

1. Status and Statutory Responsibility

- 1.1 These regulations are made under section 95 of the Local Government (Scotland) Act 1973.
- 1.2 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.
- 1.3 The Local Authority Accounts (Scotland) Regulations 1985 further specify that the system of accounting and control and the form of the accounts and supporting records are to be determined by the Section 95 Officer and that s/he is to ensure that accounting controls are observed and the accounts and supporting records are kept up to date. S/he is also responsible for publishing the Annual Accounts of the Council and for making the arrangements for the statutory audit required by s96 of the 1973 Act.
- 1.4 The City of Edinburgh Council has designated the Service Director: Finance and Procurement as the Section 95 Officer and therefore as the officer responsible for the administration of the Council's financial affairs in terms of section 95 of the 1973 Act.
- 1.5 The Service Director: Finance and Procurement serves as the Section 95 Officer for all of the Council's accounting arrangements, including those of the Lothian Pension Fund. For the Lothian Pension Fund, however, this Section 95 responsibility has been delegated to the Fund's Chief Finance Officer in accordance with the arrangements set out in the addendum to this document.
- 1.6 Following the establishment under the Public Bodies (Joint Working) Act 2015 of an Edinburgh-area Health and Social Care Integration Joint Board (EIJB), [a separate set of financial regulations](#), drawing on similar principles of sound governance, has been produced. Along with the related financial directives, these regulations form the basis upon which the Chief Finance Officer of the EIJB will discharge equivalent proper officer responsibilities for the Board.
- 1.7 A more detailed set of Finance Rules, which prescribe the procedures to be followed, has also been prepared. While these rules and other relevant procedures and policies are not contained within these financial regulations, they are issued under their authority and have the same status as if they were included in the body of these regulations.
- 1.8 The Service Director: Finance and Procurement will establish a programme of review for all relevant documents and report the outcome of this review to the Finance and Resources Committee on an annual basis. Executive Directors and officers may also seek the

issue, amendment, clarification or supplementing of the regulations, finance rules or associated procedures and policies for any areas of responsibility not previously addressed.

- 1.9 Any breach or non-compliance with these regulations or the associated finance rules, procedures or policies issued under their authority must be reported immediately to the Service Director: Finance and Procurement, who may consult others as s/he sees fit to determine the proper action.

2. Application

- 2.1 The City of Edinburgh Council is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards and that public money is safeguarded, properly accounted for and used economically, efficiently, effectively, equitably and ethically. The Council's activities are furthermore guided by a set of underlying principles and responsibilities fostering openness, integrity and accountability.
- 2.2 In discharging these responsibilities, elected members and senior officers are responsible for implementing effective arrangements for governing the Council's affairs and facilitating the effective exercising of its functions including arrangements for managing risk.
- 2.3 As a consequence of these responsibilities, the Council must regulate the actions taken on its behalf that carry financial implications to provide assurance of their propriety and consistency. It is furthermore a requirement of these regulations that all financial transactions are within the legal powers of the Council. These Financial Regulations thus form a key element of the maintenance of a robust, clear and accountable governance framework for the Council.

3. Responsibilities and Observance

3.1 Chief Executive

- 3.1.1 The Chief Executive, as statutory Head of Paid Service, has authority over all officers and is authorised to discharge any function or exercise any power delegated to any officer under the Council's [Scheme of Delegation](#). As the officer charged with overall responsibility for the corporate management and operational functions of the Council, this includes putting in place suitable arrangements to ensure an efficient use of resources.
- 3.1.2 The Council's Scheme of Delegation to Officers sets out the powers delegated to officers pursuant to the Local Government (Scotland) Act 1973. As noted in paragraph 1.4, the Service Director: Finance and Procurement has been designated the Council's Section 95 Officer responsible for the administration of the Council's financial affairs.

3.2 Role of the Service Director: Finance and Procurement

3.2.1 The Service Director: Finance and Procurement, as the Council's Section 95 officer, is responsible for advising the Council on all financial matters and for monitoring and reporting on its financial performance and position.

3.3 Executive Directors

3.3.1 Executive Directors are responsible for establishing sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and meeting associated financial targets. In doing so, they should also have due regard to sustainability and equalities considerations.

3.3.2 Executive Directors are fully responsible and accountable for the financial performance of their Directorate against the budget allocated. They may incur revenue expenditure in furtherance of agreed Council policies only to the extent that budgetary provision has been made.

