

Finance and Resources Committee

2.00pm, Thursday, 18 August 2016

Finance Policies – Assurance Statement

Item number	7.12
Report number	
Executive/routine	
Wards	

Executive summary

Council policies are key governance tools. They help realise the Council's vision, values, pledges and outcomes and are critical to its operations, ensuring that statutory and regulatory obligations are met in an efficient and accountable manner.

To strengthen arrangements in this area, a corporate policy framework was approved in September 2013 to ensure that all current policies are easily accessible and created, revised and renewed in a consistent manner and to an agreed standard.

In order that Council policies remain current and relevant, all directorates and Heads of Service are required to review those falling within their respective remits on an annual basis. This report sets out the main results of this review for policies falling within the remit of the Head of Finance.

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Finance Policies – Assurance Statement

Recommendations

- 1.1 To note that the Finance policies detailed in this report have been reviewed and are considered to remain current, relevant and fit for purpose.

Background

- 2.1 Council policies are key governance tools. They help realise the Council's vision, values, pledges and outcomes and are critical to its operations, ensuring that statutory and regulatory obligations are met in an efficient and accountable manner.
- 2.2 To strengthen arrangements in this area, a corporate policy framework was approved by the Corporate Policy and Strategy Committee on 3 September 2013 to ensure that all current Council policies are easily accessible and created, revised and renewed in a consistent manner and to an agreed standard. These arrangements include the development of a comprehensive register of Council policies and introduction of a policy template to provide the Council with a standardised format in terms of content and style.

Main report

- 3.1 A critical element of the policy framework is to ensure that all Council policies remain fit for purpose. This requires each directorate and Head of Service to review, on an annual basis, all policies within their respective remits and to provide the necessary level of assurance that these remain current and relevant.
- 3.2 Six distinct policies fall within the remit of the Head of Finance. A short update on review activity on each is set out below, with a summary provided in the appendix.

Financial Regulations

- 3.3 The City of Edinburgh Council operates under a set of documents that governs and guides the decisions made by the Council and its officers and ensures that robust, clear and accountable organisational frameworks are in place. The Council's Financial Regulations form an integral part of these key documents and are reviewed on an at-least six-monthly basis.

- 3.4 The [Regulations](#) outline, at a summarised level, the arrangements the Council has put in place to discharge its responsibilities under section 95 of the Local Government (Scotland) Act 1973. Section 95 states that every local authority shall make arrangements for the proper administration of its financial affairs and shall secure that the proper officer of the authority (termed the Section 95 Officer) has responsibility for the administration of those affairs. The Council has designated the Head of Finance as section 95 officer. Under current interim arrangements, this role continues to be discharged by the Acting Executive Director of Resources.
- 3.5 A number of amendments to the Regulations' content, primarily reflecting slight changes in organisational and decision-making structures and reinforcing the responsibilities of Directors and Heads of Service in respect of financial management, were approved by Council on 25 June 2015. These changes formed part of [the wider annual review of the Council's Operational Governance Framework](#) which encompassed revisions to a number of related documents including the Procedural Standing Orders for Council and Committee Meetings, Committee Terms of Reference and Delegated Functions and Scheme of Delegation to Officers.
- 3.6 The Regulations' content has been further reviewed and a number of changes (summarised in Appendix 1) will be presented to Council for approval as part of this year's annual update on 25 August.
- 3.7 The Financial Regulations are supplemented by a more detailed set of Finance Rules outlining the procedures to be adopted across a wide range of finance-related activity including budget monitoring, income collection, supplier payment, treasury management and insurance. Having previously been fully updated in April 2015, a further parallel review has been undertaken and, upon Council approval of the changes contained within the Regulations, the amended version will be published on the Council's intranet.

Contract Standing Orders and Guidance on the Appointment of Consultants

- 3.8 As with the Financial Regulations above, the Council's [Contract Standing Orders](#) (CSOs) and [Guidance on the Appointment of Consultants](#) form part of the Council's core set of governance-related documents. The contents are subject to regular scrutiny and review, with briefing sessions held for both staff and elected members.
- 3.9 The CSOs apply (with certain exceptions) to all contracts made by or on behalf of the Council for the procurement of the execution of works, the supply of goods and materials to the Council, and/or for the provision of services. The overarching aim of both the Standing Orders and Appointment of Consultants guidance is to improve purchasing controls such that Best Value is delivered and the Council's statutory obligations are observed.

