



East Ayrshire
COUNCIL

Finance Service

Financial Regulations

April 2004

FINANCIAL REGULATIONS

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FINANCIAL REGULATIONS

1. FINANCIAL ADMINISTRATION

1.1. Financial Control

A Local Authority is accountable for the way it discharges its stewardship of public funds. Stewardship is a function of management and therefore is a responsibility placed upon elected Members and officials of the Authority. This responsibility is discharged by the establishment of sound arrangements and systems for the planning, appraisal, authorisation and control of the use of resources and by the preparation, compilation and reporting of accurate and informative accounts.

The Local Government etc (Scotland) Act 1994 requires Members to secure economy, efficiency and effectiveness in service provision.

The Financial Regulations should be read in conjunction with other Regulations of the Council such as:

- (i) Standing Orders
- (ii) Schemes of Delegation
- (iii) Defalcation/Corrupt Practices Procedures
- (iv) Disciplinary Procedures

and with other legislation/regulations observed by the Council such as:

- (a) The Data Protection Act
- (b) CIPFA Code of Practice on Local Authority Accounting in Great Britain
- (c) CIPFA Code for Treasury Management in Local Authorities
- (d) The Prudential Code for Capital Finance in Local Authorities
- (e) The Code of Practice for Internal Audit on Local Government in the United Kingdom.

Accounting Policy Bulletins provide detailed guidance on the applications of these Financial Regulations.

1.2. Responsibilities

1.2.1 Awareness

Elected Members and Officers have a duty to abide by the highest standards of probity in dealing with financial issues. This is facilitated by ensuring that everyone is clear about the standards to which they are working and the controls that are in place to ensure that these standards are met.

1.2.2 Key Controls

The key controls and control objectives for financial management standards are: -

- (i) the promotion of the highest standards of financial management throughout the authority;
- (ii) a monitoring system to review compliance with financial regulations; and
- (iii) regular comparisons of actual financial performance with planned performance that are reported to appropriate committee and the Budget Scrutiny Group.

1.2.3 Policy and Resources Committee

Subject to the Terms of Reference of Committees, the Policy and Resources Committee shall be responsible for regulating and controlling the finances of the Council within the guidelines determined by the Council.

1.2.4 Executive Head of Finance

The Executive Head of Finance shall be the proper officer of the Authority for the purposes of Section 95 of the Local Government (Scotland) Act 1973. The Executive Head of Finance shall be responsible for the administration of the financial affairs of the Authority and shall act as a financial adviser to the Council and all of its Committees. Specific responsibilities include:-

- (i) to ensure the proper administration of the financial affairs of the authority;
- (ii) to set the financial management standards and to ensure that compliance with them is monitored;
- (iii) to ensure proper professional practices are adhered to and to act as head of profession in relation to the standards, performance and development of finance staff throughout the authority;
- (iv) to advise on the key strategic controls necessary to secure sound financial management; and
- (v) to ensure that financial information is available to enable accurate and timely monitoring and reporting of financial performance.

1.2.5 Executive Directors/Heads of Services

- (i) Executive Directors and Heads of Services should ensure at all times that they endeavour to secure the best value for money incurred by them with the objective of achieving the policies of the Council.
- (ii) Each Executive Director and Head of Service shall consult with the Executive Head of Finance in respect of any matter affecting his/her Department which is liable to affect materially the finances of the Council before any provisional or other commitment is incurred or before reporting thereon to a Committee, except in an emergency and/or as authorised by any Scheme of Delegation. In such cases of emergency, a report must be submitted to the Executive Head of Finance as soon as possible thereafter.
- (iii) It is the responsibility of all Executive Directors and Heads of Services to promote awareness of and adherence to the Financial Regulations of the Council.

1.2.6 Internal Audit

- (i) Internal Audit is an independent and objective appraisal function established by the Council for reviewing the system of internal control. It examines, evaluates and reports on the adequacy of internal control as a contribution to the proper economic, efficient and effective use of resources.
- (ii) The Chief Auditor shall have authority to independently prepare and operate strategic and annual audit plans. These will be completed following consultation with the Chief Executive, the Executive Head of Finance and all Executive Directors.
- (iii) The Chief Auditor shall report directly to the Chief Executive who carries the responsibility for the proper management of the Council and for ensuring that the principles of good governance are reflected in sound management arrangements.
- (iv) There shall be unrestricted communication between the Executive Head of Finance and the Chief Auditor who shall assist the Executive Head of Finance, as the Proper Finance Officer, to discharge responsibility for ensuring an effective system of internal control.
- (v) The Chief Auditor shall have direct access to the Council Monitoring Officer where matters arise relating to the conduct of the Chief Executive in areas of Chief Executive responsibility.

- (vi) Internal Audit will comply with the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom.

