

EAST RENFREWSHIRE COUNCIL28 June 2023Report by Head of AccountancyReview of Financial Regulations**Purpose of Report**

1. To advise the Council of the review of the Financial Regulations.

**Recommendations**

2. It is recommended that the Council:
  - (a) Considers the content of the revised Financial Regulations; and
  - (b) Approves the revised Financial Regulations.

**Background**

3. In line with good practice, the Head of Accountancy periodically reviews the Financial Regulations, setting out the financial procedures to be followed by all departments, and updates these to take account of changes to Council structures, processes and risks, and any external regulatory factors.

**Report**

4. The Head of Accountancy has consulted with all departments in reviewing and updating the Financial Regulations and the revised Financial Regulations are attached.
5. Changes relate mainly to alterations to the Council structure, in particular within the Business Operations and Partnerships department, all other changes have been highlighted.
6. Where more detailed instructions are required, these have been included as links within the Financial Regulations document. The links are updated as required between formal reviews of the main document.
7. Other changes at this time include:-
  - Increased focus on the need for accurate coding of expenditure (para 2.2);
  - tighter procedures for the control of additional expenditure that was not included in the Council's initial budget plans (paras 3.3 and 14.3);
  - specific mention of the need for managers to advise HR/payroll promptly of leavers (para 4.2);
  - new statutory accounting procedure in relation to rented, hired or leased in assets (para 15.4);
  - amendments to subsidy rules in the wake of Brexit (para 16.1).

**Finance and Efficiency**

8. The changes will not result in any direct impact on Council budgets but will assist in maintaining and improving financial control.

**Consultation**

9. All departments have been consulted in the course of reviewing these regulations.

**Partnership Working**

10. In order to ensure the effective application of the Financial Regulations, all directors must ensure that relevant staff are aware of their content.

**Implications of the Proposals**

11. This report does not have any implications in terms of staffing, legal, equalities or carbon matters.

**Conclusion**

12. The Financial Regulations have been updated to take account of all relevant structural, operational and regulatory changes.

**Recommendations**

13. It is recommended that the Council:
  - (a) Considers the content of the revised Financial Regulations; and
  - (b) Approves the revised Financial Regulations.

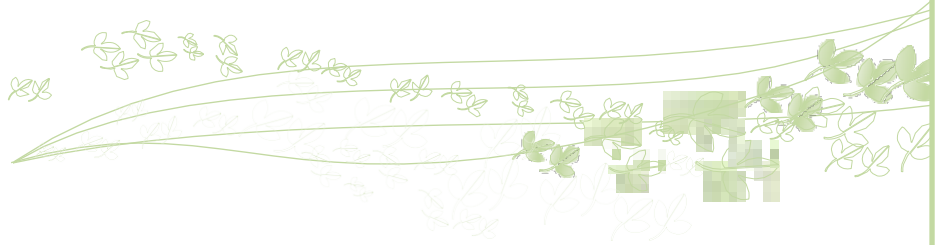
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Convener – Councillor Owen O’Donnell

7 June 2023

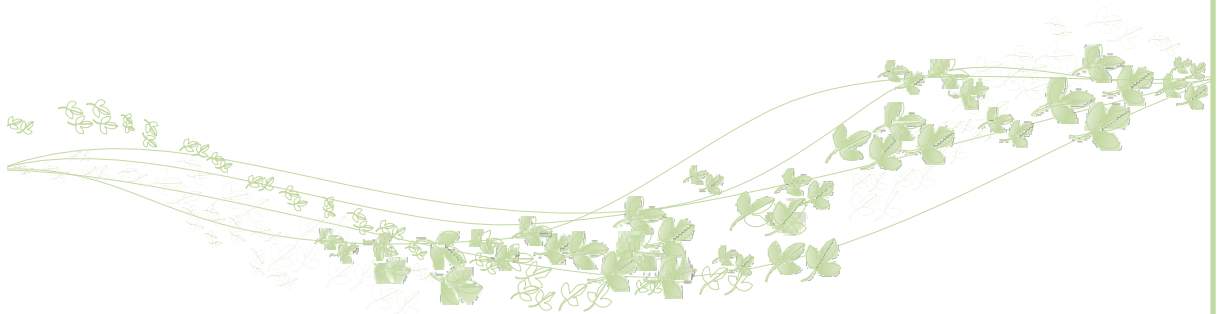
**Key Words**

Financial Regulations, review, structures, processes, risks



# Financial Regulations

## Accountancy Services



**Approved by Council 28 June 2023**

**Reviewed: May 2023**

**Date of next scheduled review: May 2025**



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# 1. Introduction

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## 1.1 General

Throughout the financial regulations there are references to a range of procedures. While the detail of these procedures and policies are not contained within these regulations, they are issued under their authority and have the same status as if they were included in the body of these regulations.

Financial Regulations are an integral part of the stewardship of Council Funds. Adhering to the Regulations ensures that all financial transactions of the Council are conducted in a manner of openness, integrity and transparency.

The Regulations form a significant part of the Corporate Governance of the Council and apply to every member and employee of the Council or anyone acting on its behalf.

Following the establishment under the Public Bodies (Joint Working) Act 2015 of an East Renfrewshire Integration Joint Board (IJB), a separate set of [financial regulations](#) has been produced for that body. These regulations form the basis upon which the Chief Financial Officer of the IJB will discharge equivalent proper officer responsibilities for the Board.

