



# **ABERDEEN CITY COUNCIL**

## **FINANCIAL REGULATIONS**

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# ABERDEEN CITY COUNCIL FINANCIAL REGULATIONS

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# ABERDEEN CITY COUNCIL FINANCIAL REGULATIONS

## REGULATION 1: INTRODUCTION

### 1.1 General

- 1.1.1 These Regulations are made under Section 95 of the Local Government (Scotland) Act 1973 and the Council's Standing Orders.
- 1.1.2 Section 95 of the of Act states:  
“... every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that the proper officer of the authority has responsibility for the administration of those affairs.”
- 1.1.3 These Financial Regulations fulfil this requirement by setting out the mandatory framework for the financial administration, in Aberdeen City Council, and apply to every financial transaction and to every member of staff throughout the Council. Failure to observe these Financial Regulations may be regarded as a breach of trust and lead to disciplinary action or dismissal.
- 1.1.4 The Council has appointed the Head of Finance to be the proper officer and is responsible for exercising a supervisory check over all financial matters and providing advice to the Council.
- 1.1.5 These Financial Regulations are approved by the Finance and Resources Committee. This is in accordance with paragraph 9(3) of Standing Orders Finance.
- 1.1.6 These Regulations are not exhaustive and supplementary guidance may, from time to time, be issued by the Head of Finance which expands upon these Regulations.
- 1.1.7 Nevertheless as not every eventuality can be foreseen or every circumstance taken into account, especially where instances of uncertainty arise, advice should be sought from the Finance Service.
- 1.1.8 In the course of their duties officers will see financial and other material of a confidential nature. There is a general responsibility that all such matters are not disclosed except to authorised personnel.
- 1.1.9 These Financial Regulations should be read in conjunction with Council's Standing Orders and Scheme of Delegation.
- 1.1.10 The Head of Finance is responsible for the regular review and maintenance of these Regulations.

# ABERDEEN CITY COUNCIL FINANCIAL REGULATIONS

## REGULATION 2: ACCOUNTING

### 2.1 General

2.1.1 All accounting procedures and related records, of the Council, shall be determined by the Head of Finance.

2.1.2 All accounts and accounting records of the Council will be compiled by, or under the direction of, the Head of Finance.

2.1.3 The following principles will be observed in the allocation of accounting duties:

- The duties of providing information regarding sums due to, or by, the Council, and of calculating, checking and recording these, will be separated as completely as possible from the duty of collecting or disbursing them; and
- Officers charged with the duty of examining and checking the accounts of cash transactions will not themselves be involved in maintaining these accounts.

### 2.2 Annual Abstract of Accounts

2.2.1 The Head of Finance is responsible for ensuring that the Council's Abstract of Accounts are produced in compliance with existing legal and accounting requirements.

2.2.2 The Chief Executive, Corporate Directors and Heads of Service shall, at dates to be specified by the Head of Finance, submit:

- A copy of the certified stock list for his/her service as at the end of the financial year (or any other date as laid down by the Head of Finance);
- Any other information necessary to close the Council's accounts.

2.2.3 The Chief Executive, Corporate Directors and Heads of Service are required to provide all relevant information to the Finance Service, as detailed in the Guidance Notes and Procedures issued annually by the Head of Finance, in order to complete the Abstract of Accounts by the statutory deadline. This includes the information specified at 2.2.2 above.

2.2.4 It is the direct responsibility of the Chief Executive, Corporate Directors and Heads of Service to provide the External Auditor with supporting documentation and any other information required in connection with the closure of the Council's Accounts.

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### **REGULATION 3: BANKING ARRANGEMENTS**

#### **3.1 General**

- 3.1.1 In accordance with Standing Orders all banking arrangements (including the ordering and issuing of cheques) regarding the opening, closing and operation of all bank accounts shall be made by the Head of Finance as he/she considers necessary. This includes the authority to give the necessary directions to the bank concerning signatures for withdrawals.
- 3.1.2 Bank Accounts shall be in the name, or incorporate the name, of Aberdeen City Council and not in the name of any officer or designation. The one exception, subject to the agreement of Internal Audit is that Social Care and Wellbeing may open accounts in trust for individual clients under the name of the Director/Head of Service and the client.
- 3.1.3 All cheques (but excluding cheques drawn on authorised Imprest accounts) shall only be ordered on the authority of the Head of Finance, who shall make proper arrangements for their safe keeping.
- 3.1.4 Cheques drawn on the Council's main bank accounts shall bear the facsimile signature of the Head of Finance or be signed by the Head of Finance or officers authorised to do so.

#### **3.2 Electronic Transfers**

- 3.2.1 Arrangements for electronic transfer must be authorised by the Head of Finance or another officer on the list of authorised signatories.

#### **3.3 Monies Received**

- 3.3.1 All monies received shall be paid into the Council's bank accounts daily, or at such intervals as may be approved by the Head of Finance and shall be recorded and accounted for in line with arrangements made by the Head of Finance.

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### **REGULATION 4: BUDGETARY CONTROL**

#### **4.1 Revenue and Capital Budgets**

- 4.1.1 All budgets shall be drawn up in accordance with appropriate legislation, accounting best practice guidance and Standing Orders - Finance.
- 4.1.2 The budgets for both income and expenditure must be prepared jointly by Heads of Service and the Head of Finance, and must integrate strategic and service planning with 5 year budgeting. The format, timetable and price base for the preparation of capital and revenue budgets shall be determined by the Head of Finance.
- 4.1.3 The Head of Finance shall prepare a consolidated draft Budget, incorporating 5 year budgeting and an annual budget plan, together with a report on its financial implications. This will be submitted to the Council Budget meeting.
- 4.1.4 Budgets will be prepared in compliance with Government regulations and relevant codes of practice, including the Prudential Code for Capital Finance in Local Authorities.

#### **4.2 Monitoring Budgets**

- 4.2.1 No expenditure shall be incurred unless it can be included within an approved budget. If such expenditure was incurred this would result in an over spending on the approved budget which must be approved within monitoring procedures.
- 4.2.2 If it becomes apparent that any item of income or expenditure is likely to vary significantly from budget estimates this shall be reflected as a variance in budgeting monitoring reports to the appropriate service committee along with the remedial action proposed.
- 4.2.3 Budget monitoring and the monitoring of budget savings shall be undertaken as set out in Standing Orders-Finance 2(1) to (6) and as agreed by corporate procedures and timetables.

#### **4.3 Joint Management & Working Arrangements**

- 4.3.1 Where a budget is to be managed under joint arrangements with a partner organisation e.g. Joint Future or Northern Criminal Justice Partnership it is to be clarified and identified at the outset then approved by the Head of Finance.
- The resources available, e.g. pooled or aligned budgets
  - Historical expenditure patterns
  - The level of funding sources being input by each partner
  - The management arrangements and accountabilities for the spending of the various elements of the resources available

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- Authority to spend the elements of the total resources held by the Council will be set out within any approved schemes of delegation.
- The output measures expected from the joint arrangements
- Virement out of the Council's pooled element of the service budget cannot be undertaken without the understanding and agreement of the Partnership Committee.

