) shall be incorporated in the Chief Officer's report.
- 1.5 Under the Local Government in Scotland Act 2003, it is the duty of each local authority to make arrangements which secure Best Value.

The Council shall at all times endeavour to secure the best value for the money it spends, make full use of all common supplies and services provided by the Council and encourage the use throughout Council departments of the best management techniques.

- 1.6 The Council and all Council officials shall observe the Council's Financial Regulations in relation to expenditure, income, etc falling within its sphere of responsibility.

The Chief Executive as the Head of the Paid Service will receive regular reports from the Depute Chief Executive (Finance) on the revenue and capital spending of the Council. The Depute Chief Executive (Finance) will report any significant under or overspending to the Finance Committee.
- 1.7 The Depute Chief Executive (Finance) is responsible for ensuring that financial systems exist to ensure proper financial control is exercised throughout the Council. The Depute Chief Executive (Finance) is also responsible for ensuring that financial management systems exist to enable Chief Officers to make financial decisions, and take corrective action to deal with under or overspending, in order to achieve value for money and Best Value.

2. Annual and 3 Year Revenue Budgets

- 2.1 The detailed form of the 3 year and annual Revenue Budgets shall be determined by the Depute Chief Executive (Finance) in accordance with the general directions of the Policy & Resources Committee.
- 2.2 Chief Officers shall prepare 3 year and annual estimates of income and expenditure on revenue accounts and, for this purpose, Chief Officers shall furnish the Depute Chief Executive (Finance) timeously with all necessary information regarding requirements of their departments.

- 2.3 The annual budgetary procedure will include a review of charges for all users of Council services for which charges apply and for which the Council has discretion over, with proposals where appropriate to increase these charges and the anticipated additional revenue which would accrue if implemented.
- 2.4 Final decisions relating to the Revenue Budget and Council Tax shall be taken by the relevant Committees. The Depute Chief Executive (Finance) shall submit the draft Revenue Budget, direct to the Policy & Resources Committee for detailed consideration in the light of any relevant decisions of the Council and the corporate objectives of the Council. The only exception to that process shall be the Education Department; whose estimates shall first be submitted to the Education Committee for referral to the Policy & Resources Committee. The Policy and Resources Committee shall remit final decisions on the Revenue Budget (including any savings and review of charges) to the Finance Committee, to be considered in conjunction with final decisions on the Council Tax.
- 2.5 The Finance Committee shall consider all proposals referred to it by the Policy and Resources Committee, together with a report from the Depute Chief Executive (Finance) containing all other relevant information, for the purposes of determining the Council Tax to be levied in respect of the forthcoming financial year, including the position on reserves and balances (see paragraph 27). The Finance Committee shall also take any decisions, as required, relating to the Revenue Budget and Council Tax for other future financial years.
- 2.6 Where in accordance with any statutory provision the First Minister indicates that he is considering reducing the Council Tax of the City Council, the Depute Chief Executive (Finance) shall submit to the Policy and Resources Committee a report reviewing the financial position of the Council. Thereafter any appropriate adjustments to the Revenue Budget shall be considered by a special meeting of the Policy and Resources Committee which shall make recommendations to the Finance Committee on a redetermination and lowering of the Council Tax already fixed by the Council for that financial year.
- 2.7 Following the Policy and Resources Committee's consideration and adoption of the Housing Revenue Budget, the Director of Housing shall submit a report to the Housing Committee concerning details of the budget as approved, together with all other available information for the purposes of determining the Housing rents to be levied in respect of the financial year to which Revenue Budget concerned relates.

3. Revenue Monitoring

- 3.1 The primary responsibility for detailed monitoring and control of departmental revenue expenditure lies with each relevant Chief Officer.
- 3.2 Revenue expenditure shall be restricted to that included in the Revenue Budget, unless proposals for additional expenditure have been approved by the appropriate Committee and the Policy and Resources Committee.
- 3.3 Notwithstanding paragraph 3.2, the Depute Chief Executive (Finance) may approve any revenue expenditure which, after consultation with the Finance Convener, Opposition Group Finance spokespersons and the Chief Executive, he considers essential in the interest of the Council and being of an emergency nature cannot await consideration by the Policy and Resources Committee.
- 3.4 The Depute Chief Executive (Finance) shall furnish each Chief Officer with periodical statements of income, expenditure and commitments under each head of approved estimate and such other relevant information as he/she requires. It will, however, be the responsibility of each Chief Officer to ensure that he/she has all the relevant financial information to control the actual expenditure and income against the budget.
- 3.5 The Depute Chief Executive (Finance) has a responsibility to ensure that revenue monitoring by Chief Officers is carried out and that relevant financial information is provided in a format and within a timetable suitable to allow such monitoring.