## 1.2 Breach of Financial Regulations

Any breach or non-compliance with these regulations must be reported immediately to the Chief Financial Officer, who may then discuss the matter with the Chief Executive and/or any other Director or Head of Service as appropriate to decide what action to take.

## 1.3 Review of Financial Regulations

These regulations must be reviewed every two years by the Chief Financial Officer and, where necessary, subsequent adjustments will be submitted to the Council for approval



## 1. Introduction (cont'd)

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### 1.4 Responsibilities

#### Chief Executive

The Chief Executive is charged with overall responsibility for the corporate management and operational functions of the Council, and this includes putting in place suitable arrangements to ensure an efficient use of resources.

#### Chief Financial Officer

The Chief Financial Officer, in terms of section 95 of the Local Government (Scotland) Act 1973, is responsible for the administration of the Council's financial affairs. As such, the Chief Financial Officer will act as financial advisor to the Council, the Cabinet and all Committees.

#### Directors

Directors must assist the Council and the Chief Executive at all times in achieving best value for money in the provision of services.

Directors are fully accountable for the financial performance of their service area against the budget allocated and may incur expenditure only when budgetary provision has been made.

Except in an emergency, or as authorised by [Standing Orders Relating to Contracts](#) and the [Scheme of Delegated Functions](#), Directors must consult with the Chief Financial Officer on any matter affecting their services which is liable to materially affect the finances of the Council before making any commitment.

Directors must ensure compliance with Standing Orders Relating to Contracts and Financial Regulations in relation to their service added activities and ensure that no expenditure is incurred unless it is within the legal powers of the Council.

For the purpose of these regulations, the Chief Officer HSCP falls within the definition of a Director.

#### Elected Members

Elected members' responsibilities regarding financial matters are as follows:

- Setting the Council's financial strategy, including budget-setting;
- Setting the Council's strategic direction and overseeing arrangements for securing best value;
- Ensuring proper control is exercised over the Council's expenditure through scrutiny of regular financial reports;
- Holding senior officers to account regarding discharging all relevant responsibilities within their control.



## 1. Introduction (cont'd)

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### Employees

Employees must report any personal interest which could potentially conflict with decisions made at work to their line manager. These interests must then be recorded in the Register of Employee Interests, held by the Director of Business Operations and Partnerships.

All offers of gifts, hospitality or sponsorship received from those with whom the Council does business must be recorded in the relevant department's Probity Register, whether or not they are accepted. Departmental contacts for these registers can be found [here](#).

For further guidance on personal interest and gifts or hospitality, please see the Council's [Code of Conduct for Employees](#) and the [Anti-Fraud, Bribery and Theft Strategy](#).

### Internal Audit

The primary role of Internal Audit is to provide assurance to the Council on the adequacy of its control environment. Internal Audit will carry out independent examinations of financial and related systems of the Council to ensure that the interests of the Council are protected.

Internal Audit staff have authority to:

- Enter all Council premises or land at reasonable times;
- Have access to all records and systems;
- Request and receive any explanations necessary concerning any matter under investigation;
- Require any employee to produce cash, stores or other property under that employee's control;
- Make appropriate recommendations.

Directors must immediately report any evident or suspected irregularity of a financial nature to the Chief Auditor, who must deal with such irregularities in accordance with the Council's [Fraud, Bribery and Theft Investigation procedure](#).

The Audit and Scrutiny Committee must approve the [Internal Audit Charter](#) as well as approving an annual Audit Plan, which details the proposed work of the Internal Audit function and will be compiled in consultation with the Corporate Management Team. The Annual Audit Report will show progress achieved against the audit plan, and this report must include an assurance statement on the adequacy of controls.



## 1. Introduction (cont'd)

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### 1.5 Authorised Persons

The Chief Financial Officer will ensure that a register of those persons who can authorise financial transactions, either through a financial system, by e-mail or by signature, along with the level of authorisation is updated annually. The HR Manager and the Senior Revenues Manager will assist the Chief Financial Officer in this regard.

Directors will ensure that the register is kept up-to-date for their staff by informing the Chief Financial Officer, the HR Manager or the Senior Revenues Manager, as appropriate, of any changes during the year.

### 1.6 Other Regulations of the Council

These Financial Regulations should be read in conjunction with other Regulations of the Council:

- [Scheme of Administration](#)
- [Scheme of Delegated Functions](#)
- [Standing Orders](#)
- [Standing Orders Relating to Contracts](#)
- [Code of Conduct for Employees](#)
- [Anti-Fraud, Bribery and Theft Strategy](#)
- [Fraud, Bribery and Theft Investigation procedure](#)





## 2. Accounting Procedures

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### 2.1 Procedures and Records

All of the Council's accounting systems and the format of its accounting records must be approved by the Chief Financial Officer.

The Chief Financial Officer will make arrangements to preserve the integrity of the financial ledger by controlling the [user access](#), [Chart of Accounts](#) amendments and data entry processes.

### 2.2 Principles

All systems will incorporate internal controls to ensure that, as far as possible, all:

- Income of the Council is promptly and properly recorded and collected;
- Expenditure of the Council is properly incurred, authorised and paid; and
- Cash, stores and other Council assets are safely kept and controlled.