2. CAPITAL PROGRAMME

2.1. Financial Plan for Capital Expenditure

- (i) It shall be the responsibility of the Executive Head of Finance to draw up a timetable for the preparation of a rolling three year Capital Plan. All Executive Directors and Heads of Services shall provide such information as may be required for the purpose of the preparation of the Capital Plan.
- (ii) The Policy and Resources Committee will determine a Three-Year Capital Plan on a rolling annual basis, taking full account of the guidance contained in the Prudential Code for Capital Finance in Local Authorities.

3 CONTROL OF CAPITAL EXPENDITURE

3.1 Reports

- (i) The Executive Head of Finance shall report details of capital expenditure to Members on a regular and timeous basis in accordance with the appropriate machinery established for the monitoring of income and expenditure.
- (ii) Additions to departmental programmes arising from additional specific capital grant will not require the approval of the Policy and Resources Committee.
- (v) The approval of the appropriate service committee shall be required for such additions or where the nature of any capital project changes substantially from that envisaged when the capital programme was approved.
- (ii) Projects outwith the approved capital programme, other than those financed wholly by additional specific capital grant, may not be introduced into the capital programme without approval of the Policy and Resources Committee.

3.2 Variance During the life of a Capital Project

If it becomes apparent after the commencement of a capital project that it will be considerably under or over spent, or if the phased expenditure for the current year is likely to vary significantly, it shall be the duty of the Executive Director or Head of Service concerned to report immediately to the Chief Executive and Executive Head of Finance and to prepare a report for submission to the appropriate Committee so that action may be taken with regard to that project or to other projects within the Capital Estimates.

3.3 Funding Approvals

It shall be the duty of the appropriate Executive Director or Head of Service to ensure that any required funding approvals have been obtained before the commencement of a capital project.

3.4 Capital Appraisal

All capital schemes should comply with Council priorities and objectives and represent best value in terms of the options available to utilise the capital spending level determined by the Policy and Resources Committee. Executive Directors should include confirmation of this in any report which seeks approval of capital schemes.

4. REVENUE ESTIMATES

4.1. Timetable

The Executive Head of Finance, in consultation with the Chief Executive, shall prepare annually, a timetable detailing procedures to be followed for the preparation of the Revenue Estimates.

4.2 Information

Each Executive Director and Head of Service shall provide the Executive Head of Finance with such details as may be required for the purpose of preparing the estimates for the forthcoming financial year and the relevant Committee approval.

4.3. Guidelines

The Executive Head of Finance shall, following consultation with the Chief Executive, report to the Policy and Resources Committee on the financial guidelines and funding to be considered by the Committee for the purpose of preparation of the Revenue Estimates.

The overall level of annual expenditure and income including that from Council Tax and House Rents and departmental resource allocations will be determined by the Council.

4.4. Preparation

Each Executive Director shall, in conjunction with the Executive Head of Finance, prepare detailed Revenue Estimates in respect of his/her Department in accordance with resource allocations approved by the Council and to a timetable set by the Executive Head of Finance with the approval of the Chief Executive. The detailed Revenue Estimates shall be approved by the relevant Service Committee.

5. CONTROL OF REVENUE EXPENDITURE

5.1. Limitation on Expenditure

No expenditure chargeable to any Revenue Account shall be incurred unless it has been included in the Revenue Estimates except:-

- (i) where additional specific grant has been allocated;
- (ii) where a supplementary Estimate has been approved by the appropriate Committee and ratified by the Policy and Resources Committee, or
- (iii) in emergency situations in terms of any Schemes of Delegation; and
- (iv) as provided for in Paragraph 5.3.

5.2. Budgetary Control

- (i) It shall be the duty of the Executive Head of Finance to report regularly and timeously on all budgetary control matters, comparing actual performance with the respective Estimates to all Committees and other bodies as designated by the Council, Chief Executive, Executive Directors and Heads of Service and other nominated officers.
- (ii) It shall be the responsibility of the Executive Director to ensure that items in the annual estimates are not overspent and that the net expenditure conforms to the authorised budget. Executive Directors shall also provide the Executive Head of Finance with whatever assistance and information is considered necessary in order to ensure the effectiveness of the budgetary control system. This will include the allocation of budgets over divisions of the Service, the phasing of budgets over accounting periods, explanation of budget variances and the determination of probable outturns.

5.3. Virement

Virement shall be permitted subject to any Scheme of Delegation of the Council as follows: -

- (i) Virement must not create additional overall budget liability. One off savings or additional income should not be used to support recurring expenditure or to create future commitments including full year affects of decisions made part way through a year. Where the virement involves the transfer of up to £50,000 between budget headings, and will not affect the execution of existing Council policy, the transfer shall be approved by the Executive Director concerned. Any such virements must be notified to the Executive Head of Finance before the end of the accounting period in which they are approved.
- (ii) Where the amount is over £50,000 and up to £100,000, or where the transfer of any amount would affect the execution of existing council policy, the approval of the appropriate service committee shall be required. Where the amount is in excess of £100,000 the transfer shall require the approval of the Policy and Resources Committee.