4. Virement

- 4.1 Virement may be employed as a means of funding desirable or essential expenditure through identified budget underspendings. It should be noted, however, that no virement proposal should be used to finance a new service or change an existing Council policy decision without the agreement of the Service Committee and Policy and Resources Committee. Proposals should not add to the permanent establishment of the authority without the approval of the relevant Committee. Proposals cannot affect the amount to be paid to another Department of the authority without the agreement of the Chief Officer of that other Department. No virement proposals may be made for CFCR, capital programmes or central service recharge to Departments (subject to paragraph 3.2).
- 4.2 Capital Financing costs can only be vired upon the decision of the Depute Chief Executive (Finance). The Depute Chief Executive (Finance) will have authority to vire expenditure from any contingency provision or cash-backed fund or reserve.
- 4.3 All virement proposals should be notified to the Depute Chief Executive (Finance), who will monitor the overall use of virement and its effect on Revenue Budget performance.
- 4.4 Chief Officers shall consider the implications on future years budgets when viring funds to finance purchases which have ongoing revenue implications.
- 4.5 All virement proposals shall be recorded on the appropriate proforma documentation, a copy of which shall be submitted to the Finance Department for approval.
- 4.6 Any virement proposals to fund expenditure on IT equipment or software must be submitted in the first instance to the Head of Information Technology and Depute Chief Executive (Finance) for approval.

5. Annual and 3 Year Capital Budgets

- 5.1 Chief Officers, in conjunction with the Depute Chief Executive (Finance), City Architectural Services Officer and City Engineer, shall prepare long term capital plans, to be financed from either:-
- borrowing.
 - combination of borrowing and capital receipts.
 - borrowing, but where the additional revenue costs (capital financing costs, mainly), are funded from revenue savings-

The Depute Chief Executive (Finance) will prepare a report to the Policy and Resources Committee, which will detail the Council's proposed capital programme and how it is to be financed.

- 5.2 The level of Prudential borrowing utilised by the Council will be based on a set of prudential indicators prepared by the Depute Chief Executive (Finance) and approved by the Policy and Resources Committee.
- 5.3 The Depute Chief Executive (Finance) will submit a report annually to the Finance Committee comparing the actual prudential indicators against those pre-determined earlier and referred to in paragraph 5.2 above.
- 5.4 The Depute Chief Executive (Finance), in conjunction with the City Architectural Services Officer and City Engineer, shall monitor and manage income and expenditure on capital projects during the year.

A committee report shall be prepared by the Depute Chief Executive (Finance) for the Finance Committee, reporting on actual income and expenditure to date, vis a vis projected outturns.

- 5.5 A Chief Officer shall not incur capital expenditure, which has not been included in the Capital Plan/Capital Budget, without prior approval from the Chief Executive/Depute Chief Executive (Finance). The Chief Officer must identify the source of funding for the project, and where necessary, ensure virements are approved and passed to the Finance Department to adjust the Capital Budget.
- 5.6 No tender will be invited for an individual project estimated to cost over £1,000,000 (except Housing) unless and until the project has been subject to a report to the appropriate committee by the Chief Officer. *The report will include a financial appraisal of all additional revenue and capital costs and any resultant savings.*
- 5.7 At the same time as tenders are reported to committee, the appropriate Chief Officer will submit a report to the relevant committee showing the annual income and expenditure (including capital financing costs) that will arise from the project. *The report will include a financial appraisal of all additional revenue and capital costs and any resultant savings.*

6. Capital Financing

- 6.1 The Depute Chief Executive (Finance) will borrow sufficient funds to meet the approved capital expenditure and will ensure that the amounts borrowed are written off over the useful life of the asset. The Depute Chief Executive (Finance) will maintain, for audit purposes, appropriate records showing the amount borrowed and the amount repaid each year.
- 6.2 The Code of Practice on Local Authority accounting in Great Britain requires the Council to adopt a system of accounting for capital assets. The arrangements will be based upon generally accepted accounting practice, the simplicity of asset rental system of accounting, practicality and the need to avoid impact upon the levels of locally raised taxes and Council house rents.

7. Accounting

Under Section 14(1) of the Local Government in Scotland Act 2003, the Council has a statutory duty to observe proper accounting practice.