3.3.3 As part of ensuring the overall sustainability of the Council's financial planning and management arrangements, Executive Directors also have a responsibility to review their respective budgets on an on-going basis. This includes the active monitoring and management of service pressures, delivery of approved savings and application of approved service investment, particularly in cases where this investment is targeted towards delivery of longer-term savings. The Service Director: Finance and Procurement, as the Section 95 officer, may request that Executive Directors report to Council during the year on measures being taken to ensure expenditure is contained within approved levels.

3.3.4 Executive Directors are further charged with the implementation of the risk management policy and associated operational arrangements for the control and mitigation of risk in their service areas and for ensuring its effectiveness and review.

3.3.5 Paragraphs 3.2 and 3.3 of the Scheme of Delegation provide that:

- (a) In the event that the Executive Director or Chief Social Work Officer is unavailable, his/her designated deputy or the Service Director of the relevant service will have delegated authority to take urgent decisions in the absence of the Executive Director; and
- (b) Executive Directors or the Service Director/Chief Social Work Officer (where relevant) may sub-delegate their delegated powers to their deputy(ies) or Service Directors or such other officer(s) in their service area as they may consider appropriate.

- 3.3.6 With the exception of urgent decisions, which must be taken in accordance with the Scheme of Delegation, authority to discharge financial-related responsibilities must be delegated formally in writing. This requirement applies to delegations of authority for financial matters by all levels of management.
- 3.3.7 Executive Directors will formally report major financial issues to the Chief Executive and Service Director: Finance and Procurement, who will instruct appropriate action.
- 3.4 Internal Audit and Risk Management
- 3.4.1 The Service Director: Legal and Assurance, through the Head of Internal Audit and Risk, shall arrange for a continuous internal audit function, to carry out an examination of accounting, financial and other operations of the Council, through undertaking a risk-based audit plan, complying with the Public Sector Internal Audit Standards (PSIAS). The Service Director: Legal and Assurance will also oversee the development and implementation of an appropriate risk management policy and associated operational arrangements.
- 3.4.2 It is the Head of Internal Audit and Risk's responsibility to put in place appropriate arrangements to provide the Chief Executive, Executive Directors, Service Director: Finance and Procurement and elected members with an annual assurance statement on compliance with Financial Regulations and the Local Code of Corporate Governance.
- 3.5 Elected Members
- 3.5.1 Elected members' responsibilities with regard to financial matters reflect a number of facets, including:
- (a) Setting the authority's financial strategy, including budget-setting;
 - (b) Setting the authority's strategic direction and overseeing arrangements for the securing (and demonstration) of best value;
 - (c) Ensuring proper control is exercised over the authority's expenditure through scrutiny of periodic financial reports comparing expenditure with the level of budgetary provision;
 - (d) Holding senior officers to account with regard to discharging all relevant financial responsibilities within their control; and
 - (e) Encouraging the development of service targets/performance measurements of a financial/non-financial nature to monitor service achievements.

3.5.2 In this regard, the respective remits and key functions of Council, the Governance, Risk and Best Value Committee, the Finance and Resources Committee and other Executive Committees are set out in the Council's Committee Terms of Reference and Delegated Functions.

3.6 External Audit

3.6.1 The external audit of the Council seeks to assess the extent to which the stewardship of its financial affairs is subject to a regime of accountability where monies are properly accounted for, safeguarded and used economically, efficiently and effectively. The scope of this audit is wider than that of the private sector equivalent, encompassing coverage of the financial statements, regularity, propriety and best value, including the securing of value for money. At present, this role is undertaken on the Accounts Commission's behalf by Azets.

4. Principles and Key Areas of the Control Framework

4.1 Financial Management

4.1.1 The Service Director: Finance and Procurement will, in conjunction with the relevant Executive Director, provide to all Executive Committees (including the Finance and Resources Committee) and the Governance, Risk and Best Value Committee regular monitoring reports, including reports on the final outturn, together with any recommendations.

4.2 Financial Control

4.2.1 As noted at 1.3, The Local Authority Accounts (Scotland) Regulations 1985 require that the system of accounting and control, and the form of the accounts and supporting records, should be defined by the Service Director: Finance and Procurement, who will ensure that the system is adhered to and that the accounts and supporting records are kept up to date.