As far as possible, duties should be divided among employees so that:

- The calculation, recording or authorisation of sums due to or by the Council should not be the responsibility of one person;
- Those who calculate, record or authorise sums due to or by the Council should not be involved in the subsequent receipt or payment of those sums; and
- Those who examine or check cash transactions should not be directly involved in those transactions.

All expenditure and income must be coded to the relevant budget code (**even if no budget provision has been made on that line**) and VAT correctly treated. **Miscellaneous ledger codes should only be used if there is no appropriate alternative and after discussion with the relevant Finance Business Partner.** Assistance should be sought from Finance Business Partners/Senior Accountant (VAT), if required.

All claims, returns or written submissions relating to grants and financial data must be submitted to the Chief Financial Officer for approval.

Financial records must only be disposed of in accordance with the Council's Retention Policy for Financial Documents [[retention schedule](#)].

### 2.3 Financial Year End

Directors must supply the Chief Financial Officer all information necessary to enable the Council's Accounts to be prepared per the [Year End Instructions](#) and within the statutory timetable.



## 3. Revenue Expenditure

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### 3.1 Legality of Expenditure

Directors must ensure that all expenditure incurred is within the legal powers of the Council.

### 3.2 Revenue Budget Planning

The Chief Financial Officer must prepare a [Long Term Financial Strategy](#) which will be updated annually and approved by the Council.

Every three years, or as otherwise determined by the Council, the Chief Financial Officer must also prepare multi-year departmental budgets to support medium-term financial planning.

The Chief Financial Officer must also provide to the Director of Business Operations and Partnerships details of the budget for the coming year, together with indicative budgets for the next two years for inclusion in the Council's [Outcome Delivery Plan](#).

The Chief Financial Officer will advise Directors of the guidelines and timetable detailing procedures to be followed for the preparation of the [Revenue Estimates](#).

Directors, with support from Finance Business Partners, must annually prepare detailed Revenue Estimates, in conjunction with the Chief Financial Officer, for their services in accordance with resource allocations and to the timetable mentioned above. Detailed estimates should include the revenue effects of the Capital Plan.

Each year the Chief Financial Officer must produce a consolidated Revenue Estimates volume for consideration by the Council, together with recommendation as to the level of Council Tax for the coming year.

The Director of Environment, in consultation with the Chief Financial Officer, must report to Council the implications of the Housing Revenue Account Estimates on Council house rents to allow rents to be set for the following year.

Once the Revenue Estimates/[Housing Revenue Account Estimates](#) are approved, and subject to all other requirements of the Financial Regulations and [Standing Orders Relating to Contracts](#), Directors can then proceed to incur that expenditure.

### 3.3 Limitation on Expenditure

No revenue expenditure will be incurred unless it has been included in the Revenue Estimates or [Housing Revenue Account Estimates](#), except:

- Where additional grant of no more than £50k has been allocated;
- Where additional spend (including grants over £50k) has been reported to Cabinet or other relevant Committee;
- Where a Supplementary Estimate has been approved by Council, acting on the Cabinet's recommendation;
- In an emergency, as defined in the scheme of delegation;



### 3. Revenue Expenditure (cont'd)

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- As provided for in 'Virement' below.

#### 3.4 Virement (Budget Transfer)

Virement is the transfer of resources from one budget to another within a department. Prompt and well controlled virement is crucial to budget management and in year planning.

Except where arrangements are in place for Educational Establishments under Devolved School Management and for changes to the Health & Social Care Partnership (HSCP) budgets which are under the direction of the Integration Joint Board (IJB), virement must only take place for expenditure which was unforeseen when the Revenue Estimates were being compiled. Virement should be processed using the [virement approval form](#), subject to the following:

- Virement which does not impact on the published [Revenue Estimates](#) as approved by the Council requires the approval of the relevant Director in consultation with the Finance Business Partner;
- Virement of up to £50,000 which does affect the [Revenue Estimates](#) as approved by Council requires agreement between the relevant Director and the Chief Financial Officer. If agreement cannot be reached, the matter will be referred to the Chief Executive. Cabinet will be notified of any such virement through the normal Revenues Budget Monitoring report;
- Virement of over £50,000 which affects the [Revenue Estimates](#) requires approval of Cabinet, through normal Budget Monitoring reports.

#### 3.5 Budgetary Control

The Chief Financial Officer must report regularly and timeously on all budgetary control matters to Cabinet, detailing actual expenditure and income and projected year-end variances.

Directors can obtain budgetary control statements, comparing actual expenditure and income with budgets, by directly accessing appropriate financial reporting systems.

Directors must ensure that individual cost centre budgets within the Revenue Estimates are not significantly over-spent and that total departmental net expenditure is within the authorised budget. The Chief Financial Officer will monitor this, at cost centre level, on a regular basis.

Directors must provide the Chief Financial Officer whatever assistance and information is considered necessary by the Chief Financial Officer, in order to ensure the effectiveness of the budgetary control system. This includes the allocation of budgets over divisions of each service, the phasing of budgets over accounting periods, the explanation of budget variances and the determination of probable outturns (i.e. forecasts of expenditure).

Directors must not accelerate expenditure at year-end in order to prevent budget under-spends.



## **3. Revenue Expenditure (cont'd)**

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### **3.6 Variances**

The Chief Financial Officer must report to Cabinet on the details of variances and on remedial action required.