- 7.1 All accounting procedures and records of the Council and its officers shall be determined by the Depute Chief Executive (Finance) and all accounts and accounting records of the Council shall be compiled by the Depute Chief Executive (Finance) or under his direction.
- 7.2 The following principles shall be observed in the allocation of accounting duties:-
- (a) Duties of providing information regarding sums due to or from the Council and of calculating, checking and recording these sums, shall be separated as completely as possible from the duty of collecting or disbursing them.
 - (b) Officers charged with the duty of examining and checking the accounts of cash transactions shall not themselves be engaged in any of these transactions.
- 7.3 The Depute Chief Executive (Finance) shall submit to the Council and to the Controller of Audit not later than 30th June of each year copies of an Abstract of Accounts for the previous financial year. The audited copy of the abstract together with the audit report, shall be laid before a meeting of the Council held not later than two months after receipt of certification.

8. Internal Audit

- 8.1 Internal Audit is an independent appraisal and review function set up within Dundee City Council as a service to the Audit and Risk Management Sub-Committee, Chief Executive, Depute Chief Executive (Finance) and all levels of management. The remit of the service is to objectively examine, evaluate and report on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources throughout the Council's activities.

The existence of internal audit does not diminish the responsibility of management to establish the extent of internal control in the organisation's systems and management should not depend on internal audit as a substitute for effective controls.

8.2 Internal Audit is independent of the activities which it audits. This is essential to ensure that the service provides unbiased judgements and impartial advice to management.

8.3 The role of Internal Audit is to understand the key risks faced by the Council and to examine and evaluate the adequacy and effectiveness of the system of risk management and internal control as operated by the Council. Internal Audit has unrestricted access to all activities undertaken within the organisation in order to review, appraise and report on the areas detailed below:

- The adequacy and effectiveness of the systems of financial, operational and management control and their operation in practice in relation to the business risks to be addressed.
- The extent of compliance with, relevance of, and financial effect of, policies, standards, plans and procedures approved by committee and the extent of compliance with external laws and regulations, including reporting requirements of regulatory bodies.
- The extent to which the assets and interests are acquired economically, used efficiently, accounted for and safeguarded from losses of all kinds arising from waste, extravagance, inefficient administration, poor value for money, fraud or other cause and that adequate business continuity plans exist.
- The suitability, accuracy, reliability and integrity of financial and other management information and the means used to identify, measure, classify and report such information.
- The integrity of processes and systems, including those under development, to ensure that controls offer adequate protection against error, fraud and loss of all kinds and that the process aligns with the organisation's strategic goals.
- The adequacy of the framework of the units audited for carrying out their functions, to ensure that services are provided in a way which is economical, efficient ~~effective~~ and achieves Council policy objectives.
- The follow-up action taken to remedy weaknesses identified by Internal Audit, ensuring that good practice is identified and communicated widely.
- The operation of the Council's corporate governance arrangements.

8.4 The Council's Fraud Guidelines detail the approach and procedures in relation to the investigation of fraudulent activities. A summary of the key points within the Fraud Guidelines are provided below:

- It is a Management responsibility to maintain the internal control system and to ensure that the Council's resources are properly applied in a manner and on the activities intended. This includes the responsibility for the prevention and detection of fraud.
- There is a requirement for each department to report all cases of suspected fraud to Internal Audit, who have a duty to record, monitor and formally report on such matters to the Council's External Auditor.
- It is the responsibility of the Chief Officer of the Department to ensure that the Chief Executive and the Assistant Chief Executive (Management) are advised of any suspected irregularities.

- It is the responsibility of the Chief Internal Auditor to advise the Depute Chief Executive (Finance) of any suspected irregularities and provide updates during the investigation as deemed appropriate.
- As the nature and complexity of fraudulent activities varies considerably, the approach to an investigation will be decided on a case by case basis. The Chief Executive, the Chief Officer concerned, Assistant Chief Executive (Management) and Depute Chief Executive (Finance) may be consulted, as deemed appropriate, as to the approach to be adopted.

8.5 All draft Internal Audit reports shall be submitted to the Chief Officer of the area that has been subject to review in order to provide formal management responses to points arising. A copy of the draft report will also be circulated for information to the Chief Executive and Depute Chief Executive (Finance) and any other party as deemed appropriate.

- The finalised Internal Audit report which includes the management responses to the points arising, will be issued to the Chief Officer who has responsibility for ensuring the action plan is implemented within the agreed timeframe. A copy of the finalized report will also be issued, for information to the Chief Executive, Depute Chief Executive (Finance), External Auditor and any other relevant party.
- All reports from either the Internal Auditor or External Auditor, with significant recommendations, shall be submitted to the Audit and Risk Management Sub-Committee of the Finance Committee for its consideration.