4.2.2 The Regulations also require the Service Director: Finance and Procurement to submit the Abstract of Accounts to the Council (or an appropriate Executive Committee) and the Council's external auditor by the prescribed dates. The Service Director: Finance and Procurement is responsible for ensuring that the accounts are produced in compliance with existing legal and accounting requirements.

4.2.3 Executive Directors are required to provide all relevant information to the Service Director: Finance and Procurement in accordance with the instructions issued annually.

4.2.4 As the officer who is statutorily responsible for all financial matters the Service Director: Finance and Procurement will implement procedural controls to ensure that:

- (a) All expenditure is a valid charge;
- (b) Income owed is collected;
- (c) Assets are protected;
- (d) Liabilities are accounted for; and
- (e) Financial reports are prepared.

4.3 Risk Management and Internal Control

4.3.1 In accordance with the Service Director: Finance and Procurement's responsibility for financial control and the Local Code of Corporate Governance's requirements for the effective management of risk, the Service Director: Finance and Procurement has approved financial rules to address these matters.

4.4 Systems and Procedures

4.4.1 **Accounting Arrangements**

4.4.1.1 The following will be carried out according to procedures and instructions issued by the Service Director: Finance and Procurement:

- (a) Preparation of the statutory Abstract of Accounts; and
- (b) Production of financial information in Council strategic plans, including estimated revenue and capital expenditure.

4.4.1.2 All financial records, systems and any changes thereto are subject to the written approval of the Service Director: Finance and Procurement following consultation with Executive Directors.

4.4.1.3 The following principles must be observed in the allocation of accounting duties:

- (a) The duties of providing information regarding sums owed to or by the Council, and calculating, checking and recording these sums must be separated as completely as possible from the duty of collecting or disbursing them;
- (b) Officers responsible for examining and directing accounts of cash transactions cannot be engaged in any of these transactions;

- (c) All checking and authorisation undertaken by officers must be evidenced by initials or signature, whichever is appropriate;
- (d) All claims, returns or written submissions relating to grants and financial data must be submitted to the Service Director: Finance and Procurement for approval prior to entering into any contracts under delegated authority; and
- (e) Financial records, including contract documents for work done, services and supplies, may only be disposed of in accordance with arrangements approved by the Service Director: Finance and Procurement.

4.4.2 Revenue Budgets

4.4.2.1 Executive Directors are required to prepare revenue estimates in accordance with guidance issued by the Service Director: Finance and Procurement. Such estimates will be supported by an integrated impact assessment, where relevant. The Service Director: Finance and Procurement will assist Executive Directors to prepare financial information for inclusion in the revenue estimates. The Council's Strategy and Communications service will assist, as necessary, Executive Directors to prepare integrated impact assessments. When the revenue estimates have been approved by Council, they become the "Revenue Budget".

4.4.2.2 The Service Director: Finance and Procurement will prepare a financial context report for the Finance and Resources Committee for the next and future years. The Finance and Resources Committee will then remit the report to Council and may make recommendations to Council on setting Council Tax and rent for Council houses for the next financial year and, where applicable, on indicative figures for future years.

4.4.2.3 After considering the report and any recommendations, Council shall approve the allocation of resources, authorise the spending and set the Council Tax, rent for Council houses and relevant fees and charges for the following financial year at a meeting before 11th March each year.

4.4.2.4 The Service Director: Finance and Procurement will determine what constitutes revenue expenditure and the relevant accounts in which transactions should be recorded.

4.4.3 Capital Budgets

4.4.3.1 Executive Directors are required to prepare capital estimates, including carbon impact assessments, in accordance with guidance issued by the Service Director: Finance and Procurement. When the

capital estimates have been approved by Council, they become the “Sustainable Capital Investment Programme”.

- 4.4.3.2 The Service Director: Finance and Procurement will determine what constitutes capital expenditure and the relevant accounts in which transactions must be recorded.
- 4.4.3.3 Capital estimates must be submitted for scrutiny by the Finance and Resources Committee, whose recommendations will be referred to the Council for approval.