4.3.2 Where joint work is prepared either internally between Services or externally with other organisations the management arrangements and accountabilities for the spending of any resources must be clearly specified at the outset and approved by the Head of Finance.

### **4.4 Residential Schools and Associated Services**

4.4.1 The budgetary arrangements for the management of residential schools and associated services will operate through the alignment of Social Care and Wellbeing, Education, Culture and Learning budgets to be based on a percentage cost split of 60%/40%.

### **4.5 Capital Expenditure**

4.5.1 Capital expenditure includes all costs and services on the acquisition, creation or enhancement of fixed assets charged by external providers or by the Council's own labour force.

4.5.2 Expenditure that should be capitalised includes:

- Expenditure on the acquisition, reclamation, enhancement or laying out of land.
- Acquisition, construction, preparation, enhancement or replacement of roads, buildings and other structures.
- Acquisition, installation or replacement of movable or immovable plant, machinery, apparatus, vehicles and vessels.

4.5.3 Enhancement means the works which are intended to:

- Lengthen substantially the useful life of an asset.
- Increase substantially the open market value of the asset.
- Increase substantially the extent to which the asset can or will be used for the purposes of local authority.

4.5.4 In all cases, funding capital expenditure will be a matter for the Head of Finance to determine.

### **4.6 Capital Plan Process**

4.6.1 A process "Capital Prioritisation Process" for the non-Housing capital Programme has been approved by Council and closely ties to the implementation of Service Asset Management plans.

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- 4.6.2 The detailed process can be found at <http://councilcommittees/mgConvert2PDF.aspx?ID=4875>
- 4.6.2 Capital bids must detail all the revenue implications (savings, income, expenditure) of the proposed capital project and be subject to a detailed options appraisal and whole life costing.
- 4.6.3 Committee recommendations on capital project bid proposals, together with the report, must be submitted to the capital planning process by a date and form decided by the Head of Finance for a consideration of annual capital programmes.
- 4.6.4 The annual housing and non-housing capital programmes, approved at the Council Budget setting meeting constitute approval of the individual projects or provisions contained therein.
- 4.6.5 The authority will determine and keep under review the affordability of its proposed annual programmes for housing and non-housing capital expenditure.

### **4.7 Virement**

- 4.7.1 The term "virement" refers to the switching of budgetary provision from one budget head to another.
- 4.7.2 Any proposal for virement involving a new policy, or variation of existing policy, which may have a significant impact upon the corporate plans of the Council, will be subject to the approval of the appropriate Service Committee, in the first instance, and thereafter the Finance and Resources Committee.
- 4.7.3 The Chief Executive, Corporate Directors, Heads of Service and Budget Managers may exercise virement, as set out below, within the Services' overall Revenue Budget provided:
- The Head of Finance has been notified ; and
  - The virement does not create an additional financial commitment into future financial years.



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	<b>Scope</b>	<b>Limit</b>	<b>Approval to Vire</b>
1	<u>Within Individual Budget Headings at establishment or service level</u> (e.g. Printing & Stationery to Telephones-within Administration Costs)	up to £20,000 (or 10% of value of budget head, whichever is the lesser)  up to £50,000  Over £50,000	Budget Manager  Heads of Service  Corporate Director – Reported to Service Committee in Service Monitoring Report
2	<u>Between Budget Headings at establishment or service level</u> (e.g. Administration Costs to Supplies & Services)	up to £20,000 (or 10% of value of budget head, whichever is less)  up to £50,000  over £50,000	Budget Manager  Heads of Service  Corporate Director – Reported to Service Committee in Service Monitoring Report
3	<u>Between Functional Services Budgets</u> (e.g. Primary to Secondary Education; Libraries to Museums, Care of Older People to Care of Children/Young Persons or between Care Management & Day Care within Care of Older People)	up to £20,000 (or 10% of value of service budget, whichever is less)  £20,000 to £50,000  over £50,000	Heads of Service  Corporate Director – Reported to Service Committee in Service Monitoring Report  Service Committee
4	<u>Between Functional Budgets within Directorate Budgets</u> (e.g transfer from Education to Culture etc)	No limit	Service Committee
5.	<u>Between Directorate Budgets ie across Committees</u> (e.g. transfer from Social Care & Wellbeing to Housing & Environment etc.)	No Limit	Finance and Resources Committee

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- 4.7.4 Virement cannot be used by services in the following situations:
- for expected savings on finance costs or recharges
  - for recurring items of expenditure can not replace non-recurring savings
  - to reinstate an item deleted by Council during budget considerations unless approved by the appropriate Service Committee AND the Finance and Resources Committee.
  - for service budgets which are included within partnership agreements e.g. Joint Future and Criminal Justice
  - between services that are budgeted and funded through Council house rents and the Council tax i.e. the Housing Revenue Account Budget and General Fund budgets
- 4.7.5 Education establishments within the scheme of Devolved Education Management may vire between different categories of specified budgets e.g. staffing and supplies and services.

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### REGULATION 5: CONSULTANTS

#### 5.1 General

- 5.1.1 Consultants, usually professional specialists who charge a fee, can be used to carry out work or to undertake specialised work for which there is a lack of experience/expertise by Council employees. It is therefore necessary to control the work and terms and conditions of such people or companies in order to ensure that value for money is achieved and that the Council's services are not compromised.
- 5.1.2 If Council officers would normally be expected to carry to provide the service or advice but have sub-contracted the work due to lack of capacity then, this should not be regarded as consultancy work, but rather as sub-contracted work and coded accordingly.
- 5.1.3 The rules set out in the Council's Standing Orders Relating to Contracts and Procurement are still effective with respect to the commissioning of consultants.
- 5.1.4 In appointing consultants Directors/Heads of Service must ensure that :
- the terms of agreement are controlled.
  - A means of monitoring the quantity and quality of work exist.
- 5.1.4 The appointment of consultants shall, wherever possible, be on the basis of four quotes for contracts with an estimated contract value of less than £60,000 and satisfy the regulations for the ordering of services as set out in Standing Order 6. The appointment of consultants with a total cost in excess of £60,000 will be approved by the appropriate committee.