### **3.7 Reports to Cabinet / Council**

All reports presented to Cabinet or Council must specifically identify the extent of any financial and efficiency implications. Any such implications must be clearly stated in the reports, identifying cost and income in the current and future years together with the impact on capital and revenue spending.



## 4. Payroll

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### 4.1 Payment

All wages, salaries, travelling and subsistence expenses and other payroll items will be administered by the Director of Business Operations and Partnerships, who is responsible for the transmission of pension contributions, tax and National Insurance to the appropriate bodies.

### 4.2 Payment of employees

Directors or Heads of Service will provide the Director of Business Operations and Partnerships with details of all information affecting the payment of employees in accordance with specified [timetable](#) to allow the Council's Human Resources System to be maintained. **It is essential that managers inform HR/payroll promptly of any employees who are soon to leave the Council's employment.**

### 4.3 Authorisation

All payroll information must be approved by an authorised person, who is confirming the information is accurate and that any overtime and expenses relate directly and only to the Council's business.

### 4.4 Overtime and Allowances

All overtime and allowances should be claimed in line with the Council's procedures on Claiming [Overtime and Allowances](#).

For those employees who don't have access to the Intranet, overtime and allowances must be claimed using [this form](#), which will be made available from their departmental administration services.

### 4.5 Expenses

All expenses should be claimed in line with the Council's procedures on claiming [expenses](#).

In order to comply with Her Majesty's Revenue and Customs (HMRC) requirements, anyone claiming car mileage must ensure that they retain VAT receipts for fuel purchased.

These do not need to be attached to the mileage claim forms but must be available for potential HRMC inspection.



## 5. Members Allowance and Expenses

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### 5.1 Responsibility

The Director of Business Operations and Partnerships is responsible for the administration and regulation of Members of the Council's allowances and expenses.

### 5.2 Scheme

At the commencement of a new Council, following a full election, the Director of Business Operations and Partnerships must submit a [Scheme of Members' Remuneration and Expenses](#) to the Council, which must be updated annually and approved by Council.



## 6. Procurement

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### 6.1 Procurement Procedures

Arrangements for the procurement of all goods, works or services must comply with [Contract Standing Orders](#) established and maintained by the Chief Procurement Officer in consultation with the Chief Officer – Legal & Procurement.

Further specific procedures can be found on the following topics by clicking the appropriate heading:

- [Purchase Orders](#) (including details of exemptions from these requirements)
- [Quick Quotes](#)
- [Tendering](#)
- [Credit & Purchasing Cards](#)
- [Mobile Device Policy](#)

### 6.2 Interim Payments

Interim payments for contractors must only be made on a certificate issued by the Director of Environment or other delegated officers responsible for the control and supervision of the work, as agreed by the Chief Financial Officer and the Chief Officer – Legal and Procurement.

On no account should contract payments be authorised prior to the appropriate value of work having been carried out.



## **7. Payment of Sums Owed by the Council**

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### **7.1 Payment Method**

The normal method of payment will be by the Bankers Automated Clearing System (BACS). Where this is not possible, payment will be made by cheque.

### **7.2 Authorisation**

Directors must ensure that all goods, materials and services received are as ordered regarding price, quantity and quality.

### **7.3 Duplicate Invoices**

Duplicate invoices or other payment vouchers will not be paid without authorisation from a Director or Head of Service, after consulting with their Finance Business Partner, that the original has not been paid.

### **7.4 Outstanding Accounts**

Directors must return to the Chief Financial Officer, as per the [Year End Instructions](#), a list of all invoices paid outwith the Corporate Purchase Ordering System that are paid after the year end creditors cut off date.





## 8. Stores and Inventories

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### 8.1 Storekeeping

Directors are responsible for the safe keeping and control of all stocks and stores in their services, and must arrange for regular stocktaking.

### 8.2 Stock Levels

Stocks and stores must not be in excess of normal requirements. Directors wishing to make exceptional arrangements must seek Cabinet approval.

For all issues relating to stock, reference should be made to [Stock Procedures](#)

### 8.3 Inventories

Inventories must be maintained of all assets other than those included in the Asset Register and must record adequate descriptions **and locations of those assets** (i.e. furniture, fittings, plant, equipment, machinery, computer equipment etc.). This must follow the Council's [Inventories Procedures](#)

### 8.4 Disposal of Inventory Items

Directors will authorise and retain an [Inventory Disposal Form \(INV/2\)](#) before disposing of any items of inventory, not listed in the Asset Register, that are deemed by the Department to be surplus to requirement or obsolete.

### 8.5 Removal

Council property, other than that required for agile working, must not be removed from Council premises unless specifically approved by the appropriate Director or Head of Service.

### 8.6 Valuations

Departments must supply annual, authorised stock certificates and inventories required for the closing of the Accounts to the Chief Financial Officer per the [Year End Instructions](#).

### 8.7 Write-off of surpluses of stock

The Chief Financial Officer will write off and authorise all stock items deemed by the Department to be surplus to requirement or obsolete.

### 8.8 Write-off of Plant and Equipment

The Chief Financial Officer will write off and authorise all Plant and Equipment, listed on the Asset Register, deemed by the Department to be surplus to requirement or obsolete.



## 9. Income

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### 9.1 Setting of Charges

Directors must review annually, or more frequently where appropriate, their charges for goods or services and submit proposals to Cabinet for their consideration. The [Charging for Services](#) exercise will take account of current inflation rates and other relevant financial factors.