9. Banking Arrangements and Control of Cheques

- 9.1 All arrangements with the Council's Bankers shall be made by the Depute Chief Executive (Finance) who shall operate such banking accounts including national giro accounts as the Director may consider necessary.
- 9.2 All cheques including national giro payment forms shall be ordered only on the authority of the Depute Chief Executive (Finance) who shall make proper arrangements for their safe custody.
- 9.3 Cheques on the Council's banking accounts, including national giro accounts, shall be of the facsimile signature of the Depute Chief Executive (Finance) or be signed by the Depute Chief Executive (Finance), Corporate Finance Manager, Financial Services Manager, Head of Revenues, or Senior Financial Services Officer.
- 9.4 The Depute Chief Executive (Finance) shall be responsible for arranging any payments through the Bankers Automated Clearing System (BACS) and shall ensure that proper security control procedures are affected and reviewed.
- 9.5 Where a department, for operational reasons, has to operate a subsidiary bank account, then the Depute Chief Executive (Finance) will issue guidance on how that department's staff are to operate these subsidiary bank accounts.

10. Treasury Management

- 10.1 The Depute Chief Executive (Finance) and his/her staff shall ensure that all the Council's borrowing and lending transactions and practices comply with the CIPFA Code of Practice on Treasury Management in the Public Services.
- 10.2 The Depute Chief Executive (Finance) shall prepare a Treasury Policy Statement which will be approved by the Finance Committee and reviewed at least every 3 years.
- 10.3 The Depute Chief Executive (Finance) shall prior to the commencement of each financial year submit a report to the Finance Committee on the Treasury Management Strategy for that year.

- 10.4 The Depute Chief Executive (Finance) shall submit a report to the Finance Committee twice yearly reviewing the Council's Treasury Management activities. One of these reports will be an annual report on the Treasury Management activities of the previous financial year.

11. Orders for Works, Goods and Services

- 11.1 Each Chief Officer shall be responsible for all orders issued by his Department and for ensuring that the cost is allocated to an appropriate budget head and covered within the approved estimates.
- 11.2 Official orders shall be in a form approved by the Depute Chief Executive (Finance). Printed orders shall be signed only by officers authorised by the appropriate Chief Officer; electronically-submitted orders shall be issued only by officers authorised by the appropriate Chief Officer. Each Chief Officers shall be responsible for any official orders issued from his department. The number of officers so authorised shall be determined, in agreement, with the Depute Chief Executive (Finance).
- 11.3 Official orders shall be issued for all work, goods or services to be supplied to the Council except for supplies of public utility services, for periodical payments such as rent and rates, for petty cash purposes or such other exceptions as the Depute Chief Executive (Finance) may approve.
- 11.4 The procedures for obtaining competitive tenders and Committee approvals for all supplies and works as detailed in the Council's Tendering Procedures should be followed at all times.

12. Payment of Accounts

- 12.1 The Chief Officer issuing an order is responsible for the examination, verification and certification of the related invoices and similarly for any other payment vouchers, documents or accounts arising from sources in his Department.
- 12.2 Where possible arrangements should be made by each Chief Officer for the separation of the authorisation of orders as distinct from goods received notes or any other process which involves the certification of invoices. Variations to these arrangements are subject to the approval of the Depute Chief Executive (Finance). Each goods received note should be signed by the appropriate receiving officer and should be authorised by the appropriate authorised signatory. The authorised signatory shall always be different from the receiving officer.
- 12.3 Before certifying invoices, payment vouchers, goods received notes, documents or accounts the certifying officer shall, except to the extent that the Depute Chief Executive (Finance) may otherwise determine, have satisfied himself/herself with regard to:-
- (a) the receipt of goods being in accordance with the order;
 - (b) correctness of prices, discounts and arithmetic;
 - (c) non duplication of payments;
 - (d) expenditure being within the Estimates;
 - (e) allocation to the appropriate head of expenditure;
 - (f) appropriate entries having been made in inventories, stores records etc as required;
 - (g) work having been carried out to a satisfactory level.
- 12.4 The payment of all certified invoices etc, shall be made by the Depute Chief Executive (Finance) under arrangements approved and controlled by him/her.
- 12.5 Payment will not be made on duplicate invoices, statements, or photocopy invoices unless the Chief Officer, in consultation with the Depute Chief Executive (Finance), certifies in writing that the amount in question has not previously been paid.
- 12.6 Each Chief Officer shall, as soon as possible after 31st March and not later than a date to be intimated by the Depute Chief Executive (Finance), in each year notify the Depute Chief Executive (Finance) of all outstanding expenditure relating to the previous financial year.