4.4.4 **Reporting Requirements**

- 4.4.4.1 All Council and committee reports are required to include a statement of the financial consequences of the proposals for current and future years. The range of relevant considerations will vary from report to report but [a summary of the principal areas concerned](#) was reported to the Governance, Risk and Best Value Committee in December 2012. Guidance on completion of the financial implications section of Committee reports is also provided within Section 12 of [the Council’s report writing and committee template information pack](#).
- 4.4.4.2 Where applicable, following approval at the Finance and Resources Committee in January 2014, commentary should also be included to cover (i) the associated revenue budget (i.e. loans charge) impact of capital expenditure proposals and/or changes and (ii) a summary of costs incurred by the Council in the procurement process for the goods and/or services forming the subject of that report. Further advice on requirements in each of these areas is available from the Head of Corporate Finance.
- 4.4.4.3 In the event that reports do not meet the above requirement, or insufficient time is allowed for them to be properly considered, the Service Director: Finance and Procurement may request that the Executive Director or other officer submitting the report withdraws it from the Council or committee agenda.
- 4.4.4.4 The Service Director: Finance and Procurement, in conjunction with Executive Directors, is required to submit detailed quarterly monitoring reports to the Finance and Resources Committee, other relevant executive committee(s) and the Governance, Risk and Best Value Committee. These reports will compare actual expenditure to date with the budget position, project the expenditure outturn for revenue and capital expenditure, provide an overview of progress in delivering approved savings and managing service risks and pressures and report key service issues including – where relevant – the equality and rights impact of any changes. The Service Director: Finance and Procurement will specify the format of such monitoring reports.

4.4.4.5 The Service Director: Finance and Procurement may give such direction to Executive Directors as to measures to be taken in relation to the revenue budget or the capital investment programme during the remainder of the financial year as may be necessary or advisable in the circumstances prevailing.

4.4.4.6 The Service Director: Finance and Procurement may also make recommendations to Council as may be necessary or advisable in the circumstances prevailing.

4.4.5 **Spending, Supplementary Estimates and Transferring Funds**

4.4.5.1 No Executive Director or officer to whom budgetary responsibilities have been delegated may allow spending, whether revenue or capital, to exceed budget.

4.4.5.2 No Executive Director or officer to whom budgetary responsibilities have been delegated may incur any expenditure unless:

- (a) It is a revenue expense which has been approved as part of the revenue budget under 4.4.2 of these Financial Regulations; or
- (b) It is a capital expense which has been approved as part of the Sustainable Capital Investment Programme under 4.4.3 of these Financial Regulations, or any separate Act of Council and, where necessary, a tender or quotation has been received under Contracts Standing Orders; or
- (c) The expense has been authorised under the remaining subparagraphs of paragraph 4.4.5 of the Financial Regulations.

4.4.5.3 The Finance and Resources Committee may transfer money within the revenue budget to either existing or new projects, but:

- (a) If this will change approved Council policy, a report must be submitted to Council for approval before the transfer can be actioned; and
- (b) If the transfer will affect future years' revenue budgets, a report detailing the effect on future budgets must be submitted to Council for approval before the transfer can be actioned.

4.4.5.4 The Finance and Resources Committee may transfer money within the Sustainable Capital Investment Programme to either new or existing projects as may be necessary or advisable in the circumstances prevailing, but:

- (a) If this will change approved Council policy, a report must be submitted to Council for approval before the transfer can be actioned;

- (b) If the transfer will affect future years' capital or revenue budgets, a report detailing the effect on future budgets must be submitted to Council for approval before the transfer can be actioned; and
- (c) Where capital grant is provided for a specific project, no transfer to alternative projects is permitted without the consent of the Scottish Government or other external grant provider.

In the case of both revenue and capital transfers, any equality and rights impacts of the proposed changes must also be considered.

4.4.5.5 The Service Director: Finance and Procurement may, from time to time, issue detailed instructions on the transfer of monies within and / or between service area revenue budgets.

4.4.5.6 If an Executive Director:

- (a) Proposes to incur revenue or capital spending that is not included in the revenue budget or capital investment programme approved by Council or to reduce income provided in that way; and
- (b) Does not propose to pay for the spending by reallocating existing funding,

the Executive Director must seek a supplementary estimate.

4.4.5.7 S/he must report to the Finance and Resources Committee with an assessment of the financial spending consequences for the current and future years and, where relevant, the equality and rights impact of the changes. In the case of revenue expenditure, this appraisal should include identification of the budget head(s) to be reduced in future years. If the Finance and Resources Committee agrees, it will submit a recommendation to Council.

4.4.5.8 The Service Director: Finance and Procurement must agree before a proposal for transfer or supplementary estimate is reported to the Finance and Resources Committee.