5.4. Variances

Where it appears that any head of income or expenditure may vary significantly from that appearing in the Revenue Estimates, it shall be the duty of the Executive Director concerned, in conjunction with the Executive Head of Finance, to report in accordance with the appropriate machinery established for the purpose by the Council, the details of the variance and any remedial action required.

For the purposes of these regulations a budget or income and expenditure heading is considered to be a standard service division as defined by CIPFA's "Service Expenditure Analysis".

5.5 Reports to Committees

All reports presented to Committees must specifically identify the extent of any financial implications. Any such implications must be clearly stated in the reports, identifying cost and income in the current and future years, the impact on capital and revenue spending and whether or not, and exactly where, such resources are included in the Budget or, if not, how and from where it is proposed that such financial resources be obtained. Details of financial implications included in reports must be referred to the Executive Head of Finance for approval before the report is issued.

6. LEGALITY OF EXPENDITURE

It shall be the duty of Executive Directors and Heads of Service to ensure that no expenditure is incurred unless it is within the Legal Powers of the Council. In cases of doubt, Executive Directors or Heads of Services must consult the Solicitor to the Council before incurring expenditure. Expenditure on new service developments, initial contributions to other organisations and responses to new emergency situations which require expenditure, must be clarified as to legality prior to being incurred.

7. CONTROL OF INCOME

7.1. Determination of Charges

Each Executive Director shall review annually or where appropriate more frequently, the charges for goods or services provided by the Department and, except where the charge is fixed externally, shall submit proposals thereof for the consideration of the

appropriate Committee. In order to preserve the real value of such income, increases recommended to Committee should have regard to factors such as the current rate of inflation and any other relevant financial considerations.

7.2. Accounting Arrangements

It shall be the duty of the Executive Head of Finance to make adequate financial and accounting arrangements to ensure the proper recording of all money due to the Council and the proper collection, custody, control and remittance of all cash in Departments of the Council. All income must be promptly recorded in order to ensure that accounts are brought up to date without delay.

7.3. Notification of Income to Executive Head of Finance

All accounts for income due to the Council shall be rendered by or under arrangements approved by the Executive Head of Finance. All accounts should be raised and issued timeously.

7.4. Bad Debts and Provisions

Sums due to the Council shall not be written off except with the approval of the appropriate Committee or under any Scheme of Delegation approved by the Council. Appropriate provisions for bad debts should be made within the accounts of the Council.

7.5. Treatment of Money Collected

All money received on behalf of the Council in any Department shall be recorded and deposited immediately with the Executive Head of Finance or the Council's Bankers in accordance with arrangements made with the Executive Head of Finance. No deduction may be made from such money. Cash discount will not be offered to any debtor.

7.6. Controlled Stationery

All accounts, receipts and records for the disbursement and collection of money shall be in a form approved by the Executive Head of Finance and shall be ordered, controlled and issued to Departments by him or under arrangements agreed with him.

7.7. Personal Cheques

Personal cheques shall not be cashed out of money held on behalf of the Council.

7.8. Transfers of Cash, Cheques, etc

All transfers of cash, cheques (pre-signed and National Giro), and Investment Certificates etc. from one member of staff to another shall be evidenced in the records of the Departments concerned by the signature of the receiving officer.

7.9. Exchequer Grants

The Executive Head of Finance shall be advised timeously of all relevant information necessary for him to submit or certify applications for Exchequer grants due to the Council. All grants are to be paid direct to the Executive Head of Finance.

8. TREASURY MANAGEMENT

8.1. Treasury Management

- (i) The Council adopts the key recommendations of CIPFA's "Treasury Management in the Public Services: Code of Practice (the Code)" as described in Section 4 of that Code.

- (ii) Accordingly the Council will create and maintain as the corner stones of effective Treasury Management:
 - (a) a Treasury Management Policy Statement identifying policies with regard to Treasury Management and the objectives of these; and
 - (b) suitable Treasury Management Practices setting out the manner in which the organisation will seek to achieve Treasury Management Policies and Objectives and prescribing how it will manage and control Treasury Management activities.
- (iii) All executive decisions on borrowing, investment or financing shall be delegated to the Executive Head of Finance who shall act in accordance with the Code, the Treasury Policy Statement and the agreed Treasury Management Practices.

8.2 Registrar of Stocks, Bonds and Mortgages

The Executive Head of Finance shall maintain records of all borrowing of money by the Council.

8.3 Leasing

- (i) With the exception of Heritable Property and any provisions in the Scheme of Delegation no operational leasing of vehicles or major capital assets should be undertaken on behalf of the Council without the prior approval of the Executive Head of Finance.
- (ii) In no circumstances should finance leases be arranged without the prior approval of the Executive Head of Finance.
- (iii) All leases are to be effected in the name of the Council.