13. Payroll Administration

- 13.1 The payment of all salaries, wages, pensions, compensation and other emoluments to all employees or former employees of the Council shall be made by the Depute Chief Executive (Finance) or under arrangements approved and controlled by him/her.
- 13.2 Each Chief Officer, as determined by the Depute Chief Executive (Finance), shall keep records of all matters affecting the payment of such emoluments and in particular:
- (a) appointments, promotions, resignations, dismissals, suspensions, secondments and transfers;
 - (b) absences from duty for sickness, holidays or other reason;
 - (c) changes in remuneration, other than normal increments and pay awards and agreements of general application;
 - (d) information necessary to maintain records of service for superannuation, income tax, national insurance and the like.
- 13.3 The Depute Chief Executive (Finance) will, through the payroll system, provide such management information as he or she, the Chief Executive, or any Chief Officers decide is necessary for the achievement of value for money.

14. Income

- 14.1 Except as otherwise determined by the Council the rate of charge for goods or services supplied by the Council to the public and external organisations shall be approved by the Policy and Resources and Service Committees and shall not be altered without the approval of these Committees.
- 14.2 It shall be the duty of the Depute Chief Executive (Finance) to make adequate financial and accounting arrangements to ensure the proper recording of all monies due to the Council and for the proper collection, custody, control and banking of all cash in all Departments of the Council.
- 14.3 Particulars of all charges to be made for work done and services rendered or for goods supplied by the various Departments of the Council and of all other amounts due to the Council shall be promptly notified to the Depute Chief Executive (Finance) in a form approved by him and all accounts due to the Council shall be rendered by or under arrangements approved by the Depute Chief Executive (Finance).
- 14.4 All receipt forms, books, tickets and other such items shall be in a form approved by the Depute Chief Executive (Finance) who shall satisfy himself as to the arrangement for the ordering, supply and control by each Department. It will be a requirement that all such records, forms etc aforementioned shall be retained by each Department for a period stipulated by the Depute Chief Executive (Finance).
- 14.5 All monies received on behalf of the Council in any Department shall be deposited promptly with the Depute Chief Executive (Finance) or the Council's Bankers in accordance with the arrangements made with the Depute Chief Executive (Finance). No deduction may be made from such money except to the extent that the Depute Chief Executive (Finance) may specifically authorise.
- 14.6 Personal cheques shall not be cashed out of money held on behalf of the Council.
- 14.7 All transfers of money from one member of staff to another will be evidenced in the records of the Departments concerned by the signature of the receiving officer.
- 14.8 It shall be the responsibility of each Chief Officer to ensure that all his/her departmental income is billed expeditiously.

15. Insurance

- 15.1 The Depute Chief Executive (Finance) shall effect as necessary insurance cover and negotiate all claims in consultation with other officers as necessary. Such insurances as required can be placed either with insurance companies or the risk carried in the Council's General Insurance Fund. This fund was established by the former Dundee Corporation and confirmed by the Dundee Corporation (Consolidated Powers) order Confirmation Act 1957.
- 15.2 Each Chief Officer shall give prompt notification to the Depute Chief Executive (Finance) of potential liabilities, property or vehicles which require to be insured or affect existing insurances.
- 15.3 Chief Officers shall immediately notify the Depute Chief Executive (Finance) in writing of any loss of property and inform the Police of the circumstances of the loss, or any action or event which may give rise to a claim being made by the Council.
- 15.4 All appropriate employees of the Council shall be included in a fidelity guarantee insurance as determined by the Finance Committee.
- 15.5 The Depute Chief Executive (Finance) shall annually or as necessary, review all insurances, in consultation with Chief Officers where necessary.
- 15.6 All investments of monies for the General Insurance Fund shall be made by the Depute Chief Executive (Finance) in the name of Council. Any investments made will be made in accordance with the policy determined by the Finance Committee.