4.4.5.9 Executive Directors, in consultation with the Convener of the appropriate Executive Committee for the service, may submit a request for expenditure of an emergency nature. In such circumstances, the expenditure concerned may be incurred on the authorisation of the Service Director: Finance and Procurement, in consultation with the Convener of the Finance and Resources Committee. The Executive Director requesting the expenditure shall arrange for the matter to be reported to the Finance and Resources Committee.

4.4.5.10 Other than contractual liabilities, Executive Directors are not permitted to incur revenue expenditure until the relevant financial year has commenced.

4.4.6 **Final Accounts**

4.4.6.1 Executive Directors are required to provide all relevant information to the Service Director: Finance and Procurement in accordance with the instructions issued annually by him/her.

4.4.6.2 The Service Director: Finance and Procurement will report the Council's final expenditure outturn with recommendations for appropriations to the Finance and Resources Committee.

4.4.7 **Internal Audit**

4.4.7.1 The Head of Internal Audit and Risk will make appropriate arrangements to review, appraise and report on:

- (a) The adequacy of internal control as an indication of probity and contribution to the economic, efficient and effective use of resources;
- (b) Compliance with approved policies, plans and procedures, including those with a significant impact on, or strong relevance to, equality and rights;
- (c) The extent to which assets are accounted for and safeguarded from losses arising from theft, fraud, waste, inefficient administration and poor value for money;
- (d) The suitability and reliability of management data; and
- (e) Service managers' effectiveness in achieving value for money.

4.4.7.2 The Head of Internal Audit and Risk has authority, subject to necessary, prior consultations, to:

- (a) Enter all Council premises or land at any reasonable time and have access to all records, documents and correspondence relating to financial or other matters. This access extends to Council Officers and elected members as necessary;
- (b) Require and receive such explanations as are necessary concerning any matter under examination; and
- (c) Require employees to produce cash, stores or other Council property under their control.

4.4.7.3 If elected members or staff discover or suspect any fraud or irregularity that affects the Council, they must immediately inform the Head of Internal Audit and Risk who will arrange for an investigation to be conducted if appropriate. In so doing, attention is drawn to the provisions and arrangements included in the Council's Public Interest Disclosure ([Whistleblowing](#)), [Anti-Fraud](#), [Anti-Bribery](#) and [Anti-Money Laundering](#) policies.

4.4.8 **Risk Management**

4.4.8.1 The Service Director: Legal and Assurance is responsible for preparing the risk management policy and associated operational arrangements.

4.4.8.2 Executive Directors are responsible for establishing effective internal controls to mitigate risk and documenting these controls and their application formally. In accordance with the risk management strategy, all officers have a role in the identification of risks as they affect their service area.

4.4.9 **Internal Control**

4.4.9.1 In cases of material proposed change to systems of internal control, advice should be sought from the Head of Internal Audit and Risk. It is the responsibility of relevant service managers, however, to implement resulting changes and monitor their effectiveness.

4.4.10 **Income**

4.4.10.1 The collection of all money owed to the Council is the responsibility of the Service Director: Finance and Procurement except:

(a) The collection of monies at service locations (i.e. where payment or counter services are offered) and the accounting thereof to the Service Director: Finance and Procurement is the responsibility of the appropriate Executive Director; and

(b) The Executive Director of Place is responsible for the collection of parking fines and accounting for them to the Service Director: Finance and Procurement.

4.4.10.2 The Service Director: Finance and Procurement must be notified promptly of all money due and of contracts, leases, agreements or other arrangements, that involve payments to the Council.

4.4.10.3 Executive Directors will ensure the prompt rendering of accounts in connection with work done, goods supplied or services rendered and will furnish the Service Director: Finance and Procurement with the information required to identify income due. The Service Director: Finance and Procurement will approve the manner in which accounts

for income receivable must be prepared. Additional guidance in this area is provided within the Council's [Corporate Debt Policy](#).

- 4.4.10.4 Arrangements for payment of accounts by instalment are at the discretion of the Service Director: Finance and Procurement, in consultation with the relevant Executive Director where appropriate.
- 4.4.10.5 Arrangements for the billing and recovery of all sums due should be carried out in accordance with the provisions contained within the Council's Corporate Debt Policy.
- 4.4.10.6 Invoices issued by the Council must not be amended to correct errors. Services must issue a replacement invoice if errors are identified, whereupon the erroneous invoice should be cancelled.

