

Finance and Resources Committee

10.00am, Thursday 16 August 2018

Finance Policies – Assurance Statement

Item number	7.10
Report number	
Executive/routine	
Wards	n/a
Council Commitments	n/a

Executive Summary

Council policies are key governance tools. They help to realise the Council's vision, values, commitments 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 Executive Directors 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 the most recent year's review for policies falling within the remit of the Finance Division of the Resources Directorate.

Finance Policies – Assurance Statement

1. Recommendations

- 1.1 It is recommended that members of the Finance and Resources Committee:
- 1.1.1 note and be assured that the Finance policies detailed in this report have been reviewed and are considered to remain current, relevant and fit-for-purpose.

2. Background

- 2.1 Council policies are key governance tools. They help realise the Council's vision, values, commitments 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.

3. 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 Heads 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 the past year's review activity in respect of each is set out below, with a summary provided in the appendix.

Financial Regulations

- 3.3 The City of Edinburgh Council operates within a clear framework that governs and guides the decisions made by the Council and its officers and ensures that robust, clear and accountable arrangements are in place. The Council's Financial Regulations form an integral part of this framework, with their content reviewed on an at-least a 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's designated Section 95 Officer is the Head of Finance.
- 3.5 A number of amendments to the Regulations' content, primarily clarifying Executive Directors' budgetary responsibilities and accountabilities and ensuring continuing alignment to the Council's organisational structures, were approved by Council on 28 June 2018. These changes formed part of [the wider annual review of the Council's Operational Governance Framework](#), reported alongside proposed changes to political management arrangements, which also encompassed revisions to a number of related documents, specifically the Procedural Standing Orders for Council and Committee Meetings, Committee Terms of Reference and Delegated Functions, Scheme of Delegation to Officers and Contract Standing Orders.
- 3.6 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 June 2016, a further parallel review has recently been undertaken, with the refreshed version published on the Council's intranet. Internal hyperlinks have also been added to the Finance Rules to improve accessibility and more quickly locate relevant guidance.

Contract Standing Orders and Guidance on the Appointment of Consultants

- 3.7 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.
- 3.8 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 and/or the provision of services. The overarching aim of both the Standing Orders and Guidance on the Appointment of Consultants is to improve purchasing controls such that Best Value is delivered and the Council's statutory obligations are observed.
- 3.9 Following the coming into force of The Procurement Reform (Scotland) Act 2014, Public Contracts (Scotland) Regulations 2015 and Procurement (Scotland) Regulations 2016, the CSOs were fully updated and approved by Council in June 2016 to ensure continuing compliance with legislative requirements. The opportunity was 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.

- 3.10 As part of the Council-wide governance review reported to Council in June 2018, a number of minor changes were made to the CSOs as follows:
- (i) including a requirement for Executive Directors and relevant contract managers to comply with the good-practice guidelines contained within the Contract Management Manual. The complementary establishment of a dedicated Contract and Grant Management team within the Finance Division is intended to embed effective contract and supplier management, thereby securing best value through continuous improvement and on-going alignment to wider strategic objectives;
 - (ii) updating the responsibilities of Executive Directors to ensure that all relevant checks relating to tax legislation, in particular IR35, as well as all necessary disclosure checks, are made prior to contract award; and
 - (iii) updating the responsibilities of Executive Directors to meet the legal requirement to publish contract notices, particularly in cases of direct awards.

Anti Money-Laundering Policy

- 3.11 While less formal arrangements were already in operation, 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 that money-laundering affects 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 2018 has confirmed its continuing relevance and that, other than minor updating to maintain alignment with evolving 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, with the 2017/18 Fraud Prevention and Detection Annual Report planned for consideration by the Finance and Resources Committee later in the year.
- 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 September 2016, whereby all staff were required to confirm that they had read and understood its contents. This assurance has been strengthened by further targeted training in areas more susceptible to fraud-related activity.
- 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, with no substantive changes required. An update to the complementary [Anti-Bribery Policy](#) was approved by the Corporate Policy and Strategy Committee on 28 March 2017.

- 3.16 The Council additionally has 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.

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.
- 3.18 The policy's content was 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 Further minor changes have been made in the intervening period to ensure the policy's continuing relevance to the Council's activities and organisational structures. This year's Corporate Debt Policy Annual Report was considered by the Corporate Policy and Strategy Committee on 7 August 2018 and identified no specific operational matters that required the content to be updated.

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 once again reflected in the February 2018 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 broad principles and these remain valid, with no substantive changes required at this time. A review will, however, be undertaken to ensure that charging decisions continue to be taken in accordance with the Policy's principles.

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 15 March 2018 and the [Council's Risks and Reserves Strategy](#) approved as part of setting the Council's 2018/19 budget on 22 February 2018. Review of the existing policies to ensure their on-going applicability was implicit in these reports.

4. 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.

5. 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.

6. Risk, policy, compliance and governance impact

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

7. 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.

8. 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.

9. 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.

10. Background reading/external references

- 10.1 [Review of Political Management Arrangements](#), City of Edinburgh Council, 28 June 2018
- 10.2 Reference to specific Finance policy-related reports are included within the main report

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11. Appendices

One – 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 most recent changes mainly reflect clarification of Executive Directors' budgetary responsibilities and accountabilities and other minor amendments to reflect recent organisational changes.</i></p> <p><i>These revisions were approved by Council on 28 June 2018. An updated set of Finance Rules was also published on the Council's intranet in early 2018.</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 the Chief Procurement Officer, liaising as appropriate with senior service contacts and the Head of Legal and Risk</i>
Change details:	<p><i>As with the Financial Regulations, a number of minor changes, clarifying Executive Directors' responsibilities and accountabilities with regard to contract management, contract award notice publication and confirming the tax status of individuals to be engaged are set out.</i></p> <p><i>While not yet agreed and, as such, on a six-month pilot basis, a number of changes to delegated authority in respect of consultancy, services and supplies and works thresholds were also approved by Council on 28 June 2018.</i></p>

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

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

Policy title:	Corporate Debt Policy
Approval date:	<i>3 September 2013 (with a number of subsequent amendments)</i>
Approval body:	<i>Corporate Policy and Strategy Committee</i>
Review process:	<i>Content reviewed by policy authors</i>
Change details:	<i>The policy's contents were reviewed as part of production of the 2017/18 Corporate Debt Policy Annual Report but no changes are assessed to be required at this time.</i>

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>No substantive changes at this time</i>