### 9.2 Accounting Arrangements

The Chief Financial Officer will make adequate financial and accounting arrangements to ensure the proper recording of all money due to the Council and for the proper collection, control and banking of cash in Departments of the Council.

### 9.3 Issuing a Debtors Account

Details of all charges to be made for work, supplies, goods or services, or other amounts due to the Council must be promptly notified to the Director of Business Operations and Partnerships who will issue [Debtor Accounts](#) for income due to the Council under arrangements approved by the Chief Financial Officer.

### 9.4 Money Collected

All money collected on behalf of the Council must be recorded and deposited promptly and intact with the Bank by the Director of Business Operations and Partnerships. No deduction will be made from such money, and no cash discount will be offered except in circumstances agreed by Cabinet.

Large cash transactions may be indicative of fraudulent activity. Guidance on this issue is contained in the Council's [Anti-Money Laundering Policy](#).

Regular reconciliations must be carried out to bank statements to ensure that all money is accounted for by the Chief Financial Officer. These reconciliations must be completed by an appropriate member of staff and checked and signed off by a manager.

All electronic receipts of income must go through an appropriate Income Management System to ensure card verification and correct posting of payments.

### 9.5 Debt Recovery

Procedures on how the Council recovers sums of money due can be found in the [Debt Recovery Policy](#). The policy also details those situations where Cabinet will consider writing off bad debts.

Procedures on the management of rent arrears can be found in the [Rent Arrears and Former Tenant Arrears Write Off Policy](#).

### 9.6 Grants



## **9. Income (cont'd)**

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The Chief Financial Officer must be advised of all relevant information necessary to submit or authorise applications for grants due to the Council, with all grants to be paid to the Council.

### **9.7 Maximising Income**

Where possible, payment should be made in advance for all chargeable services. In other cases, invoices should be raised promptly (and no later than 10 working days) after the supply of goods or services. Managers must ensure that they are aware of levels of outstanding debt, if any, accumulating from individual service users.

### **9.8 VAT**

Where new transactions are being considered, Directors must consult with the Senior Accountant (VAT/PFI) ([VAT@eastrenfrewshire.gov.uk](mailto:VAT@eastrenfrewshire.gov.uk)) on the VAT implications before introducing any new charges.

### **9.9 Transfer of cash, cheques etc.**

Every transfer of cash, cheques and investment certificates etc. from one member of staff to another must be evidenced in the records of the departments concerned by the signature/confirmation email of the receiving officer.



## 10. Petty Cash (Imprest Accounts)

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### 10.1 Petty Cash Procedures

These regulations should be read in conjunction with the Council's [Petty Cash Procedures](#).

### 10.2 Provision and Rules

The Chief Financial Officer will provide cash advances to services that require them for the purpose of minor items of expenditure. The person in the service who has responsibility for cash advances is referred to as an Imprest Holder.

Imprest accounts will be operated in line with the [Petty Cash Procedures](#) set by the Chief Financial Officer. These must be strictly adhered to.

Imprest holders must authorise the balance held as at 31 March each year per the [Year End Instructions](#).

### 10.3 Termination

Any Imprest Holder who leaves the Council, or otherwise ceases to be entitled to be an Imprest Holder, must account to the Chief Financial Officer for the amount of the advance.



## 11. Security

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### 11.1 Responsibility

Directors are responsible for maintaining proper security, custody and control of all assets under their control, including that owned by third parties. The Chief Financial Officer shall be consulted where security is thought to be deficient or where special security arrangements may be needed.

### 11.2 Retention of Documents

The [retention](#) period for all financial records will be determined by the Chief Financial Officer.

### 11.3 Key Holders

Directors must ensure that keys for safes and similar security boxes for cash or other valuables are securely controlled by key holders, with a register of key holders to be maintained. Keys should not be left on the premises overnight. Any loss of such keys must be reported to the Chief Financial Officer.



## 12. Banking

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### 12.1 Bank Accounts

All arrangements with the Council's Bankers will be made by the Chief Financial Officer, who is solely authorised to open and close bank accounts in the Council's name as considered necessary.

The Chief Financial Officer and, where appropriate, the Director of Business Operations and Partnerships will operate bank accounts, direct debits and standing orders as necessary, and are responsible for arranging BACS (Bankers Automated Clearing System) or CHAPS (Clearing House Automated Payments System) payments. They must ensure proper security procedures are in place.

### 12.2 Controlled Stationery

All receipt forms, books, tickets and other such items will be ordered and supplied by the Chief Financial Officer, or by arrangements approved by the Chief Financial Officer.

### 12.3 Cheques

All arrangements for ordering, storing, controlling and signing of manual cheques will be made by the Chief Financial Officer. Arrangements for cheques relating to the creditors system will be made by the Senior Revenues Manager.

### 12.4 Review

A review must be carried out by the Chief Financial Officer at least once every five years of all services provided by the Council's Bankers.

The Chief Financial Officer will be responsible for the appointment of the Council bankers.



## 13. Treasury Management

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### 13.1 Treasury Management Policy Statement and Practices

The Council has adopted CIPFA's Treasury Management in the Public Services: Code of Practice and the Prudential Code for Capital Finance in Local Authorities.