4.4.11 **Receipt of Income**

- 4.4.11.1 All money received by a Council officer must be paid in without delay or in accordance with directions issued by the Service Director: Finance and Procurement.
- 4.4.11.2 Where invoices have not been issued for sums owed to the Council, alternative arrangements for collection are subject to the Service Director: Finance and Procurement's written approval.
- 4.4.11.3 The Service Director: Finance and Procurement will specify in writing procedures for recording income, lodging income with the bank, resolving banking discrepancies, security and insurance, cash transfers, personal cheques and the supply of receipts and tickets for use by service areas.
- 4.4.11.4 The Executive Director of Resources, Service Director: Customer and Digital Services, Head of Customer and Service Director: Finance and Procurement are authorised to sign certificates and petitions to the Sheriff Court for summary warrant applications.

4.4.12 **Salaries and Wages**

- 4.4.12.1 Employees may be appointed only in accordance with the procedures approved by the Council, the establishment, grades and rates of pay. Appropriate equality monitoring and internal audit arrangements will be put in place to ensure compliance.
- 4.4.12.2 Salaries and wages must be processed in accordance with procedures and instructions issued by the Service Director: Human Resources from time to time. Managers are also responsible for confirming the employment status of self-employed individuals and sole traders prior to engagement by means of completion of the HMRC-provided online assessment tool and liaising thereafter as appropriate with the Payroll and Accounts Payable functions.

4.4.12.3 The payment of salaries, wages, compensations and other emoluments to employees or pension entitlements to former employees will be made by the Service Director: Human Resources, who is also responsible for transmitting pension contributions to the Lothian Pension Fund and the Scottish Public Pensions Agency and tax, National Insurance and apprenticeship levy contributions to HM Revenue and Customs.

4.4.12.4 Executive Directors must provide the Service Director: Finance and Procurement and/or Service Director: Human Resources with the information required to complete Council and statutory returns.

4.4.13 **Allowances and Loan Schemes**

4.4.13.1 The Service Director: Human Resources is responsible for paying allowances, reimbursing expenses and administering loan schemes.

4.4.13.2 Executive Directors are required to ensure that:

- (a) Claims and applications are submitted in accordance with conditions of service, Council policies and statutory provisions, together with relevant supporting information such as receipts;
- (b) Claims and applications are submitted on the appropriate form and certified by an authorised officer;
- (c) Officers authorised to sign claims and application forms on their behalf are notified to the Service Director: Finance and Procurement; and
- (d) Information required to complete Council and statutory returns is provided to the Service Director: Finance and Procurement.

4.4.13.3 The Service Director: Finance and Procurement is responsible for administering the Scheme of Members' Allowances in accordance with relevant statutory provisions and the payment of expenses. A report on members' allowances must be presented to the Governance, Risk and Best Value Committee annually and is currently discharged by means of the Remuneration Report contained within the Council's Annual Accounts.

4.4.14 **Insurance**

4.4.14.1 The Service Director: Finance and Procurement will:

- (a) Prepare and maintain an insurance strategy to provide cost-effective cover;

- (b) Negotiate claims with insurers, in consultation with relevant officers; and
 - (c) Report annually to the Governance, Risk and Best Value Committee on the strategy's operation and effectiveness.
- 4.4.14.2 Executive Directors must notify the Service Director: Finance and Procurement promptly of all new risks, properties, vehicles, plant, equipment, etc. that require to be insured, in addition to any alterations and changes in activities and procedures that may affect existing insurance arrangements.
- 4.4.14.3 Executive Directors must notify the Service Director: Finance and Procurement of all major capital and revenue projects at an early stage if insurance cover or specialised insurance advice is required.
- 4.4.14.4 Executive Directors must notify the Service Director: Finance and Procurement in writing of any loss, liability, damage or other event likely to lead to a claim immediately they become aware of it and should inform the police where appropriate.
- 4.4.14.5 In order to comply with the Insurance Act 2015, Executive Directors must advise every material circumstance that the Council 'knows' or 'ought to know' or provide sufficient information to put a prudent insurer on notice that it needs to make further enquiries for the purpose of revealing those material circumstances.
- 4.4.14.6 Executive Directors should not:
 - (a) Make any admission of liability;
 - (b) Take any action which may be construed as an admission of liability; or
 - (c) Waive any rights of recovery.
- 4.4.14.7 Executive Directors must consult the Service Director: Finance and Procurement and Service Director: Legal and Assurance regarding the terms of any indemnity which the Council is requested to provide.
- 4.4.14.8 Executive Directors must take due account of recommendations made by the Council's insurers.
- 4.4.15 **Imprest Accounts**
 - 4.4.15.1 Where appropriate, the Service Director: Finance and Procurement will provide cash advances to officers to defray petty cash and other expenses. Such advances will be accounted for using the imprest system.