16. Stores and Inventories

- 16.1 The safe custody of stores and equipment shall be the responsibility of the Chief Officer concerned and the Chief Officer shall make a return of all stocks and stores to the Depute Chief Executive (Finance) at the end of each financial year. Chief Officers shall submit to the Head of Information Technology at the end of the financial year details of all computer equipment held and the Head of Information Technology will collate this into a verified list for the Depute Chief Executive (Finance). An inventory list of all furniture and fittings, vehicles, plant and equipment should be maintained by departments in a format determined by the Depute Chief Executive (Finance) and shall be submitted by Chief Officers to the Depute Chief Executive (Finance) when requested.
- 16.2 The Chief Officer, in consultation with the Depute Chief Executive (Finance), shall be responsible for maintaining an efficient system of stores accounting including stock control. Stores accounting systems must be approved by the Depute Chief Executive (Finance). Stock reconciliation will be carried out in a continuous basis within the Department and a full stocktaking done at the request of the Depute Chief Executive (Finance).
- 16.3 No adjustments in respect of stocks and stores shall be made to write off deficiencies or to bring surpluses into charge unless authorised by the Depute Chief Executive (Finance).
- 16.4 All surplus plant, vehicles, tools, equipment, furnishings, materials or commodities in excess of £5,000 in value to be disposed of by any Department or Division of the Council shall be advertised for sale either by the invitation of sale offers or by public auction unless in special circumstances of which the Committee concerned shall be the sole judge it is otherwise decided.
- 16.5 The Council's property shall 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 Chief Officer concerned.

17. Security

- 17.1 Each Chief Officer is responsible for maintaining proper security at all times for all buildings, stock, stores, furniture, equipment, cash, records etc under his/her control. They shall consult with the Depute Chief Executive (Finance) in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.
- 17.2 Maximum limits for cash holdings shall be agreed with the Depute Chief Executive (Finance) and shall not be exceeded without his express permission.
- 17.3 Keys to safes and similar receptacles are the responsibility of the keyholder who shall make suitable arrangements for their security at all times. The loss of any such keys must be reported to the Depute Chief Executive (Finance) immediately. For insurance purposes, keys should be removed from premises overnight.
- 17.4 Each Chief Officer shall be responsible for ensuring proper security and confidentiality on information held in the computer installations and in the use to which such information may be put. The Chief Executive shall make such arrangements as may be required to ensure confidentiality of information under the terms of the Data Protection Act.

18. Imprest Accounts

- 18.1 The Depute Chief Executive (Finance) shall make appropriate imprest advances and determine accounting periods in connection with the payment of expenses and petty outlays chargeable to the Council.
- 18.2 The limit for any one payment from petty cash shall be such sum as the Depute Chief Executive (Finance) may from time to time determine.
- 18.3 The Depute Chief Executive (Finance) shall arrange to his satisfaction the proper security for money advanced in this way.
- 18.4 The recipient of any advance of petty cash or imprest shall account for this money to the Depute Chief Executive (Finance) when required and shall repay the money on leaving the City Council's employment or when required by the Depute Chief Executive (Finance).

19. Staff Travelling, Subsistence and Financial Loss Allowances

- 19.1 All claims for payment of car allowances, subsistence allowances, travelling and incidental expenses shall be submitted, duly certified, in a form approved by the Depute Chief Executive (Finance) to him/her at such regular intervals as are agreed. The names of officers authorised to sign such records shall be sent to the Depute Chief Executive (Finance) by each Chief Officer together with specimen signatures and shall be amended on the occasion of any change. The number of officers so authorised shall be determined in agreement with the Depute Chief Executive (Finance).
- 19.2 The certification by or on behalf of a Chief Officer shall be taken to mean that the certifying officer is satisfied that the journeys were properly authorised, the expenditure properly and necessarily incurred and that the allowances are properly payable.
- 19.3 Employees claims submitted more than 2 months after the expenses were incurred will not be paid unless the Depute Chief Executive (Finance) is satisfied with the reasons given for the delay.

20. Members Allowances and Expenses

- 20.1 Prior to the commencement of each financial year the Depute Chief Executive (Finance) shall prepare a scheme of members allowances in accordance with the regulations approved by the Scottish Parliament, which shall be submitted for approval to the Finance Committee and members will be paid in accordance with the approved scheme.

- 20.2 Payment to members of the Council in respect of expenses incurred by members will be made on receipt of the prescribed form duly completed. All claims for a financial year must be submitted within 10 working days of the end of that financial year.