Accordingly, the Chief Financial Officer must create and maintain a [Treasury Management Policy Statement](#) and suitable [Treasury Management Practices](#).

The Chief Financial Officer is responsible for all treasury-related decisions.

### 13.2 Reports to Council

The Chief Financial Officer must submit an annual [treasury management strategy](#), a treasury management annual report and a mid-year review of the treasury management strategy and performance to the Audit and Scrutiny Committee before seeking approval from Council.

### 13.3 Borrowing, Leasing and Rental Agreements

All borrowings must be arranged by the Chief Financial Officer and be held in the Council's name.

No leasing of assets will be undertaken without the Chief Financial Officer's approval.

The Chief Procurement Officer must sign all rental agreements.

### 13.4 Financial Documents

The Chief Financial Officer is responsible for ensuring that secure arrangements are made for the storing of stock certificates, bonds and other financial documents.



## 14. Capital Expenditure

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### 14.1 Legality of Capital Expenditure

Directors must ensure that all expenditure incurred is within the legal powers of the Council.

### 14.2 Capital Plans and Estimates

The Chief Financial Officer will determine what constitutes capital expenditure in line with good accounting practice.

The Corporate Asset Management Group will assist the Chief Executive Officer and the Chief Financial Officer in the preparation of a rolling ten year [General Fund Capital Plan](#). The Capital Plan is developed and shaped to align capital spend with the Council's strategic aims and objectives, the Capital Investment Strategy and the Corporate Asset Management Plan and must identify the anticipated level of resources or funding required.

The Director of Environment, in consultation with the Chief Financial Officer, must prepare a rolling ten year [Housing Capital Programme](#).

Directors must provide all necessary information required to allow these Capital Plans to be prepared, in accordance with a timetable set by the Corporate Asset Management Group.

In particular, a [Capital Project Appraisal Form](#) must be prepared for each project submitted for inclusion in the General Fund [and Housing Capital Plans](#), ensuring that appropriate option appraisal, feasibility studies and consultation activity has taken place.

Once the Capital Plans are approved by the Council before the beginning of the financial year, the figures for the first year of the Plans become the Capital Estimates for the year. Departments can then proceed with projects within this first year (assuming all necessary approvals or permissions have been obtained).

Work connected with acquisitions, preliminary expenses and design for projects falling in the second or later years of the Capital Plan must only be progressed if this has been specifically approved by Council.

Given the rolling nature of the Capital Plans, Directors must review them annually and give due consideration to factors such as inflation and funding availability.

Further information can be found in the Council's [Capital Investment Strategy](#).

### 14.3 Limits on Expenditure

After Council approval of the Capital Plans, and subject to all other requirements of the Financial Regulations and [Standing Orders Relating to Contracts](#), departments can proceed with projects unless:





## 14. Capital Expenditure

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- The tender cost or revised estimate exceeds the provision in the Capital Estimates, or
- The nature of the project has changed substantially from that originally envisaged.

In either case, further approval is necessary from the Council, usually following a recommendation from Cabinet.

Capital expenditure must only be incurred if the project has been included in the Capital Plan, or if funding for the project has been made available from other sources (such as external grants or a contribution from Revenue).

Any additional grant funding in excess of £50k must be reported to Cabinet as part of the Capital Budget Monitoring reports and those grants that include a discretionary element must be reported as part of a separate report to either Cabinet or other relevant committee

### 14.4 Variance from Capital Estimates

If it becomes clear that a capital project, once commenced, will be considerably under or over spent, or the phased expenditure for the current year is likely to vary significantly, the relevant Director must report to the Chief Financial Officer to allow remedial action to take place within the Capital Plan, with any agreed changes reported to Cabinet through the Capital Budget Monitoring reports.

### 14.5 Performance and Budget Monitoring

Performance management arrangements in relation to Capital projects are part of the remit of the Corporate Asset Management Group. Arrangements for performance monitoring are included in the [Capital Investment Strategy](#) under the role of the Corporate Asset Management Group.

Regular budget monitoring reports on capital expenditure must be submitted by the Chief Financial Officer to the Cabinet to allow the Council's capital investment activity to be properly scrutinised. Further details of what these monitoring reports must include can be found in the [Capital Investment Strategy](#).



## 15. Assets

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### 15.1 Corporate Asset Management Plan

The Director of Environment will maintain a Corporate Asset Management Plan, which comprises the following individual Asset Management Plans:-

- [Housing](#);
- [Property](#);
- [Open Space](#);
- Roads;
- [Fleet](#) and
- [Information Communication Technology](#)

The purpose of these plans is to identify capital investment needs and priorities regarding the Council's Assets.

### 15.2 Asset Register

An up-to-date Asset Register is a prerequisite for proper fixed asset accounting and sound asset management, and the Chief Financial Officer will be responsible for its maintenance.

The Director of Environment will maintain the Register of Land & Buildings. This register should include details of location, description of property, cost, tenancies granted, rents payable and other interests in the property, and include cross-references to Title Deeds.

Directors must follow procedures and guidance issued by the Chief Financial Officer to allow the Asset Register to be updated, and these can be found in the annual [Year End Instructions](#).

### 15.3 Disposal of Assets

Where Land or Buildings are surplus to requirements, a report to Cabinet with a recommendation for sale must be submitted by the Director of Environment.

### 15.4 Rented, Hired or Leased Assets

The Chief Financial Officer will make appropriate accounting arrangements for any items rented, hired or leased in by the Council.