4.4.16 **Custody and Security of Assets**

- 4.4.16.1 Each Executive Director is responsible for maintaining appropriate security at all times for data/information, buildings, stores, furniture, equipment, cash and other property, including that owned by third parties.
- 4.4.16.2 The Scheme of Delegation to Officers – Appendix 1 - General Delegation to Executive Directors provides delegated authority to write off or dispose of any stores, plant, furniture, equipment or other tangible or monetary asset not falling within the scope of the Corporate Debt Policy in accordance with these Financial Regulations provided that:
- (a) The stores, plant, furniture, equipment or other tangible asset, have become unfit for use and unsaleable or in the case of relevant monetary assets, all reasonable steps to achieve recovery have been exhausted; and
 - (b) The decision is made in consultation with the Executive Director of Services.
- 4.4.16.3 Council assets may not be removed, other than for Council purposes, unless specific instructions have been issued by an Executive Director.
- 4.4.16.4 Executive Directors are responsible for the care, custody and stocktaking of all stocks under their control and must act in accordance with guidelines issued by the Service Director: Finance and Procurement.
- 4.4.16.5 Each Executive Director must agree maximum limits for cash holdings with the Service Director: Finance and Procurement for insurance purposes. These may not be exceeded without the permission of the Service Director: Finance and Procurement.
- 4.4.16.6 All heritable securities which are the Council's property, are in its name or in the name of its nominee, and the title deeds of all Council property must be stored securely by the Service Director: Finance and Procurement.
- 4.4.16.7 All heritable securities that comprise the Common Good Fund must be stored securely by the Service Director: Finance and Procurement.
- #### 4.4.17 **Gifts, Hospitality and Conduct**
- 4.4.17.1 A register of items gifted or bequeathed to the Council will be maintained by the Service Director: Finance and Procurement. Items of considerable value when not otherwise taken on charge for Council

or service-specific purposes should be lodged with the Service Director: Finance and Procurement for safe keeping and insurance.

4.4.17.2 Elected members and officials must comply with the Local Government (Scotland) Act 1973 Section 68 and all relevant codes of conduct for local government personnel.

4.4.17.3 The Chief Executive has delegated authority to approve expenditure on civic hospitality of up to £10,000 subject to consultation with the Lord Provost or relevant Convener if provided on behalf of a particular Committee. Where total event expenditure exceeds £10,000, or is over and above the budgeted level, approval from the Finance and Resources Committee is required.

4.4.18 **Banking Arrangements**

4.4.18.1 The Service Director: Finance and Procurement will make arrangements for opening and operating bank accounts and using banking services. The Service Director: Finance and Procurement is responsible for negotiating banking terms. No new bank accounts should be opened without the authorisation of the Principal Treasury and Banking Manager. Personal bank accounts must never be used in respect of Council transactions or funding.

4.4.18.2 All cheque forms, excluding those required for authorised imprest accounts may be printed only with the authority of the Service Director: Finance and Procurement, who will make arrangements for their safe custody.

4.4.18.3 Cheques drawn on the main bank accounts must bear the facsimile signature of the Service Director: Finance and Procurement (or other nominated officer) or be signed by the Service Director: Finance and Procurement or other officer who holds an authorised post designated by him/her.

4.4.18.4 The Service Director: Finance and Procurement will make appropriate arrangements, including determination of agreed authorisation limits, for the signature of other financial documents on behalf of the Council.

4.4.19 **Treasury Management**

4.4.19.1 The Council has adopted CIPFA's "Code for Treasury Management in the Public Services" and "Prudential Code for Capital Finance in Local Authorities". The Service Director: Finance and Procurement is responsible for preparing and maintaining the Treasury Policy Statement and treasury management activities must be carried out in accordance with the Statement. Amendments must be considered and approved by Council.