9. BANKING, CONTROL OF CHEQUES, BORROWING

9.1 Arrangements with Bankers

All arrangements with the Council's Bankers concerning the Council's bank accounts and the issue of cheques shall be made by the Executive Head of Finance.

9.2 Opening and Closing of Bank Accounts

The Executive Head of Finance is authorised to open such bank accounts considered necessary. No bank accounts will be opened without the approval of the Executive Head of Finance.

9.3 Payments into Bank

Income received shall be paid into the Council's bank account daily or at such other intervals as may be approved by the Executive Head of Finance and limits on cash handling should be within the overall cash limits defined for security purposes. (see sect. 18.2)

9.4 Cheque Control

All arrangements for ordering, controlling and signing of cheques on behalf of the Council shall be made by the Executive Head of Finance.

9.5. Borrowing

- (i) All arrangements for borrowing money required by the Authority for the purposes of its functions, shall be made by the Executive Head of Finance. The Executive Head of Administrative and Legal Services shall be the Registrar of Mortgages for the purposes of the Local Authority Mortgages (Scotland) Regulations 1975 and the Local Authority Stocks and Bonds (Scotland) Regulations 1975.
- (ii) All borrowings are to be effected in the name of the Council.

9.6. Tender for Bank Services

All services provided by the bank in relation to the management of the Council's bank accounts and the issue of cheques shall be subject to open tendering procedures at least once every five years.

10. INVESTMENT AND TRUST FUNDS

10.1 Investments

- (i) Council funds shall be invested in accordance with the policy of the Council and shall be held in the name of the Council.
- (ii) All trust funds shall, whenever possible, be held in the name of the Council.
- (iii) The sale of investments, unless otherwise provided for in a trust deed or other document, shall be within the policy determined by the Policy & Resources Committee.
- (iv) The Executive Head of Finance shall arrange, taking such specialist advice as may be necessary, for the investment in authorised securities of money held in respect of Charity, Trust, Reserve and other Special Funds, and not immediately required to be expended for the purpose of those Funds.

10.2 Deposit of Trust Securities

All officers acting as trustees by virtue of their official position shall deposit all securities, bank books and documents (other than title deeds to heritable property) and articles of value relating to any trust with the Executive Head of Finance unless the relevant trust deed otherwise provides.

10.3 Control of Charitable Funds

The Executive Head of Finance shall ensure the proper and safe custody of all charitable funds held by the Council and that all expenditure is in accordance with the conditions of the fund.

11. STORES AND INVENTORIES

11.1. Stores

11.1.1 Valuation and Stores Control

The Executive Head of Finance shall issue instructions on stores control and arrangements made by the Executive Directors and Heads of Services for valuing stock shall be subject to the approval of the Executive Head of Finance.

11.1.2 Custody of Stores and Stocktaking

The care, custody and level of stores and equipment in any Department shall be the responsibility of the appropriate Executive Director who will ensure that:-

- (i) stocktaking is carried out at regular intervals as agreed by the Executive Head of Finance.
- (ii) all obsolete or excess stock or scrap material is identified and disposed of in accordance with instructions issued by the Executive Head of Finance.

11.1.3 Write-off/Surpluses of Stores

Each Executive Director or Head of Service shall report annually to the appropriate Committee, and Policy and Resources Committee the total values of write-offs and surpluses of stock, the net effect of these adjustments on the book value of consumable stores under their control and a brief explanation of the reasons for this action. This report shall be submitted in accordance with instructions issued by the Executive Head of Finance.

11.1.4 Disposal of Assets

- (i) All surplus plant, equipment, furnishings, materials, etc. shall be disposed of in a manner to be approved by the Executive Head of Finance and to obtain the best consideration. A disposal to a Member, Officer or Employee of the Council or their immediate friends or family shall be notified to the Chief Executive for approval in advance of such disposal.
- (ii) All disposals should follow Council agreed procedures on the disposal of assets.

11.2 Inventories

11.2.1 Furniture and Equipment

Every department of the Council must maintain full and accurate inventory records. It is essential for the proper control of such assets and for security purposes in the event of fire, theft and other risks covered by insurance, that departmental management ensure the completion of adequate inventory records for all establishments on a continuous basis. Standing inventory instructions and procedures are issued by the Executive Head of Finance and contain instructions on inventory procedure and record keeping.

11.2.2 Use of Equipment

The Council's property shall not be removed other than in the course of the Council's normal business or used other than for the Council's purposes without the specific approval of the Executive Director, Head of Service or nominated officer concerned. Where property is removed for Council purposes, a register must be maintained on the movement of such items together with authorisation for the removal of such property.

12. OFFICIAL ORDERS AND PAYMENT OF ACCOUNTS

12.1. Method of Payment

The normal method of payment of money due from the Council shall be by cheque, BACS or other instrument drawn on the Council's bank account(s) by the Executive Head of Finance or any person or persons authorised by him. The exception to this shall be petty cash and other payments from imprest accounts. Instructions on the procedures for recording of payments, method of payment and document retention will be issued by the Executive Head of Finance. All documents must be held in an agreed format in order to ensure easy accessibility and recovery of documents as required.