21. Grants/Subscriptions - Following the Public Pound

- 21.1 All applications for grants or subscriptions to charitable societies, associations or institutions must comply with the Accounts Commission/COSLA Code of Guidance on Following the Public Pound.
- 21.2 A report by the relevant Chief Officer shall be considered for approval by the appropriate Service Committee except where the Chief Officer has been granted delegated authority. The Chief Officer must ensure that in all material respects, the Code has been complied with, including receipt by the authority of the organisation's latest audited accounts.
- 21.3 A formal agreement must be entered into for each of the organisations and submitted to the Depute Chief Executive (Support Services). This should be drawn up with reference to the requirements of the Accounts Commission/COSLA Code of Guidance on Following the Public Pound. In particular, the agreement must refer to the financial and performance requirements expected of the organisations.
- 21.4 Chief Officers are also required to identify all arrangements where a substantial funding relationship exists or is to be entered into and make a submission of such arrangements to the Depute Chief Executive (Finance). This information must be updated on an annual basis.

22. Common Good

- 22.1 The Depute Chief Executive (Finance) will submit a Revenue Budget to the Policy and Resources Committee each year. The Depute Chief Executive (Finance) will have authority to incur expenditure within the approved budget.
- 22.2 All investments of money shall be made by the Depute Chief Executive (Finance) in the name of the Council. Any investments made will be made in accordance with the policy determined by the Finance Committee.
- 22.3 All securities which are the property of, or in the name of the Council, shall be held in custody under the supervision of the Depute Chief Executive (Finance).

23. Trusts and Charitable Funds

- 23.1 The Depute Chief Executive (Finance) shall ensure the proper and safe custody and control of all charitable funds held by the Council and shall ensure that all expenditure is in accordance with the conditions of the trustees etc
- 23.2 All Officers acting as trustees by virtue of their official position shall deposit all securities etc relating to the trust or charitable fund with the Depute Chief Executive (Finance).
- 23.3 All investments of money shall be made by the Depute Chief Executive (Finance) in the name of Council. Any investments made will be made in accordance with the policy determined by the Finance Committee.

24. Superannuation Funds

- 24.1 The Finance Committee (or delegated Sub-Committee) shall be responsible for the supervision and control of the Superannuation Funds (including the Property Fund), including the review of investments and the investment of new funds.
- 24.2 The Depute Chief Executive (Finance) shall ensure the proper and safe custody of the Superannuation Funds (including Property Fund) investments.

- 24.3 The Depute Chief Executive (Finance) shall ensure that in respect of the Superannuation Funds all expenditure is in accordance with the conditions of the Finance Committee (or delegated Sub-Committee) and all income is correctly received.

25. Expenditure on Departmental Inspections, Hospitality, Etc

- 25.1 Requests or proposals for the provision of hospitality or entertainment of persons visiting the area of the Council, and functions considered necessary or desirable for maintaining the dignity of the Dundee City Council shall be dealt with by the Depute Chief Executive (Support Services) in consultation with the Lord Provost. The Depute Chief Executive (Support Services) shall be authorised to incur expenditure not exceeding the sum of £5,000 on any event, subject to the amount allowed in the Estimates in any one financial year not being exceeded. A record of all hospitality or entertainment granted shall be kept and shall be open to inspection by any Member of the Council.
- 25.2 The Chief Officer of any Division or Department may, in consultation with the appropriate Convener, authorise the provision of hospitality to an amount not exceeding £2,000 in any one financial year and £300 on any one occasion where Members and/or Officers of the Council are meeting with Members or Officers of other local authorities or public bodies, Members of Parliament, firms, consultants or others who are assisting or co-operating with the Council in carrying out its functions. A record of all hospitality or entertainment granted shall be kept, and shall be open to inspection by any Member of the Council.
- 25.3 When persons or bodies are attending meetings with Members and/or Principal Officers (or their Deputies) in connection with the functions and operations of the Department of Economic Development, the Chief Executive may authorise expenditure on the provision of hospitality to an amount not exceeding the amount allowed in the Estimates in any one financial year.
- 25.4 Any expenditure in terms of paragraph (2) of this financial regulation shall be a charge on the Department concerned.