- 3.10 Since the CSOs were previously reviewed in February 2015, the Procurement Reform (Scotland) Act 2014 has come into force, alongside the Public Contracts (Scotland) Regulations 2015 and the Procurement (Scotland) Regulations 2016. The revisions approved by Council on 2 June therefore ensure continuing compliance with legislative requirements, with the opportunity also taken to provide greater clarity on the appropriate use of waivers and improved guidance on the role of co-production in the purchasing and delivery of community services.

Anti Money-Laundering Policy

- 3.11 While less formal arrangements were already in place, the Corporate Policy and Strategy Committee approved the Council's [Anti-Money Laundering Policy](#) on 13 May 2014. The policy sets out procedures for mitigating the risk of money-laundering's affecting the Council's activities and monitoring their effectiveness. Where relevant activity is suspected, however, the policy also clarifies reporting routes and the resulting investigative action that will be undertaken.
- 3.12 The contents of the policy have previously been communicated to staff in those areas most susceptible to money-laundering activity. Subsequent review of its content in July 2016 has confirmed its continuing relevance and that, other than re-alignment of roles to revised organisational structures, no substantive changes are required at this time.

Fraud Prevention Policy

- 3.13 The Council's [Policy on Fraud Prevention](#) was approved by the Finance and Resources Committee on 31 October 2013. This policy is supplemented on an annual basis by a review of external fraud prevention and detection activity.
- 3.14 The Fraud Prevention policy forms part of the core set of employee policies and, as such, was included in the mandatory policy refresh in July 2015, whereby all staff were required to confirm that they had read and understood its contents. This exercise is being repeated in 2016, with staff requested to confirm compliance by the end of September.
- 3.15 Awareness of the policy, in addition, forms part of staff induction procedures, with a corresponding e-learning module also available. As with the anti-money laundering policy, its contents primarily comprise guiding principles and reporting procedures and, as such, following review and updating for revised organisational structures, these remain relevant to all staff and no substantive changes are required.
- 3.16 The Council has, however, recently formed a Counter Fraud Group with the aim of better bringing together both internal and external (i.e. customer-facing) fraud prevention, detection and monitoring activity. Recognising their complementary nature, an early action will be bringing together the currently-separate Fraud Prevention and Anti-Bribery and Corruption Policies into a consolidated document, with the intention that this be considered by the Committee by the end of the year.

Corporate Debt Policy

- 3.17 The Council's [Corporate Debt Policy](#) was approved by the Corporate Policy and Strategy Committee on 3 September 2013. The policy covers the principal income streams of Council Tax, Non-Domestic Rates, house rents and sundry (miscellaneous) debt and outlines how the Council will seek to strike an appropriate balance between the financial needs of the Council and the social needs of its customers. A number of changes in respect of statutory notice-related debt were subsequently approved by the Corporate Policy and Strategy Committee on 2 December 2014.
- 3.18 The policy's content was then the subject of in-depth elected member consideration as part of a cross-party member-officer working group, with [the principal recommendations of the group approved by elected members](#) on 9 June 2015. This review resulted in a number of primarily stylistic changes to the policy's contents, with the underlying principles having been assessed to remain sound.
- 3.19 On 23 February 2016, the Corporate Policy and Strategy Committee considered [the second annual report on the policy](#). The report's approved recommendations included alignment of sundry debt write-off provisions to those for other debt types, whilst pointing to more significant anticipated structural and IT-related changes around debt recovery once the Council's transformation programme has been fully implemented.

Corporate Charging Policy

- 3.20 In recognising the need for greater consistency and transparency in the setting of charges for Council services, the Council's [Corporate Charging Policy Framework](#) was approved by the Finance and Resources Committee on 5 June 2014. One change effected by approval of the policy was the application of an inflation-linked uplift to charges for all services unless prevented by the existence of pre-existing plans, legal requirements or other compelling service considerations. This change was again reflected in the January 2016 budget motion and a comprehensive [register of fees and charges](#) levied by the Council has subsequently been published on the Council's website.
- 3.21 In common with most of the other policies falling within the Finance remit, the Corporate Charging Policy primarily sets out principles and these remain valid, with no substantive changes required at this time.