12.2 Official Orders

- (i) All goods, materials or services supplied to or work executed for the Council shall be ordered or confirmed in writing by means of an official order or by written acceptance of a tender or offer and such acceptances shall be signed only by officers authorised by the Scheme of Delegation.
- (ii) Exceptions to this shall be petty cash purchases, supplies of Public Utility Services and periodic payments such as rent and rates.
- (iii) A current list of officers so authorised together with specimen signatures shall be maintained by each Department.
- (iv) Reference should be made where appropriate to the Council's Standing Orders on Contracts.
- (v) In placing orders, Executive Directors shall ensure that the expenditure is properly incurred and is within budget provision.

12.3 Central Purchasing and Standardisation

Each order where appropriate shall conform with the directions of the Council with respect to the Council's membership of the Authorities' Buying Consortium and the standardisation of goods, materials and services.

12.4 Check on Goods, Materials and Services Received

It shall be the duty of the Executive Director, Head of each Service or other authorised officer to ensure that all goods, materials and services received meet the agreed price, quantity and quality.

12.5 Certification by Executive Director/Head of Service

The Executive Director or Head of each Service which incurs expenditure shall arrange for the certification in manuscript by an officer of his Department that all payments vouchers comply with the following:-

- (i) the expenditure is on items or services which it is within the Council's legal power to incur and is within budget provision.
- (ii) the goods, materials, services or work to which the account relates have been received or carried out as the case may be and have been examined and approved and are in accordance with the order.
- (iii) the prices, extensions, calculations, trade discounts, other allowances, credits and VAT are correct.
- (iv) the relevant expenditure code numbers are entered on the document for payment.
- (v) appropriate entries have been made in inventories, stores records or stock records as required.
- (vi) only in appropriate circumstances shall payments be made in advance of receipt. Such payments shall require the approval of the appropriate Executive Director or Head of Service, in agreement with the Executive Head of Finance.

12.6 Payment Timetable

All invoices must be processed timeously by all departments in order to meet the payment targets agreed by the Council.

12.7 Authorised Signatories

A list of authorised signatories for the certification of accounts shall be supplied by all Executive Directors or Heads of Service, to the Executive Head of Finance together with specimen signatures. Additions or deletions shall be notified to the Executive Head of Finance as they occur and the accuracy of the list shall be reviewed annually by the appropriate Executive Director or Head of Service. No payment shall be made unless certified by an authorised signatory.

12.8 Duplicate Invoices etc

Payment shall not be made on duplicate or photocopy invoices unless the Executive Director or Head of Service or other authorised officer certifies in writing that the amounts have not previously been passed for payment.

12.9 Finance Department Checks

The Executive Head of Finance shall supplement the departmental checks on payment of accounts as he considers necessary.

12.10 Amendments to Payments Vouchers

Any amendments to payments vouchers shall be made in ink and initialled by the officer making them, stating briefly the reasons where this is not self evident. Alterations must not be made using correction fluids. Tax invoices must be returned to the creditor for alteration.

13. ACCOUNTING

13.1 Accounting Procedures and Records

All accounting procedures and records of the Council shall be determined by the Executive Head of Finance and all accounts and accounting records of the Council shall be compiled by the Executive Head of Finance or under his direction.

13.2 Internal Check

The following principles shall be observed in the allocation of duties:-

- (i) procedures to be followed regarding the calculation, checking and recording of sums due by or to the Council should be arranged in such a way whereby the work of one person is proven independent or is complementary to the work of another and these operations shall be separated from the duty of collecting or disbursing such sums.
- (ii) officers charged with the duty of examining and checking the accounts of cash transactions shall not themselves be engaged in any of these transactions.

13.3 Year-end Accounting Returns

Each Executive Director or Head of Service shall at dates to be specified by the Executive Head of Finance submit to him:-

- (i) a copy of the certified stock list for his/her Department as at the end of the financial year (or date in lieu thereof as laid down by the Executive Head of Finance) together with any reports referred to in paragraph 11.1.3 above.
- (ii) a certificate confirming that inventories of all moveable furniture, equipment, plant and other items are kept on a continuous basis in all locations under his control.

- (iii) any other information necessary to close the Council's accounts.
- (iv) Each Executive Director shall ensure that adequate records are maintained to provide a management trail leading from the source of departmental income/expenditure through to the accounting statements.

14 INTERNAL AUDIT

14.1. Authority of Audit

The Chief Auditor or his authorised representatives shall have authority, on production of identification, to:

- (i) obtain entry at all reasonable times to any Council premises or land.
- (ii) have access to all systems, records, documents and correspondence relating to any financial and other transactions of the Council.
- (iii) have access to all IT hardware running systems on behalf of East Ayrshire Council including hardware owned by third party service providers.
- (iv) require and receive such explanations as are necessary concerning any matter under examination.
- (v) require any employee of the Council to produce cash, stores or any other Council property under his/her control.