26. Direct Labour Organisation/Direct Service Organisations (DLO/DSOs)

- 26.1 The appropriate Chief Officer for each DLO/DSO shall, in conjunction with the Depute Chief Executive (Finance), prepare estimates of expenditure and income for the following year and a further two years. These estimates to reflect anticipated income from current contracts and appropriate estimates for work to be won in competition or allocated under a partnership arrangement. These estimates will also reflect the statutory requirements under the Local Government in Scotland Act 2003 that in relation to every three year period and taking every year with the two previous years revenue is not less than expenditure.
- 26.2 The Depute Chief Executive (Finance) shall submit adverse variance reports for DLO/DSOs to the appropriate Chief Officer for each DLO/DSO. Each such officer shall comment timeously on the report to the Depute Chief Executive (Finance) and shall be responsible for bringing to the attention of the Depute Chief Executive (Finance) and Chief Executive any matters that significantly affect the viability of the DLO/DSO.
- 26.3 The Depute Chief Executive (Finance) shall submit on a monthly basis, trading statements for each DLO/DSO to the appropriate Chief Officer. That Officer will provide any information timeously which is required for the purpose of the preparation of these trading statements. These trading statements will monitor the financial performance of each DLO/DSO.
- 26.4 At appropriate times the Chief Officer of each DLO/DSO shall submit to the DSO Committees such reports, as may be necessary in respect of monitoring the performance during the current year of each DLO/DSO to confirm the appropriate financial targets are being achieved.
- 26.5 In accordance with statutory requirements for significant trading operations under the Local Government in Scotland Act 2003 the Depute Chief Executive (Finance) shall prepare the annual accounts for each DLO/DSO. In order to prepare these accounts the Chief Officer of each DLO/DSO will provide timeously the information required by the Depute Chief Executive (Finance) in order to complete the accounts. These accounts or a summary will be incorporated into the Council's Statement of Account and Public Performance Report.

26.6 The Council's DLO and DSO organisations will comply with the Council's Tendering Procedures in all written estimates or tenders submitted to the Council as client. It is recognised that as part of the preparation of a tender submission by the DLO or DSO it may be necessary to seek to enter into a contract with an outside party for the supply of goods or materials or for the execution of works. This may be undertaken subject to the following provisions:-

- (a) Written quotations are obtained from at least three persons competent to undertake the contract and these are recorded in a register of contract quotations.
- (b) Any such quotation may after it has been confirmed in writing by the offerer, be accepted by the appropriate Chief Officer.
- (c) All quotations exceeding £10,000 in value which the respective Chief Officers have accepted under this paragraph shall, as soon as practical, be reported for information to the DSO Committee.

27. Reserves and Balances

- 27.1 The Policy & Resources Committee shall receive a report from the Depute Chief Executive (Finance) to consider the establishment of any new reserve or fund, be they for capital or revenue expenditure purposes.
- 27.2 The Depute Chief Executive (Finance) has a fiduciary duty to the local taxpayers and must be satisfied that the decisions taken on balances and reserves represent proper stewardship of public funds. The Depute Chief Executive (Finance) and his/her staff shall therefore observe the guidance laid down in the CIPFA Guidance Note on Local Authority Reserves and Balances.
- 27.3 The Depute Chief Executive (Finance) shall include within the Revenue Budget report submitted to the Finance Committee at which the Council Tax is to be determined, a statement showing the estimated opening and closing and General Fund balances for the financial year ahead. This report will also include a statement by the Depute Chief Executive (Finance) on the adequacy of the General Fund and other reserves balances in respect of the forthcoming financial year and the Council's medium term financial strategy.
- 27.4 The Depute Chief Executive (Finance) shall also undertake an annual review of all earmarked revenues and report accordingly to the Finance Committee meeting which determines the Council Tax.

28. Trading Operations and Accounts

- 28.1 The Depute Chief Executive (Finance) in conjunction with the appropriate Chief Officer shall determine which activities within their departments constitute significant trading operations under the Local Government in Scotland Act 2003 not otherwise included as DLO/DSO's.
- 28.2 The appropriate Chief Officer for each significant trading operation shall, in conjunction with the Depute Chief Executive (Finance) prepare estimates of expenditure and income for the following three years. These estimates to reflect the statutory requirement under the Local Government in Scotland Act 2003 that in relation to every three year period and taking every year with the two previous years revenue is not less than expenditure.
- 28.3 The Depute Chief Executive (Finance) shall submit on a monthly basis trading statements for each significant trading operation to the appropriate Chief Officer. That Officer will provide any information timeously which is required for the purpose of the preparation of these trading statements. These trading statements will monitor the financial performance of each significant trading operation.
- 28.4 In accordance with statutory requirements for significant trading operations under the Local Government in Scotland Act 2003 the Depute Chief Executive (Finance) shall prepare the annual accounts for each trading activity. In order to prepare these accounts the appropriate Chief Officer will provide timeously the information required by the Depute Chief

Executive (Finance) in order to complete the accounts. These accounts or a summary will be incorporated into the Council's Statement of Account and Public Performance Report.

29 Revision of Financial Regulations

- 29.1 The foregoing Financial Regulations may be altered or revoked by the Council at the ordinary meeting of the Policy and Resources Committee, if the motion for alteration or revocation is supported by a majority of the Committee present and voting.