#### 5.2 Contract

- 5.2.1 Where consultants (including architects, engineers, quantity surveyors, accountants, and others) are engaged to carry out professional services for the Council, the relevant Head of Service shall be responsible for ensuring that an appropriate contract is in place setting out the terms on which they are engaged. Such contract, for supplies and services will be with the agreement of and determined by the Head of Legal and Democratic Services.
- 5.2.2 Amongst other things the contract shall specify:
- the precise scope of the commission;
  - cost limits and controls;
  - lines and levels of reporting, responsibility and authority;
  - insurance cover (which must be verified by Council officers);
  - the method of determining completion of work and payment thereof;
  - standard Aberdeen City Council terms of payment; and
  - the ownership of intellectual property rights relating to any material or computer software developed during the consultancy.

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- 5.2.4. It must be included as a condition of engagement for the services of all consultants that they:
- allow the Head of Finance right of access to records (whether manual or on computer); and
  - produce for the Head of Finance any information or explanation considered necessary to suit matters under examination.
- 5.2.5 It is the responsibility of the Director/Head of Service to ensure that in any contract there is no inadvertent or unnecessary conflict with the Council's standing orders or financial regulations. In the event of there being any conflict it should immediately be brought to the attention of the Head of Finance and the Head of Legal and Democratic Services.

### **5.3 Payment of Fees**

- 5.3.1 The relevant Director/Head of Service should ensure that fees are only paid when the work fulfils the specification.

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### **REGULATION 6: EXTERNAL FUNDING**

#### **6.1 General**

6.1.1 External Funding is potentially a very important source of income, but funding conditions need to be carefully considered to ensure they are compatible with the objectives of Aberdeen City Council. Funds from external agencies provide additional resources to enable the authority to deliver services to the local community.

6.1.2 Officers are to be alert to the opportunity of additional funding, especially in the context of projects. However, in some instances, although the scope for external funding has increased, such funding is linked to tight specifications and may not be flexible enough to link to the Council's overall Plan

#### **6.2 Match Funding**

6.2.1 Evidenced match funding approval should be obtained through the production of a business case prior to submitting an application for external funding and entering into long term agreements. Future revenue budgets and appropriate accounting structures need to reflect these requirements.

#### **6.3 Grant Claims**

6.3.1 The Director/Head of Service must ensure that all funding provided to the Council from external bodies, other agencies, and partner organisations etc is received and both income and expenditure is properly accounted for. All claims for grant funds are to be made promptly by the due date.

6.3.2 Each Service shall identify a responsible officer to monitor compliance with grant conditions.

#### **6.4 Council Funding Provided to Other Parties**

6.4.1 Where a Council task is carried out by a third party which receives finance from the Council regard must be had for the guidance in the COSLA/Accounts Commission publication Following the Public Pound and the Council's Local Code of Practice for Funding External Bodies and Following the Public pound.

6.4.2 Further information on the providing funding to partners and Arms Length Organisations is set out in Regulation 16.

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### **REGULATION 7: FINANCIAL ADMINISTRATION**

#### **7.1 Financial Responsibilities of Corporate Directors and Heads of Service**

- 7.1.1 Directors/Heads of Service have responsibility for financial management within their area of service.
- 7.1.2 Each Director/Head of Service is to consult with the Head of Finance about any matter within their service which could affect the finances of the Council. All committee reports must detail financial implications and discussion and consultation have taken place in advance with the Head of Finance or their nominated officer.
- 7.1.3 Directors/Heads of Service are to supply the Head of Finance with the information necessary for the administration of the Council's financial affairs, and are to allow their representatives access to all records.
- 7.1.4 Each Director/Head of Service must make arrangements to ensure that their Service does not suffer waste or inefficiency, and that value for money is achieved.

#### **7.2 Legal Responsibilities of Directors and Heads of Service**

- 7.2.1 It is the duty of Directors/Heads of Service to ensure that no expenditure is incurred unless it is within the legal power of the Council.
- 7.2.2 In cases of doubt Directors/Heads of Service must consult the Council's Monitoring Officer (Head of Legal and Democratic Services) before incurring expenditure.
- 7.2.3 Expenditure on new service developments, contributions to new client organisations and responses to new emergency situations must be clarified as regards legality beforehand.

#### **7.3 Internal Control**

- 7.3.1 In all Services the following principles must be observed in the allocation of accounting duties:
- any activity should be checked and/or authorised by another officer
  - in any transaction, whether of funds or property, the transfer and the transferee should not be the same person.
  - all transactions, whether of funds or property, should be acknowledged by a receipt (subject to a de minimus of £5).
- 7.3.2 Each Director/Head of Service must ensure that sound principles of internal check are applied in their service to the satisfaction of the Head of Finance and the Internal Audit.

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### REGULATION 8: GIFTS AND HOSPITALITY

#### 8.1 General

- 8.1.1 It is important that officers are aware that it is a serious criminal offence to receive or give any significant gift, loan, fee, reward or advantage for doing or not doing anything, or for showing favour or disfavour to any person in the course of work for the Council.
- 8.1.2 Insignificant gifts are classified as diaries, calendars, pens and similar tokens.
- 8.1.3 Working lunches or dinners can be an appropriate method of business provided that no extravagance is involved and the occasions are infrequent. Likewise, it can be reasonable for an officer to represent a Service of the Council at an external social function or event organised by outside bodies. Acceptance of such invitations must be first approved by the Officer's Head of Service and the Heads of Service by their Corporate Director and Corporate Directors by the Chief Executive.
- 8.1.4 All gifts, (whether accepted or not), that are not considered to be insignificant or that can not be considered reasonable hospitality received directly in connection with any meeting, function or conference must be recorded in the appropriate Register for Gifts and Hospitality.
- 8.1.5 Gifts are considered to be insignificant and excluded from the Register if they have a monetary value of £10 or less
- 8.1.6 Bequests left to individual staff members should be returned to the Executor of the Will with the suggestion that a donation could be made to, for example, a Residential Home's Amenity Fund. Similarly, relatives of clients who wish to show their gratitude should be similarly advised.
- 8.1.7 Where it is suspected that an improper motive exists or a "special deal" not otherwise available is offered on a personal purchase from a supplier with whom the officer has a working relationship, the officer concerned should report this immediately to their Head of Service. In the case of a Head of Service, they should report this to their Corporate Director who should in conjunction with the Chief Executive decide on appropriate action: possible withdrawal from a tendering exercise, referral to the Police, etc. The Head of Finance and Head of Legal and Democratic must be informed of all such instances.
- 8.1.8 Any allegations of the soliciting of gifts by an employee of the Council will be subject to the Council's disciplinary procedure.
- 8.1.9 Heads of Service, Corporate Directors and the Chief Executive will hold registers within their service. Each record must be logged in the relevant register .

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### **REGULATION 9: GRANT CLAIMS**

#### **9.1 General**

- 9.1.1. The Head of Finance shall be advised timeously of all the relevant information necessary for him/her to submit or certify applications for Government Grants due to the Council. All grants are to be paid direct to the Council.
- 9.1.2. Directors and Heads of Service are responsible for ensuring that each grant award complies with corporate criteria and is subject to the Council's standard conditions.
- 9.1.3. The arrangements for processing grant payments shall be in accordance with procedures laid down by the Head of Finance.
- 9.1.4. Grant claims for European Union funding must be properly authorised by the Head of Finance, and the appropriate Director, and should be certified by the Council's external auditors.