14.2 Internal Audit Reporting Procedures

14.2.1 Audit Assignments

Internal Audit reports will be distributed as follows:

- (i) Client Departments will receive a copy of the Internal Audit report at the conclusion of the audit assignment.
- (ii) The Chief Executive, the Executive Head of Finance and the Council's External Auditor will receive copies of all Internal Audit reports.
- (iii) The Council's Monitoring Officer shall receive copies of Internal Audit reports where these contain issues which could potentially adversely affect the proper management of the Council.

14.2.2 Annual Audit Plan

The Annual Audit Plan will be submitted to the Corporate Governance Committee at the beginning of the financial year. The purpose is to advise members of the programme of audit work for the forthcoming financial year. The plan will be compiled following consultation with the Chief Executive, the Executive Head of Finance and all Service Executive Directors.

14.2.3 Annual Audit Report

Audit Reports showing the activity of the Internal Audit section, progress achieved against plan and a summary of significant audit findings will be presented to the Corporate Governance Committee.

14.3. Irregularities

Any evidence or reasonable suspicion of an irregularity relating to funds, stores, property or records of the Council shall be reported immediately by the Executive Director or Head of Service to the Chief Auditor or his authorised representatives. Such irregularity shall be dealt with in accordance with the Council's Defalcation/Corrupt Practices Procedures. It is the responsibility of each Executive Director and Head of Service to promote awareness of and adherence to the Council's Defalcation/Corrupt Practices Procedures.

15. CASH IMPRESTS

15.1. Provision of Imprests

On the recommendation of the Executive Director or Head of Service concerned, the Executive Head of Finance shall provide such imprest accounts as he considers may be required for purposes of defraying petty and other minor expenses.

15.2. Bank Accounts for Imprest Holders

The Executive Head of Finance shall open bank accounts where it is considered appropriate. In no circumstances shall the imprest holder overdraw the account and it shall be a standing instruction to the Council's bankers that an imprest holder's account shall not be overdrawn. Bank accounts will not be opened by any officer other than the Executive Head of Finance or their Depute.

15.3. Exclusion of Payments to the Council

No payments to the Council shall be paid into an imprest account but shall be lodged in a bank as provided for in paragraph 9.3. Any bank interest earned on imprest accounts will be remitted separately and immediately to the Executive Head of Finance and will not be left in the imprest bank balance.

15.4. Limit on Expenditure

Payments from imprest accounts shall be limited to minor items as the Executive Head of Finance may approve. Payments shall be supported by a voucher. Imprest must not be used to pay major expenses claims or any suppliers' invoices. The Executive Head of Finance may prescribe an upper limit to individual items of expenditure to be met out of imprest accounts.

15.5. Statement of Account

An officer responsible for an imprest account shall, when requested, give the Executive Head of Finance a certificate as to the balance of the imprest account.

15.6. Termination of Imprest Holder

An officer leaving the employment of the Council or otherwise ceasing to be entitled to hold an imprest advance, shall account to the Executive Head of Finance for the amount advanced to him/her. A formal record of this accounting shall be prepared and retained in the Department concerned for inspection.

16. CLAIMS FOR EXPENSES AND ALLOWANCES

16.1. Arrangements for Claims

The Executive Head of Finance shall be responsible for making arrangements for the administration, regulation and payment of claims for expenses and allowances to Members and employees of the Council and its Committees and other approved bodies.

16.2. Regulations

The Executive Head of Finance and/or Executive Director of Corporate Support shall make available the current Regulations on expenses and allowances to members and approved bodies.

16.3. Employees' Claims

All claims for payment of travelling allowances, subsistence allowances, car allowances and incidental expenses shall be submitted at regular intervals as required, duly certified in manuscript on the appropriate official form provided by the Executive Head of Finance. Such payments will not be made out of imprest accounts without the express authority of the Executive Head of Finance.

16.4. Authorisation of Claims

A current list of authorised signatories, together with specimen signatures, shall be maintained by each department and provided to the Executive Head of Finance. The Executive Head of Finance shall be notified immediately of any amendments to the list of authorised signatories. No payment shall be made unless certified by an authorised signatory. No officer authorised to certify such claims shall certify his personal claim. Personal claims must be certified by a separate authorised signatory.

16.5. Certification on Employees' Claims

The certification by or on behalf of the Executive Director or Head of Service shall be taken to mean that the certifying officer is satisfied that the journeys were authorised, the expenditure properly and necessarily incurred, and that any allowances are properly payable.

16.6. Members' Claims

Payments to Members in respect of attendance and other allowances shall be made in accordance with the conditions laid down in the Scheme of Members' Expenses on receipt of the prescribed form duly completed and certified in manuscript.