Annual Treasury Strategy and review of risks and reserves as part of budget process

- 3.22 While not considered policies in the sense of the others included within this document, the [Annual Treasury Strategy](#) was approved by Council on 10 March 2016 and the [Council's risks and reserves strategy](#) approved as part of setting the Council's 2016/17 budget on 21 January. Review of the existing policies was implicit in these reports.

Measures of success

- 4.1 Access to up-to-date and relevant Council policies, for internal and external stakeholders, which are quality-assured and reviewed on an annual basis.

Financial impact

- 5.1 There are no direct financial impacts as a result of this report, although maintenance and active promotion of policies contributes to effective financial management.

Risk, policy, compliance and governance impact

- 6.1 Maintaining and publicising relevant policies promotes increased accountability, transparency and efficiencies concerning Council actions and operations.

Equalities impact

- 7.1 There are no direct equalities impacts as a result of this report, although a number of relevant policies emphasise the importance of equalities-related considerations.

Sustainability impact

- 8.1 There are no direct carbon, climate change adaptation or sustainable development impacts as a result of this report, although a number of relevant policies emphasise the importance of sustainability-related considerations.

Consultation and engagement

- 9.1 Consultation was undertaken with directorates and service areas as part of the development of a policy framework for the Council.

Background reading/external references

[Corporate Policy and Strategy Committee Report 3 September 2013 – Review of Council Policy](#)

Relevant links to Finance policies are included within the main report.

Hugh Dunn

Acting Executive Director of Resources

Contact: Hugh Dunn, Head of Finance

E-mail: hugh.dunn@edinburgh.gov.uk | Tel: 0131 469 3150

Links

Coalition pledges

Council outcomes CO25 the council has efficient and effective services that deliver on objectives.

Single Outcome Agreement

Appendices Appendix 1 - Assured Policies

Appendix 1 – Assured Policies

Policy title:	Financial Regulations
Approval date:	<i>25 October 2012 (date of original approval)</i>
Approval body:	<i>Council</i>
Review process:	<i>Content fully reviewed by Head of Finance, liaising as appropriate with section contacts as part of parallel updating of Finance Rules</i>
Change details:	<p><i>The proposed changes reflect further changes in organisational structures and job roles, clarify the Regulations' applicability to the Edinburgh Integrated Joint Board, set out Directors' responsibilities in ensuring compliance with the requirements of the Insurance Act 2015 and update officer delegation with regard to the approval of hospitality in accordance with the decision of the Finance and Resources Committee on 29 October 2015.</i></p> <p><i>These revisions will be presented to Council for approval on 25 August.</i></p>

Policy title:	Contract Standing Orders and Guidance on the Appointment of Consultants
Approval date:	<i>25 October 2012 (date of original approval)</i>
Approval body:	<i>Council</i>
Review process:	<i>Content reviewed by Acting Commercial and Procurement Manager, liaising as appropriate with senior service contacts and the Acting Head of Legal and Risk</i>
Change details:	<p><i>Range of amendments incorporated to ensure continuing compliance with legislative requirements; revisions also included to provide greater clarity on the appropriate use of waivers and improved guidance on the role of co-production in the purchasing and delivery of community services.</i></p> <p><i>Changes approved by Council on 2 June 2016</i></p>

Policy title:	Anti Money-Laundering Policy
Approval date:	13 May 2014
Approval body:	Corporate Policy and Strategy Committee
Review process:	Content reviewed by policy authors, liaising as appropriate with affected service areas and Human Resources
Change details:	No substantive changes at this time

Policy title:	Fraud Prevention Policy
Approval date:	31 October 2013
Approval body:	Finance and Resources Committee
Review process:	Content reviewed by policy authors, liaising as appropriate with affected service areas and Human Resources
Change details:	No substantive changes at this time

Policy title:	Corporate Debt Policy
Approval date:	3 September 2013
Approval body:	Corporate Policy and Strategy Committee
Review process:	Content reviewed by policy authors, supplemented by work of member-officer working group
Change details:	Minor changes (following recommendations of member-officer working group) approved by Corporate Policy and Strategy Committee, 4 June 2015; alignment of sundry debt write-off provisions approved by Corporate Policy and Strategy Committee 23 February 2016

Policy title:	Corporate Charging Policy Framework
Approval date:	<i>5 June 2014</i>
Approval body:	<i>Finance and Resources Committee</i>
Review process:	<i>Content fully reviewed in light of Council policy, legislative requirements and wider policy environment</i>
Change details:	<i>n/a</i>