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### REGULATION 10: IMPRESTS

#### 10.1 General

- 10.1.1 The Head of Finance will provide such imprests as considered appropriate for such officers of the Council as may require them for the specific purpose of meeting minor expenses.
- 10.1.2 Such officers will be personally responsible for imprests which they hold, and, on leaving the employment of the Council or otherwise ceasing to be entitled to hold an imprest, they shall account to the Head of Finance for the amount advanced. A formal record of this accounting will be retained within the service concerned for inspection.
- 10.1.3 Such imprests held within Services are to be recorded and controlled by the appropriate Director/Head of Service with arrangements made, by them, to include authorisation levels, general security and regular annual checks.
- 10.1.4 In addition imprests are to be reconciled at regular intervals (no less than quarterly) to Service's own records and to the financial ledger.
- 10.1.5 No income received on behalf of the Council may be paid into an imprest account, but must be deposited in the Authority's main bank account(s), or paid over to the Authority in a form as provided elsewhere in these Regulations.
- 10.1.6 All imprest accounts will be maintained in accordance with guidance notes issued by, and under the general direction of, the Head of Finance.

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### **REGULATION 11: INCOME**

#### **11.1 General**

11.1.1 Income is an essential source of financing many of the Council's services and the therefore the system for collection of income needs to meet the following objectives:

- all income, including Council tax, Business Rates, Council rents, VAT, etc. due to the Council is identified and maximised;
- all collections are receipted and banked promptly and completely;
- the accounting records and debtor accounts are properly and promptly updated.

11.1.2 Each Director/Head of Service is responsible for the prompt and complete collection, of income, ensuring that accurate records are maintained for all income received (or that should be received) by their Service.

11.1.3 Each Director/Head of Service shall review regularly all charges for services rendered and make recommendations to the appropriate Committee for their approval, in consultation with the Head of Finance.

11.1.4 Documents should be retained securely in accordance with the Council's document retention policy.

#### **11.2 Cash and Cheques**

11.2.1 All money received on behalf of the Council (subject to a de minimus of £5) must be immediately recorded by the issue of a receipt or controlled ticket, or by direct entry into a receipting system. All methods of receipting must be approved by the Head of Finance.

11.2.2 All money received on behalf of the Council shall be balanced and banked or paid to the Head of Finance without any deduction.

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

11.2.4 It is the responsibility of the appropriate Director/Head of Service that all monies within their Service are kept secure, whether in transit or at establishments. Money should be held at all times by either Council employees or staff contracted for this purpose. Every transfer of Council money (cash or cheques) from one officer to another will be evidenced in the records of the services concerned by the signature of the receiving officer.

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11.2.5 Regard should be paid to the Money Laundering Regulations and in particular an employee should advise the Money Laundering Officer (Internal Audit Manager) for the Council in the event of a receipt of cash exceeding £10,000.

### **11.3 Debtors Accounts/Invoices/Rent/Council Tax/Community Charge /Business Rates**

11.3.1 The collection of all money due to the Council must be under the control of the Head of Finance and all accounts must be administered through the offices of the Head of Finance unless otherwise agreed.

11.3.2 No sundry invoice should be raised for a value less than £10, unless prior dispensation has been granted. If the charge is low value then the Service should reduce the frequency of billing. Charges between Services should be made via the financial ledger (e-financials) IDT module which creates the charge by journal entry.

11.3.3 Money should be collected prior to the supply of the goods and services especially when dealing with companies or persons from outside the UK.

11.3.4 Details of all fees, charges, re-imburements or other payments shall be promptly notified to the Head of Finance in the form required by them. The Head of Finance and each Director/Head of Service must maintain adequate accounting arrangements to ensure the prompt and proper recording of all money due to the Council.

11.3.5 The Director of Housing and Environment must maintain a record for the Head of Finance regarding rentals due and payments made towards the amounts due for every property.

11.3.6 Where the Head of Finance considers a debt to be uncollectable they must prepare and retain a schedule of debtors showing home addresses, amounts due, and reason for the debt. Such arrears may be discharged on the authority of the Head of Finance up to a value of £10,000 for sundry debts. . A note will be kept for each individual and they must not be admitted to any housing waiting list unless they have settled the amounts owing or if the Finance and Resources Committee decrees otherwise.

11.3.7 The Head of Finance has the authority to approve the write-off of Business Rates up to £25,000 and sundry debts up to £10,000 in the five categories of

- (a) insolvency, receivership, liquidation and sequestration;
- (b) ceased trading/defunct company;
- (c) unable to trace;
- (d) recommendation of sheriff officer;
- (e) small balances that are uneconomic to pursue.

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- 11.3.8 The Head of Finance shall submit quarterly reports to the Finance and Resources Committee advising of the number and value of accounts written off along with individual details of all business rates and sundry debts over £25,000 recommended for discharge and write-off.
- 11.3.9 The Head of Finance has authority to write off of all cases of Council Tax, Community Charges, Former Tenants Arrears, Housing Benefit Overpayments and Penalty Charge Notices up to £10,000. The Head of Finance will submit annual reports to the Finance and Resources Committee advising of the number and value of such accounts written off.

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### **REGULATION 12: INSURANCE AND RISK MANAGEMENT**

#### **12.1 General**

- 12.1.1 Each Director/Head of Service is responsible for the identification and control of risk within their Service.
- 12.1.2 The Head of Finance is responsible for arranging all insurance cover as deemed necessary, subject to consultation with service deliverers.
- 12.1.3 Directors/Heads of Service shall ensure that all officers in their service adhere to all policy requirements.
- 12.1.4 Directors/Heads of Service shall provide prompt notification to the Head of Finance of all new risks, properties or vehicles which may require either new insurance cover or any change in existing insurance cover.
- 12.1.5 The Head of Human Resources and Organisational Development, or nominated representative, shall be advised of all cases involving personal injury.

#### **12.2 Insurances**

- 12.2.1 The Head of Finance, with regard to premium levels, claims experience and assessment of risk, may decide to not insure for certain risks or to self-insure.
- 12.2.2 Directors/Heads of Service must immediately notify the Head of Finance in writing of any actual or potential loss, liability or damage which is likely to lead to an insurance claim by, or against, the Council. Appropriate claim forms should be submitted to Corporate Governance - Finance Service without delay.
- 12.2.3 Any loss due to burglary or theft shall be reported by the Service's officers to the Police immediately and a crime report number obtained.
- 12.2.4 An officer shall avoid making any statement admitting liability to a claimant or potential claimant.
- 12.2.5 Every three years the Head of Finance shall submit to all Directors/Heads of Service a list of insurance in force relating to services under their control, together with details of insurance policy requirements and such observations as they think necessary. Directors/Heads of Service shall notify the Head of Finance of any alterations to the list considered necessary.
- 12.2.6 The Head of Finance will arrange that the City Council regularly tests the market by way of competitive tender to ensure that the best value for money is achieved from the insurance contracts.