17. SALARIES, WAGES AND PENSIONS

17.1. Information Regarding Appointments, etc.

The Executive Director of Corporate Support or, where appropriate, the Executive Director or Head of Service concerned having obtained appropriate authorisation in terms of the Council's Scheme of Delegation shall notify the Executive Head of Finance timeously of all matters affecting the payment of emoluments in accordance with conditions laid down by the Executive Head of Finance, in particular:-

- (i) appointments, resignations, dismissals, suspensions, secondments and transfers.
- (ii) implementation of changes in remuneration, other than normal increments and pay awards and agreements of general applications.
- (iii) absences from duty for sickness or other reason apart from approved leave.
- (iv) information necessary to maintain records of service for superannuation, income tax and social security purposes.

17.2. Arrangements for Payments

The payment of all salaries, wages, pensions, compensation and other emoluments to all employees, former employees or beneficiaries shall be made by the Executive Head of Finance or under arrangements made by him.

17.3. Form and Certification of Records

All pay documents shall be in a form prescribed or approved by the Executive Head of Finance and shall be certified in manuscript by or on behalf of the appropriate Executive Director or Head of Service. The names of officers authorised to certify such documents shall be sent immediately to the Executive Head of Finance by the Executive Director or Heads of Service, together with specimen signatures and the names shall be amended on the occasion of any change. No pay document shall be processed unless certified by an authorised signatory.

18. SECURITY

18.1. Responsibility for Security

Each Executive Director shall be responsible for maintaining proper security, custody and control at all times of all plant, buildings, materials, stores, furniture, equipment, cash and other Council assets under his control. He shall also consult the Executive Head of Finance as appropriate in any case where security is thought to be defective or where it is considered that special security arrangements may be required.

18.2. Limits to Cash Holdings

The Executive Head of Finance shall agree with the appropriate Executive Director or Head of Service the maximum amount of cash to be held in the premises under his control and the agreed amount shall not be exceeded except with the written agreement of the Executive Head of Finance.

18.3. Safe Keys

Keys to safes and similar receptacles containing cash or valuable documents or articles shall be carried on the person of those responsible. The loss of any such keys shall be reported immediately to the Executive Head of Finance. A register of all such keyholders will be kept in each department.

18.4. Cash Carrying

Levels and types of security required to comply with the Council's insurance requirements should be obtained from the Risk and Insurance Manager.

18.5. Pre-printed/Pre-signed Cheques, etc.

The Executive Head of Finance shall be responsible for ensuring that secure arrangements are made for the preparation and holding of pre-printed/pre-signed cheques, stock certificates, bonds and other financial documents.

19. SECURITY/RETENTION OF DOCUMENTS

Each Executive Director shall be responsible for maintaining proper security, custody and control of all documents within his/her Department. The retention period for all books, forms and records relating to financial matters shall be determined by the Executive Head of Finance in consultation with the Executive Head of Administrative and Legal Services.

20. DATA PROTECTION ACT

Each Executive Director and Head of Service shall be responsible for the use and security within his/her Department of all personal data output from Computer Systems. Personal data output from systems must not be used by any other person, Department or organisation without the prior approval of the Head of Information Technology.

21. ASSET REGISTERS

2.1.1 Housing Property Asset Register

The Executive Director of Neighbourhood Services shall be responsible for the maintenance of the Housing Property Asset Register of the Council.

2.1.2 Information Technology Asset Register

The Executive Director of Corporate Support shall be responsible for the maintenance of the Information Technology Asset Register of the Council.

21.3 Transport Asset Register

The Head of Roads & Transportation shall be responsible for the maintenance of the Transport Asset Register of the Council.

21.4 Land and Non-Housing Property

The Executive Director of Development Services and Property Services shall be responsible for Non-Housing Property Asset Register.

21.5 Vehicle and Operational Equipment

Each Executive Director shall be responsible for the maintenance of their Departmental Vehicle Asset Register.

21.6 Compliance with CIPFA Guidance

Each register will contain at least the minimum level of data to ensure compliance with the CIPFA Accounting Code of Practice.

22. TITLE DEEDS

All title deeds will be held securely by the Executive Head of Administrative and Legal Services who shall be responsible for the maintenance of all of the Council's titles.

23. GIFTS AND HOSPITALITY

Each Executive Director and Head of Service must ensure that Council guidelines with regard to gifts and hospitality are adhered to.

24. INSURANCE

24.1. Responsibility for Insurance

The Executive Head of Finance shall make appropriate insurance arrangements for all aspects of the Council's activities, subject to any Scheme of Delegation and the general supervision of the Policy & Resources Committee.

The Executive Head of Finance shall arrange, taking such specialist advice as may be necessary, that adequate insurance cover is obtained for all risks from the activities of the Council and for which it is the general custom to insure.

With regard to Member/Officer appointments on external companies and trusts, adherence should be made to protocols established between the Executive Head of Finance and the Executive Director of Corporate Support in relation to the requirements for and details of, all members and officers indemnities.