## 16. Subsidy Control

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### 16.1 Responsibility

From 4 January 2023, public funding is subject to a new, UK-wide subsidy control regime. The framework for this new regime is provided in the Subsidy Control Act 2022. As part of this new regime, public funding bodies and local authorities will be required to adhere to provisions set out in the Act.

Directors are responsible for ensuring that any payments or in kind support made by their service are made in accordance with UK Government Guidance on Subsidy control.

East Renfrewshire Council has a duty to consider Subsidy Control and must refer to the Scottish Government's Subsidy Control Team, if advice is required. Email enquiries should be sent to [subsidycontrol@gov.scot](mailto:subsidycontrol@gov.scot)

If a Director is unsure as to whether a payment would constitute Subsidy Control or anti-competitive practice, further advice must be sought from the Economic Development Manager (0141 577 3325) or Legal Services (0141 577 3801), in the first instance.

Further information including examples of what constitutes Subsidy Control can be found here:- [Subsidy Control Guidance](#)



## 17. Insurance

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### 17.1 Responsibility

The Director of Business Operations and Partnerships must ensure that the Council has insurance cover and will put in place appropriate arrangements for the negotiation of any claims, in consultation with other officers. All insurances held by the Council must be reviewed annually.

### 17.2 Insurance Risks

Directors must notify the Director of Business Operations and Partnerships promptly of all changes to risks, properties, vehicles, plant, equipment, etc. that require to be insured or which affect existing insurance arrangements.

### 17.3 Notification of Claims

Directors must immediately notify the Director of Business Operations and Partnerships of any losses or other events likely to lead to a claim and notify the Police where appropriate.

### 17.4 Fidelity Guarantee Insurance

The Director of Business Operations and Partnerships must arrange insurance for appropriate employees, to protect the Council from financial loss from theft or fraud.

### 17.5 Further Information

Information and application details on how to notify an insurance claim against the Council can be found [here](#).



## **18. Significant Trading Operations**

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### **18.1 Classification of Significant Trading Operations**

The Chief Financial Officer must on an annual basis and after having taken into account current CIPFA/LASAAC guidance review the Council's classification of Council activities in terms of Trading Operations as defined by the Local Government in Scotland Act 2003. A report on that review must be submitted to the Cabinet prior to the 31 March to agree any Significant Trading Operations for the following financial year.

### **18.2 Business Plans**

A Director with operational responsibility for a Significant Trading Operation must prepare Business Plans and Revenue Estimates in consultation with the Chief Financial Officer for the next three years.

### **18.3 Statutory Three-Year Breakeven Requirement**

A Director with operational responsibility for a Significant Trading Operation must ensure that statutory trading accounts are maintained for each Significant Trading Operation and that each Significant Trading Operation must at least break even over a three year rolling period.

Directors will monitor the financial performance on a regular basis and report to Cabinet on any adverse variances, recommending a course of remedial action.

Directors will provide information to the Chief Financial Officer, as requested, to allow Annual Accounts to be prepared within the Statutory timescale.



## 19. Tax Management

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### 19.1 Responsibilities

The Chief Financial Officer is responsible for all taxation procedures with the exception of those related to payroll where responsibility will be with the Director of Business Operations and Partnerships.

Each Director is responsible for implementing any tax-related procedures provided by either the Chief Financial Officer or the Director of Business Operations and Partnerships.

### 19.2 VAT

The Chief Financial Officer is responsible for the submission of VAT returns to HRMC in accordance with the pre-agreed timeframe.

Where transactions of a new or unusual nature are being considered, Directors must consult the Senior Accountant (VAT/PFI) ([sean.deakin@eastrenfrewshire.gov.uk](mailto:sean.deakin@eastrenfrewshire.gov.uk)) on the tax implications before committing the Council.



## 20. Trusts and Charitable Funds

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### 20.1 Council Responsibility

All Trust Funds will, where possible, be held in the name of the Council and all securities relating to the Trust deposited with the Chief Financial Officer, unless the deed provides otherwise.

### 20.2 Control of Funds

The Chief Financial Officer is responsible for the safe custody and control of all charitable funds held by the Council and must ensure that all expenditure is in accordance with the conditions of the relevant Trust deeds or available information, as appropriate.

The Chief Financial Officer must prepare a full set of financial statements for each registered charitable fund which will be subject to independent audit.



## **21. Partnership Working**

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### **21.1 Arms Length and External Organisations**

Directors must apply the recommendations of the Accounts Commission's Following the Public Pound 2006 Report in relation to funding arrangements with Arms Length and External Organisations.

Formal contracts must be put in place at the outset of a new funding agreement, ensuring management arrangements over funding are defined from the outset and that termination arrangements are incorporated.

### **21.2 Private Finance Initiatives / Public Private Partnerships**

Payments in relation to Private Finance Initiatives, Public Private Partnership and similar schemes must be in accordance with the Project Agreement and the Payment Mechanism.

### **21.3 Hub Projects**

Procurement of projects via hub West Scotland must be considered where this will achieve best value for the Council and in particular where such schemes involve joint working with partners. The Chief Financial Officer will provide advice in this regard for any such potential schemes. Payments in relation to hub schemes must be in accordance with the Project Agreement and the Payment Mechanism.