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12.2.7 Directors/Heads of Service shall consult the Head of Finance and the Head of Legal and Democratic Services respecting the terms of any liability indemnity which the Council is requested to give.

### 12.3 Risk Management

12.3.1 Directors/Heads of Service will adopt a risk management strategy that will put in place effective risk management systems and ensure compliance with all applicable statutes, regulations and relevant statements of best practice.

12.3.2 A Strategic Risk register will be maintained and reviewed on regular basis with action plans to address each identified risk. Each risk will be assigned to the relevant Director/Head of Service.

12.3.3 Directors/Heads of Service will maintain and review on a regular basis service risk registers and action plans to address these. Each service risk will be assigned to the appropriate relevant officer.

12.3.4 The Head of Customer Service and Performance will put in place effective arrangements for an objective review of risk management and internal control including internal audit.

12.3.5 All officers will maintain an objective and professional relationship with external auditors and statutory inspectors.

12.3.6 The Council will publish on a timely basis, within the annual report, an objective, balanced and understandable assessment of the Council's risk management and internal control mechanisms and their effectiveness in practice.

12.3.7 The Risk Management process will provide inputs for the audit planning process.

Please click on the hyperlink below to go to Risk Strategy Document on the Zone <http://thezone/nmsruntime/saveasdialog.asp?IID=335&SID=1150>

## ABERDEEN CITY COUNCIL FINANCIAL REGULATIONS

### REGULATION 13: INTERNAL AUDIT

#### 13.1 The Internal Audit Function

13.1.1 . The function of Internal Audit is based upon the following principles:

- It must be completely independent of all systems operating within the Council with no authority or responsibility for activities which they audit.
- They may concern themselves with any activity, function or operation of the Council.

13.1.2 The Council will secure an Internal Audit function through the employment of suitably qualified individuals under the guidance of an Internal Audit Manager or alternatively enter into a binding contract with an external supplier of such services. The Head of Customer Service and Performance will manage the relationship that is put in place.

13.1.3 The Internal Audit Manager or Engagement Manager (if provided under contract) shall be responsible for maintaining an independent and effective internal audit function.

13.1.3 The Internal Audit or Engagement Manager shall report on a regular basis to the Audit and Risk Committee and they must :

- Annually provide a copy of the Internal Audit plan drawn up after discussion with Directors/Heads of Service for the Committee's information, input and approval;
- Report on all work carried out and the follow up status of previously reported work;
- Provide an assurance for the reliability of existing and new financial systems and other management controls throughout the Council, including Trusts where the Council is a constituent body;
- Annually prepare a report, including their audit opinion, on the overall adequacy and effectiveness of the Council's control environment and .
- Undertake a programme of value for money studies according to the audit plan.

13.1.4 The Internal Audit function shall liaise closely with External Auditors to ensure the Council derives maximum value from the combined resource.

#### 13.2 Responsibilities of Senior Management

13.2.1 It is the responsibility of Senior management to ensure that :

- Internal Auditors and Officers undertaking investigations are given access at all reasonable times to premises, personnel, documents and assets that the Auditors/Investigating Officers consider necessary for the purposes of their work.

## ABERDEEN CITY COUNCIL FINANCIAL REGULATIONS

- Auditors and Investigating Officers are provided with any information and explanations that they seek in the course of their work.
- any agreed actions arising from audit recommendations are carried out in a timely and efficient fashion

13.2.2 It is also the responsibility of Senior Management to consider and respond promptly to recommendations in audit and investigations reports.

### **13.3 Financial Irregularities**

13.3.1 All officers shall inform their Head of Service immediately of any circumstances which may suggest an irregularity affecting the finances, property, services or policy of the Council. These shall be reported immediately by the Head of Service to the Head of Finance and the Head of Customer Service and Performance. Pending investigation and reporting, the Head of Service is to take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.

13.3.2 The Head of Customer Service and Performance must investigate such incidents as they consider appropriate.

13.3.3 If, on consideration of the results of such investigation, the Head of Customer Service and Performance is of the opinion that there is a *prima facie* breach of criminal law they must, after taking advice as appropriate from the Head of Legal and Democratic Services, report the matter to the Police.

13.3.4 When an officer is suspended pending the conclusion of an investigation into a possible irregularity, or if an officer resigns in such circumstances, then that officer shall immediately surrender all Council property they may have including all money and keys. The officer shall be instructed not to enter Council premises without prior agreement and not to contact other Council officers in relation to the matter under investigation. The Officer's manager must also ensure that passwords and computer access by the Officer under investigation are also immediately withdrawn.

### **13.4 Prevention and Detection of Fraud**

13.4.1 It is the responsibility of Directors/Heads of Service to advise the Head of Finance and the Head of Customer Service and Performance immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of the Council's property or resources.



## **ABERDEEN CITY COUNCIL FINANCIAL REGULATIONS**

### **REGULATION 14: INVESTMENTS AND TRUST FUNDS**

#### **14.1 General**

- 14.1.1 Council funds shall be invested in accordance with the policy of the Council, and shall be held in the name of the Council.
- 14.1.2 All trust funds will, wherever possible, be in the name of Aberdeen City Council.

#### **14.2 Charitable Funds**

- 14.2.1 The Head of Finance will ensure the proper and safe custody and control of all charitable funds held by the Council, and that all expenditure is in accordance with the conditions of the fund and the general law relating to charities.

#### **14.3 Trustees**

- 14.3.1 All officers, acting as trustees by virtue of their official position, will deposit all securities, documents and articles etc. relating to the trust with the Head of Finance, unless the Trust's deed outlines otherwise.

#### **14.4 Investing and Borrowing**

- 14.4.1 The Head of Finance can undertake investment business on specific purchase and sales of stocks, shares or any other allowable investment, as long as the Head of Finance takes appropriate advice where necessary. This can be done by the Head of Finance for the pension funds, educational endowments and any other Council or Trust funds.
- 14.4.2 The Head of Finance may borrow from and invest in organisations approved by the Finance and Resources Committee.

## **ABERDEEN CITY COUNCIL FINANCIAL REGULATIONS**

### **REGULATION 15: LEASING**

#### **15.1 General**

- 15.1.1 Before entering into any leasing arrangements, and subject to Standing Orders and the Scheme of Delegation, no leasing of equipment or capital assets can be undertaken by Directors/Heads of Service without the prior approval of the Head of Finance and the Head of Legal and Democratic Services.
- 15.1.2 All leases must be undertaken in the name of the Council.