24.2. Notification of Risks

Executive Directors or Heads of Services shall give prompt notification to the Executive Head of Finance of all new or increased risks, properties or vehicles which should be covered by insurance or any deletions affecting their Department or service.

24.3. Notification of Claims

Notification of claims shall be as stated in the arrangements as issued by the Executive Head of Finance.

24.4. Review of Insurance Cover

The Executive Head of Finance shall review periodically all insurance in consultation where appropriate with other Executive Directors or Heads of Services.

24.5. Tender for Insurance

All services provided by the Council's insurers shall be subject to open tendering procedures at least once every five years.

25. CONTRACTS

With regard to all issues relating to contracts, reference should be made to the Council's Standing Orders on Contracts. All disposals of heritable property shall be in accordance with the Council's approved Property Disposals Procedures.

26. ECONOMY, EFFICIENCY AND EFFECTIVENESS

The Council has a duty under the Local Authority Etc. (Scotland) Act 1994 to invoke proper arrangements for securing economy, efficiency and effectiveness in the use of resources. There shall be a process of strategic planning which shall have full Member involvement, in order to establish the systematic identification of priorities and realisation of economy, efficiency and effectiveness. It shall be the responsibility of the Chief Executive to deliver the arrangements put in place to secure value for money and to co-ordinate council policy in regard to ensuring that the Council provides best value.

Each Executive Director/Head of Service, shall be responsible for ensuring implementation of both the corporate and departmental applications of the strategic planning process. All Executive Directors/Heads of Services must ensure that they can demonstrate that proper arrangements are in place to ensure economy, efficiency and effectiveness and that there is the application of documented procedures, operational performance indicators and targets and a customer/user focus in service planning.

Value for Money should cover the areas of human resource and physical resource management, capital programme and contract management, financial management and policy, performance and service delivery process reviews.

27. EXTERNAL FUNDING

The principles of openness, integrity and accountability in decisions on spending public money should apply to funds or other resources which are transferred by the Council to bodies such as companies, trusts and voluntary organisations where such bodies are subject to Local Authority control or influence and where they operate at arms' length.

Each Executive Director/Head of Service shall be responsible for ensuring the implementation of and adherence to, all Codes and Guidance issued on external funding arrangements.

Any agreements shall include right of access of Internal Audit to the systems, records, documents and correspondence of that organisation.

28. PARTNERSHIPS

Partnerships can play a key role in delivering community strategies. In some circumstances the Council has a leadership role to bring together the contributions of a variety of stakeholders to deliver a shared vision of services based on user needs. Examples of partners include;

- (i) a public or private organisation undertaking part funding or participating as a beneficiary in a project including PPP/PFI; or
- (ii) a body whose nature or status gives it a right or obligation to support a particular project.

In all instances the Executive Director of the lead department for the Council should be able to demonstrate that: -

- (i) appropriate financial regulations have been adopted for the partnership. There should be a presumption that the Council's Financial Regulations will prevail in all circumstances unless alternative or additional guidance is considered appropriate. The approval of the Executive Head of Finance will be required for any such departure.
- (ii) the roles and responsibilities of each of the partners involved have been agreed and formally accepted before any project commences and that individuals representing the partner organisations are aware of their personal responsibilities.
- (iii) documented project management arrangements are in place.
- (iv) responsibility for Budget Control for any project is vested in one officer.
- (v) the limits of responsibility for all groups involved in decision making for any partnership project are clear and agreed. This could include Project Teams, Project Boards, Council Committees and the Council itself.
- (vi) a project exit strategy is in place for limited life projects.
- (vii) arrangements are in place for risk appraisal, monitoring, management and control.

29. DEVOLVED MANAGEMENT OF RESOURCES (DMR)

The Council is required under the Local Government Etc. (Scotland) Act 1994 to draw up decentralisation schemes in accordance with prescribed consultative procedures. The Council shall have in place satisfactory arrangements for delivery of decentralisation.

It is the responsibility of the management of each Service to ensure that the systems of internal control are adapted to the changing environment following decentralisation. A scheme of delegated authority which codifies duties and responsibilities of elected Members and officers and which ensures the provision of a sound internal control environment for a decentralised structure shall be established and maintained.

30. OBSERVANCE OF FINANCIAL REGULATIONS

30.1. Responsibility of Executive Directors and Heads of Services

It shall be the duty of each Executive Director and Head of Service to ensure that these Regulations are made known to the appropriate persons within the Department and to ensure that they are adhered to.

30.2. Breach of Regulations

Any breach or non-compliance with these Regulations must on discovery be reported immediately to the Executive Head of Finance who may discuss the matter with the Chief Executive and/or such other Executive Director or Head of Service as may be appropriate in order to determine the proper action to be taken.

31. REVIEW OF FINANCIAL REGULATIONS

These Regulations shall be the subject of review by the Executive Head of Finance in consultation with the Chief Executive, and where necessary, subsequent adjustments will be submitted to the appropriate Committee.