- 4.4.19.2 An annual Treasury Strategy must be prepared. To this end, the Service Director: Finance and Procurement will prepare separate annual reports to propose the following year's treasury strategy and report on the previous year's management performance. These documents will be subject to approval by Council and onward scrutiny by the Governance, Risk and Best Value Committee to monitor the strategy's implementation and effectiveness. The performance report will be submitted as soon as possible after the end of the financial year.
- 4.4.19.3 All treasury-related decisions are delegated to the Service Director: Finance and Procurement who must act in accordance with the Code and Policy Statement.
- 4.4.19.4 All money in the Council's custody will be aggregated for treasury management purposes and controlled by the Service Director: Finance and Procurement.
- 4.4.19.5 Where the acquisition or creation of an asset by leasing is proposed, the financial implications of the leasing agreement must be approved by the Service Director: Finance and Procurement.

4.4.20 **Investments**

- 4.4.20.1 The Service Director: Finance and Procurement may undertake any action that may reasonably be deemed permissible investment business but must seek appropriate advice where necessary in relation to educational endowments and any other Council or trust funds.
- 4.4.20.2 The Service Director: Finance and Procurement is responsible for the safe custody of share certificates or other documents relating to the investment of Council or trust funds.

4.4.21 **Payment of Accounts**

- 4.4.21.1 Arrangements for processing payments must comply with procedures established by the Service Director: Finance and Procurement, a summary of which is included in the Finance Rules.

4.4.22 **Grant Payments to Third Parties**

- 4.4.22.1 Executive Directors are responsible for ensuring that grant awards are consistent with the Council's priorities and are subject to its standard conditions of funding as determined by the Service Director: Finance and Procurement. Due regard should also be taken of the content of the Council's [Grant Standing Orders](#).
- 4.4.22.2 Arrangements for processing grant payments must comply with procedures established by the Service Director: Finance and

Procurement as set out in the Finance Rules. Other than in a limited number of specific cases where authority is delegated to Executive Directors, all payments are subject to annual consideration and approval by the relevant Executive Committee.

4.4.23 **Procurement/Purchasing**

4.4.23.1 Arrangements for procurement/purchasing, including the use of purchasing cards, must comply with procedures established by the Service Director: Finance and Procurement as summarised in the Finance Rules.

4.4.23.2 Executive Directors are responsible for ensuring that purchasing activity carried out on their behalf is undertaken in accordance with the guidance contained in the Procurement Handbook and associated equality requirements.

4.4.24 **Value Added Tax**

4.4.24.1 Executive Directors are responsible for identifying and accounting for input and output tax as it relates to their service area. Queries and specific problems should be referred to the Service Director: Finance and Procurement, who is responsible for issuing guidance on the application of VAT rules.

4.4.25 **Cyber Security**

4.4.25.1 The Service Director: Customer and Digital Services is responsible for preparing and maintaining the Council's policy on ICT security, as well as appropriate guidance on usage and security.

4.4.25.2 Executive Directors are responsible for applying the security policy and guidance.

4.4.25.3 The Council is registered under the Data Protection Act. Executive Directors are responsible for ensuring that the provisions regulating computer systems' security are strictly observed. Executive Directors must liaise with the Service Director: Customer and Digital Services to ensure adequate security on a continuing basis.

4.4.26 **Other Significant Documents**

4.4.26.1 Financial Regulations should be read in conjunction with the constitutional documents of the Council and all Council Policies (as such term is defined in the Scheme of Delegation to Officers) including without limitation:

[Procedural Standing Orders for Council and Committee Meetings](#);

[Committee Terms of Reference and Delegated Functions](#);

[Scheme of Delegation to Officers](#);

Finance Rules;

[Contract Standing Orders](#);

Procurement Handbook;

Code of Conduct on the Use of Electronic Communications;

[A Framework to Advance Equality and Rights 2017 to 2021](#) and successor documents.

ADDENDUM: FINANCIAL REGULATIONS – LOTHIAN PENSION FUND

In respect of all pension funds administered by the City of Edinburgh Council, the Section 95 responsibility has been delegated to the Chief Finance Officer, Lothian Pension Fund. This encompasses responsibility for all accounting records and financial administration of the pension funds, as aligned to the remit of the Pensions Committee and Pensions Audit Sub-Committee.

The responsibilities of the Service Director: Finance and Procurement, as detailed in these Finance Regulations, will therefore apply to the Chief Finance Officer, Lothian Pension Fund, only to the extent that these are pertinent to the governance of the pension fund. This shall include making suitable arrangements for the safe custody of the investments of the pension fund, share certificates or other documents relating to the investment of pension funds. Financial reporting for the pension funds will be considered by the Pensions Committee and the Pensions Audit Sub-Committee as appropriate.