## **ABERDEEN CITY COUNCIL FINANCIAL REGULATIONS**

### **REGULATIONS 16: PARTNERSHIPS AND RELATIONSHIPS WITH ARMS LENGTH ORGANISATIONS (ALO's)**

#### **16.1 General**

16.1.1 The Chief Executive, Corporate Directors and Heads of Service will be responsible for ensuring that any funding relationships with external bodies, other than those which are operated on a contractual basis, are operated in accordance with the "Code of Guidance on Funding External Bodies and Following the Public Pound" issued by the Accounts Commission, the associated COSLA Operational Guidance, and the Council's own local guidance notes.

16.1.2 Partners and ALO's must

- be made aware of their responsibilities under Aberdeen City Council's Standing Orders and Financial Regulations.
- ensure that risk management processes are in place to assess all known risks, including insurance implications.
- ensure that project appraisal processes are in place to assess the viability projects in terms of resources, staffing and expertise.
- agree and accept formally the roles and responsibilities of each of the partners involved in the project before commencement.

16.1.3 In addition partners and ALO's are

- to regularly communicate with other partners throughout the project so any problems are identified and shared towards a successful resolution.
- to encourage joint working and promote the sharing of information, resources and skills between public, private and community sectors.
- to respect the confidentiality of any information with regards to partnership activities or duties which are commercially sensitive.
- act wherever possible as ambassadors for the project.

## **ABERDEEN CITY COUNCIL FINANCIAL REGULATIONS**

### **REGULATION 17: PROPERTY AND ASSETS**

#### **17.1 General**

17.1.1 The Head of Asset Management and Operations must ensure that an asset register of all assets owned or leased by the Council is maintained (with the exception of dwellings provided under the Housing Acts and inventory items), recording:

- the account,
- the purpose for which the facility is held,
- its location and extent,
- purchase or valuation details and
- particulars of nature of interest.

#### **17.2 Asset Registrar**

17.2.1 Each Head of Service is to appoint an Asset Registrar from within their service for this purpose.

#### **17.3 Title Deeds**

17.3.1 The Head of Legal and Democratic Services will ensure custody of all necessary title deeds under appropriate secure conditions.

#### **17.4 Schools IT Equipment**

17.4.1 This excludes IT equipment in relation to curricular use within schools where registers should be maintained by the individual schools.

## **ABERDEEN CITY COUNCIL FINANCIAL REGULATIONS**

### **REGULATION 18: PURCHASING**

#### **18.1 Value for Money**

- 18.1.1 All purchasing carried out must comply with Standing Orders Relating to Contracts and Procurement.
- 18.1.2 Each Director/Head of Service must ensure that the Service achieves best value for money from any purchase before making any commitment.
- 18.1.3 Each order shall conform with agreed Council requirements and also those of the European Union.
- 18.1.4 Where the estimated value of an order is less than the tender threshold and is not from central purchasing suppliers, four documented quotations must be obtained. Orders for supplies and services are to be channelled through the Procurement section.
- 18.1.5 All purchases of computer and telecommunications equipment must be co-ordinated through the Corporate Governance - Customer Service and Performance Service.
- 18.1.6 In procuring equipment, particularly ICT equipment, regard should be held for business continuity and documented and tested back-up arrangements should be in place in case the equipment fails at some point in the future.

#### **18.2 Orders for Goods, Works and Services**

- 18.2.1 Orders are only to be issued for goods, work or services which are intra-vires (i.e. legal) and only if the cost is covered by a budget allocation or by a special financial provision.
- 18.2.2 Supplies should, where appropriate, be ordered from the Central Purchasing Warehouse with central contracts to be used for all supplies covered by them.
- 18.2.3 A written contract should be established for works and services where appropriate. The contract should be monitored by the relevant Director/Head of Service to ensure that the work is carried out as stated.
- 18.2.4 Orders must be issued for all work, goods or services, or such other expenditure as the Head of Finance may approve.
- 18.2.5 On-line ordering is to be controlled by restricted access to approved officers with limits set in the program to the appropriate values.
- 18.2.6 Manual order forms must be kept secure and only signed by authorised officers.

## **ABERDEEN CITY COUNCIL FINANCIAL REGULATIONS**

### **18.3 Payment of Accounts**

- 18.3.1 Each Director/Head of Service shall be responsible for ensuring the prompt examination, verification and certification of all invoices, vouchers and accounts relating to their Service.
- 18.3.2 Certified accounts must be processed for payment in accordance with the supplier's credit terms with expenditure manually authorised by authorised signatories. Signature stamps must not be used.
- 18.3.3 No officer shall authorise an account for their own reimbursement or for a close relative or business associate.

### **18.4 Partnerships**

- 18.4.1 Prior to entering into any formal agreement with external bodies the relevant Director/Head of Service must advise the Head of Finance and the Head of Legal and Democratic Services of the on-going negotiations.
- 18.4.2 No agreement is to be formally entered into without the prior agreement of the Head of Finance and Head of Legal and Democratic Services.
- 18.4.3 Before any partnership is entered into, the selection criteria and must be determined in advance, documented and be consistent with the nature of the contract.

## ABERDEEN CITY COUNCIL FINANCIAL REGULATIONS

### REGULATION 19: SALARIES AND WAGES

#### 19.1 General

- 19.1.1 The payment of all salaries, wages and other emoluments to all employees of the Council shall be made by the Head of Human Resources and Organisational Development under arrangements approved and controlled by the Head of Finance.
- 19.1.2 All time sheets, expense claims, and other documents which form the basis of a payment to an employee of the Council, will be in a form agreed with the Payroll Manager. The names of Officers authorised to sign such records will be sent to the Payroll Manager by the Chief Executive, Corporate Directors and Heads of Service, together with specimen signatures, and will be amended on the occasion of any change. No pay document shall be processed unless certified by an authorised signatory.
- 19.1.3 Appointments of all employees are to be made in accordance with the regulations of the Council and the approved establishment, grades and rates of pay and all casual employees must be paid through the payroll system and not by petty cash.
- 19.1.4 The Head of Human Resources and Organisational Development should be contacted for advice on producing a contract of employment.
- 19.1.5 Each Director/Head of Service shall notify the Head of Human Resources and Organisational Development through the normal reporting channels as soon as possible of all matters affecting staff payments, and in particular:
- appointments, resignations, dismissals, suspensions, secondments and transfers;
  - absences from duty for sickness or other reasons, apart from approved leave;
  - changes in remuneration, other than normal increments and pay awards and universal amendments; .
  - information necessary to maintain records of service for pensions, income tax and national insurance purposes .
- 19.1.6 Directors/Heads of Service shall ensure that:
- the terms and conditions of national and local agreements are adhered to.
  - there are agreed schemes to record, including identifying the times, hours and work of employees and that these are operated effectively.
  - Health and Safety risk assessments are carried out on a quarterly basis for all aspects of the service being delivered.