## 22. Grants to Voluntary Organisations

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### 22.1 Applications for Grants

All applications to the Council for grants must be made on the approved [application form](#) and must be accompanied by relevant financial statements for the organisation making the application.

Any application in excess of £1,000 must be referred to the Chief Financial Officer for financial appraisal.

Further information can be found in the Council's Grants to Voluntary and Community Organisations [procedures](#).



## 23. Glossary of Processes

Anti-Fraud, Bribery and Theft Strategy	<a href="#">Anti-Fraud, Bribery and Theft Strategy</a>	1.4, 1.6
Anti-Money Laundering Policy	<a href="#">Anti-Money Laundering Policy</a>	9.4
Capital Investment Strategy	<a href="#">Capital Investment Strategy</a>	14.2, 14.5
Capital Project Appraisal Form	<a href="#">Capital Project Appraisal Form</a>	14.2
Charging for Services	<a href="#">Charging for Services</a>	9.1
Chart of accounts amendments	<a href="#">Chart of Accounts</a>	2.1
Claiming Expenses	<a href="#">Expenses</a>	4.5
Claiming Overtime and Allowances	<a href="#">Overtime and Allowances</a>	4.4
Code of Conduct for Employees	<a href="#">Code of Conduct for Employees</a>	1.4, 1.6
Corporate Asset Management Plan	Corporate Asset Management Plan	14.2, 15.1
Credit & Purchasing Cards	<a href="#">Credit &amp; Purchasing Cards</a>	6.1
Debt Recovery Policy	<a href="#">Debt Recovery Policy</a>	9.5
Debtor Accounts	<a href="#">Debtor Accounts</a>	9.3
Financial Forecasts	<a href="#">Long Term Financial Strategy</a>	3.2
Financial Regulations for IJB	<a href="#">financial regulations</a>	1.1
Financial System User access	<a href="#">Financial System User access</a>	2.1
Fleet Asset Management Plan	<a href="#">Fleet</a>	15.1
Fraud, Bribery and Theft Investigation procedure	<a href="#">Fraud, Bribery and Theft Investigation procedure</a>	1.4, 1.6
General Fund Capital Plan	<a href="#">General Fund Capital Plan</a>	14.2
Grants to Voluntary and Community Organisations Application	<a href="#">Application</a>	22.1
Grants to Voluntary and Community Organisations Procedures	<a href="#">Procedures</a>	22.1
Housing Asset Management Plan	<a href="#">Housing</a>	15.1
Housing Capital Programme	<a href="#">Housing Capital Programme</a>	14.2
Information Communication Technology Asset Management Plan	<a href="#">Information Communication Technology</a>	15.1
Insurance	<a href="#">Insurance</a>	17.5
Internal Audit Charter	<a href="#">Internal Audit Charter</a>	1.4
Inventories Procedures	<a href="#">Inventories Procedures</a>	8.3
Mobile Device Policy	<a href="#">Mobile Device Policy</a>	6.1
Open Space Asset Management Plan	<a href="#">Open Space</a>	15.1
Outcome Delivery Plan	<a href="#">Outcome Delivery Plan</a>	3.2
Petty Cash Procedures	<a href="#">Petty Cash Procedures</a>	10.1, 10.2
Payroll Deadlines	<a href="#">timetable</a>	4.2
Procurement Procedures	<a href="#">procedures</a>	6.1
Probity Register Contacts	<a href="#">Probity Register Contacts</a>	1.4

**24. Glossary of Processes (cont'd)**

Property Asset Management Plan	<a href="#">Property</a>	15.1
Purchase Orders	<a href="#">Purchase Orders</a>	6.1
Quick Quotes	<a href="#">Quick Quotes</a>	6.1
Rent Arrears and Former Arrears Write Off Policy	<a href="#">Rent Arrears and Former Arrears Write Off Policy</a>	9.5
Retention Period for Financial Records	<a href="#">Retention Schedule</a>	2.2, 11.2
Revenue Estimates Guidelines & timetable	<a href="#">Revenue Estimates</a>	3.2
Revenue Estimates ( as approved by Council)	<a href="#">Revenue Estimates</a>	3.4
Roads Asset Management Plan	Link to follow	15.1
Scheme of Administration	<a href="#">Scheme of Administration</a>	1.6
Scheme of Delegated Functions	<a href="#">Scheme of Delegated Functions</a>	1.4, 1.6
Scheme of Members' Remuneration and Expenses	<a href="#">Scheme of Members' Remuneration and Expenses</a>	5.2
Standing Orders	<a href="#">Standing Orders</a>	1.6
Standing Orders Relating to Contracts	<a href="#">Standing Orders Relating to Contracts</a>	1.4, 1.6, 3.2, 14.3
State Aid	<a href="#">State Aid Guidance</a>	16.1
Stock Procedures	<a href="#">Stock Procedures</a>	8.2
Tendering	<a href="#">Tendering</a>	6.1
Treasury Management Policy Statement	<a href="#">Treasury Management Policy Statement</a>	13.1
Treasury Management Practices	<a href="#">Treasury Management Practices</a>	13.1
Treasury Management Strategy	<a href="#">Treasury Management Strategy</a>	13.2
Virement Approval Form	<a href="#">Virement Approval Form</a>	3.4
Year End Instructions	<a href="#">Year End Instructions</a>	2.3, 7.4, 8.6, 10.2, 15.2