## **ABERDEEN CITY COUNCIL FINANCIAL REGULATIONS**

### **REGULATION 20: SECURITY OF ASSETS**

#### **20.1 Security**

- 20.1.1 Each Director/Head of Service is responsible for the care, custody, and proper use of all buildings, stores, furniture, equipment, vehicles, plant, cash, documents, data, safe, safe keys and other Council Property within their Service.
- 20.1.2 No Council property shall be removed or used except on the Council's official business.
- 20.1.3 The Head of Legal and Democratic Services is responsible for the safe custody of all legal deeds and agreements and for the maintenance of an adequate Terrier.
- 20.1.4 Maximum limits for cash holdings must be agreed with the Head of Finance for insurance purposes taking into account security arrangements and shall not be exceeded without their approval. No more than £100 cash should be held in a locked drawer or cash box.
- 20.1.5 All computer systems and data will be operated in line with Council policies in relation to computer security and within the Data Protection Act.
- 20.1.6 All stock certificates and mortgage deeds should be kept secure including agreements relating to Common Good and Trusts.

#### **20.2 Security/Retention of Documents**

- 20.2.1 Each Director/Head of Service shall be responsible for maintaining proper security, custody and control of all documents within their service.
- 20.2.2 The retention period for all books, forms and records related to financial matters shall be determined by the Head of Finance in consultation with the Head of Legal and Democratic Services.

#### **20.3 ICT Security**

- 20.3.1 Directors/Heads of Service must ensure there are adequate security arrangements in relation to information technology equipment under their control. Security should be addressed by a combination of physical and logical controls.
- 20.3.2 These controls shall be applied at all levels including data inputs, processing of data and data outputs.



## ABERDEEN CITY COUNCIL FINANCIAL REGULATIONS

20.3.3 In considering these issues Heads of Service must adhere to the Council's ICT Security Policy.

### **20.4 Safe Keys**

20.4.1 A register of all such key holders, for safes and similar receptacles, shall be kept within each Service.

20.4.2 The loss of such keys should be reported immediately to the service Director and the Head of Finance.

## **ABERDEEN CITY COUNCIL FINANCIAL REGULATIONS**

### **REGULATION 21: SPEND TO SAVE**

#### **21.1 General**

- 21.1.1 Subject to the approval of the Head of Finance, proposals for Spend to Save which realise a net saving within a current financial year can be implemented.
- 21.1.2 Prior to the implementation of any scheme, detailed costs and savings are to be submitted by the relevant Head of Service to the Head of Finance for consideration, who will report to Finance and Resources Committee with their recommendation.

## **ABERDEEN CITY COUNCIL FINANCIAL REGULATIONS**

### **REGULATION 22: STORES AND INVENTORIES**

#### **22.1 Stores**

- 22.1.1 Each Director/Head of Service must keep adequate records in order to maintain efficient and effective control over receipt and issue of Service's stock or stores items.
- 22.1.2 Each Director/Head of Service must ensure that excessive stocks or stores are not held.
- 22.1.3 Directors/Heads of Service must arrange for periodical test checks of stores by two persons independent of the appointed storekeepers. An annual independent check is required to take place on or as close as possible to the last day of the financial year (31 March) for audit purposes.
- 22.1.4 Any deficiencies shall be notified to the Head of Finance, whose agreement shall be sought prior to them being written off. All write offs in excess of £5,000 must be reported to the relevant service committee.
- 22.1.5 Surplus plant, vehicles, equipment and furnishings estimated at a worth less than £5,000 may be disposed of by a Director/Head of Service, and shall where practical be, by competitive tender or public notice. For items of greater value the method of disposal shall be approved by the appropriate Committee.

#### **22.2 Inventories**

- 22.2.1 Each Director/Head of Service must ensure that an inventory is kept at every location used by their staff. Generally only moveable equipment items costing more than £50 should be included in inventories (not fixtures such as fitted carpets, ceiling lighting and plumbing) in a form approved by the Head of Finance.
- 22.2.2 Each Director/Head of Service is responsible for an annual checking of all items in the inventory, including ICT inventory items. This ensures:
- new items have been entered on inventories (with date of purchase, value, etc.).
  - all details (numbers, description, serial numbers, location, etc.) are recorded.
  - that inventory items are present.
- 22.2.3 Each Director/Head of Service is responsible to take action in relation to any surpluses or deficits, to ensure that these are investigated without delay and reported to the Head of Finance in accordance with regulation 13.3.1 where appropriate.

## **ABERDEEN CITY COUNCIL FINANCIAL REGULATIONS**

- 22.2.4 Each Director/Head of Service will appoint a "Registrar" from within their own Service responsible for maintaining inventories.
- 22.2.5 Before disposal of an inventory item it must be determined by a competent person that it is beyond economic repair, or there is a reasonable excuse for disposal which must be recorded in the inventory register.
- 22.2.6 A register of all computer assets which are owned, leased or rented by the Council must be maintained by the ICT section, and all proposals to dispose of computer assets are subject to approval by the Head of Customer Service and Performance

## **ABERDEEN CITY COUNCIL FINANCIAL REGULATIONS**

### **REGULATION 23: TRAVELLING EXPENSES AND OTHER ALLOWANCES**

#### **23.1 Use of vehicles**

- 23.1.1 If an employee has to use their motor vehicle on Council business they must provide insurance cover for such use. The Head of Finance and/or other appropriate Director/Head of Service may inspect any document relating to a vehicle or its driver which is used on Council business.
- 23.1.2 All officers who use either private or Council vehicles in the course of their duties must, in the event of their driving licence becoming invalid, report this immediately to their Head of Service.
- 23.1.3 A log must be kept of all Council vehicles which would detail how they have been used (date, mileage, destination, purpose). Adequate details must also be kept of how each vehicle is maintained.

#### **23.2 Expense Claims**

- 23.2.1 All travelling and expense claims must be made up according to predetermined timescales, and be signed by the officer concerned and then certified by the Service's Director/Head of Service or an authorised Officer in that Service.
- 23.2.2 Directors/Heads of Service must have proper "authorisation of journey" procedures in place to ensure that all journeys are authorised, the expenses properly and reasonably incurred and that the allowances are properly payable by the Council and that the claim is arithmetically correct.
- 23.2.3 No officer shall authorise a claim for their own reimbursement.
- 23.2.4 In order to achieve effective authorisation and prompt payment, officers and members must submit claims for travel and subsistence expenses promptly. Claims submitted more than three months after the expenses were incurred shall only be paid in exceptional circumstances.
- 23.2.5 The Head of Finance must examine claims to the extent that they consider necessary, for which purpose they are entitled to make such enquiries and to receive such information and explanations as they require.
- 23.2.6 A facility is available to pay travel and subsistence expenses in advance. Advances will only be provided to avoid financial hardship and with the approval of the employee's Director/Head of Service and the Head of Human Resources and Organisational Development.

## ABERDEEN CITY COUNCIL FINANCIAL REGULATIONS

- 23.2.7 All travel (excluding mileage) and accommodation should be booked centrally through the Corporate Governance – Finance Service (Except Social Work Services). Actual authorised additional expenditure on subsistence supported by receipts will be reimbursed up to the subsistence limits set in relation to the time away from the office. Any other expenses greater than £10 (overseas £25) must be proved by a receipt.
- 23.2.8 With the exception of hospitality in accordance with Standing Order 39(4) no re-imbusement is payable for expenditure on alcoholic drinks. This should normally be paid for by the officer or elected member privately at the time or when settling hotel bills, along with any personal telephone calls, newspapers etc.
- 23.2.9 When overseas, all accommodation costs should be separately booked and paid for either by the host or the Council directly, or by the member of staff using the corporate credit card. There should therefore be no occasion when a member of staff is claiming for subsistence for accommodation. On the rare occasion this does occur there is an expectation that the cost of accommodation should equate to the subsistence being paid and there should not be an opportunity to profit from staying in sub-standard accommodation. With regard to the residual allowance (after deduction of the accommodation element) this is paid as an allowance to staff with no need to account for actual expenditure and the repayment of any balance. (This remains subject to deduction for any meals paid for by the host or charged to the hotel bill)
- 23.2.10 Floats for overseas travel must be submitted in writing to the Head of Finance for approval. Within seven working days of return the float must be accounted for detailing all expenditure supported by receipts.
- 23.2.11 Where an officer wishes to extend their official business trip for private purposes then, subject to the approval of the Head of Finance, they may do so as long as they pay for all additional costs so incurred. Where an officer has obtained permission to take a partner on an official business trip, they must pay for all additional costs so incurred.
- 23.2.12 Under exceptional circumstances Director/Head of Service may seek the Head of Human Resources and Organisational Development's prior approval to waive conditions of the Travel and Subsistence scheme.

## ABERDEEN CITY COUNCIL FINANCIAL REGULATIONS

### REGULATION 24: TREASURY MANAGEMENT

#### 24.1 General

- 24.1.1 The Council shall comply with the “Chartered Institute of Public Finance and Accountancy’s “Treasury Management in the Public Services Code of Practice” and the Prudential Indicators: Treasury Management elements from their “Prudential Code for Capital Finance in Local Authorities”.
- 24.1.2 Accordingly, the Council will create and maintain, as the cornerstones for effective treasury management:
- A treasury management policy statement, stating the policies and objectives of its treasury management activities
  - Suitable treasury management practices (TMP’s), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
- 24.1.3 The Head of Finance will annually report, to the Finance and Resources Committee, on the review treasury management strategy, policies, objectives, controls and activities. This report, will be submitted as soon as practicable after the end of each financial year will include commentary on prior the year, current and future years activity. This report will be supplemented by interim reports as required.
- 24.1.4 All money in the hands of the Council shall be aggregated for the purposes of Treasury Management and shall be under the control of the Head of Finance
- 24.1.5 All executive decisions on borrowing, investment or financing shall be delegated to the Head of Finance, or through him/her, to his /her staff who shall be required to act in accordance with the Code of Practice and agreed Treasury Management Practices (TMP’s).
- 24.1.6 The Head of Finance will be the Council’s registrar of stocks, bonds and mortgages granted by the Council, and shall maintain records of all borrowing of money undertaken by the Council.

#### 24.2 External Debt

- 24.2.1 The Council will receive reports upon its Prudential Indicators. (External debt as part of its financial strategy in advance of the year and as an annual report after its close).

## **ABERDEEN CITY COUNCIL FINANCIAL REGULATIONS**

### **24.3 Prudential Indicators**

24.3.1 With effect from 1 April 2004 Councils are required by Regulation to have regard to the Prudential Code for capital finance in Local Authorities when carrying out their duties under Part 7 of the Local Government in Scotland Act 2003. The Code is a professional code of practice to support Councils in undertaking local capital decision making. In setting and revising its prudential indicators the Council requires:

- Affordability, e.g. implications for Council Tax and Council house rents
- Prudence and sustainability, e.g. implications for external borrowing
- Value for Money, e.g. option appraisal
- Stewardship of assets, e.g. asset management planning
- Service objectives, e.g. strategic planning for the authority
- Practicality, e.g. achievability of the forward plan

### **24.4 Setting and Revising Prudential Indicators**

24.4.1 The Head of Finance will prepare the various prudential indicators as set out in CIPFA's Prudential Code for Capital Finance in Local Authorities for setting by the Council annually.

24.4.2 The Head of Finance will prepare a report for Council advising of and seeking approval for any revisions to the indicators.

24.4.3 Prudential indicators for treasury management will be prepared by the Head of Finance and considered and presented to Council as part of the Council's treasury management strategy and annual report on treasury activities.

### **24.5 Monitoring**

24.5.1 The Head of Finance will establish procedures for the monitoring of the approved set of indicators.

24.5.2 Monitoring reports comparing performance against the approved indicators will be prepared by the Head of Finance to the Finance and Resources Committee.

24.5.3 The Head of Finance will submit and report to the Council any required revisions to the indicators for approval.



## **ABERDEEN CITY COUNCIL FINANCIAL REGULATIONS**

### **FINANCIAL REGULATION 25: VOLUNTARY FUNDS**

#### **25.1 General**

25.1.1 A voluntary fund is any fund (other than an official Council fund) which is managed wholly or in part by a Council employee. Examples of such are School funds and funds to support Social Work Services establishments.

#### **25.2 Financial Control and Administration**

25.2.1 The financial control of voluntary funds must reflect the standards required of public funds.

25.2.2 The Head of Finance or their representative may examine the accounts and records of the fund if held by a Council employee and ask for such records, explanations and information as they may require.

25.2.3 In the event of any loss of voluntary funds the Council accepts no responsibility whatsoever, and no person has any authority to bind the Council to accept such liability.

25.2.4 Money due to the Council shall not be paid into any voluntary fund, either permanently or temporarily.

25.2.5 The Council employee shall keep all money, goods, or property of the voluntary fund, separate from those of the Council. The Council employee must not use official Council order forms for voluntary funds.

#### **25.3 Employee Involvement**

25.3.1 The Council employee must inform their line manager of any involvement in a voluntary fund and state the position they hold with regard to the fund. The line manager must ensure proper accounts of the funds activities are kept and that an independent audit is carried out at annual intervals by a competent auditor appointed by and reporting to the fund's controlling body.