

# Finance and Resources Committee

10am, Thursday, 15 August 2019

## Finance Policies – Assurance Statement

Executive/routine  
Wards  
Council Commitments

### 1. Recommendations

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1.1 Members of the Finance and Resources Committee are asked:

- 1.1.1 to 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.

**Stephen S Moir**

Executive Director of Resources

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## Finance Policies – Assurance Statement

### 2. Executive Summary

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- 2.1 In accordance with the Council's policy review framework, the Head of Finance has undertaken an annual review of the suite of policies falling within his remit. This review has attested to their on-going currency, relevance and appropriateness.

### 3. Background

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- 3.1 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.
- 3.2 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.
- 3.3 In order that Council policies remain current and relevant, all Directorates and Heads of Service are required to review those policies falling within their respective remits on an annual basis. This report sets out the conclusions of the most recent year's review of policies falling within the remit of the Head of Finance in his capacity as the Council's Section 95 Chief Financial Officer.

### 4. Main report

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- 4.1 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.
- 4.2 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**

- 4.3 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, with their content reviewed on an at-least six-monthly basis.
- 4.4 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 Head of Finance is the Council's designated Section 95 officer.
- 4.5 A number of minor amendments to the Regulations' content, primarily to ensure continuing alignment to the Council's organisational structures and responsibilities, were approved by Council on 27 June 2019. These changes formed part of [the wider annual review of the Council's Operational Governance Framework](#), encompassing revisions to a number of related documents, specifically the Procedural Standing Orders for Council and Committee Meetings, Committee Terms of Reference and Delegated Functions and Scheme of Delegation to Officers.
- 4.6 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 early 2018, a further parallel review has recently been undertaken, with the refreshed version published on the Council's intranet. Internal hyperlinks have also been incorporated within the Finance Rules to improve accessibility and more quickly locate relevant guidance.

## **Contract Standing Orders**

- 4.7 As with the Financial Regulations above, the Council's [Contract Standing Orders](#) (CSOs) 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 as appropriate for both staff and elected members. The CSOs also now incorporate the previously-separate Guidance on the Appointment of Consultants.
- 4.8 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 the CSOs is to improve purchasing controls such that Best Value is delivered and the Council's statutory obligations are observed.
- 4.9 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 at that time 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. A number of minor changes clarifying managers' responsibilities with regard to contract management and contract award notifications were then incorporated as part of the June 2018 review.

4.10 Following consideration of both feedback from Directorates and wider opportunities to adopt procurement best practice, additional changes were then approved by Council as part of the review of the suite of operational governance documentation in June 2019. The main elements of these changes were:

- (i) clarifying requirements to demonstrate the delivery of best value for smaller-value purchases;
- (ii) revising the threshold for newly-commissioned consultancy spend requiring prior approval by the Finance and Resources Committee;
- (iii) revising the definition of a consultant to exclude the appointment of design teams and specialist services required for works contracts, such as quantity surveyors, cost consultants and architects, with these appointments now subject to the standard CSO procedures for service contracts;
- (iv) setting out contract and supplier management arrangements for frameworks or contracts used by more than one Directorate, with this responsibility lying with the Directorate with the largest actual or anticipated spend; and
- (v) clarifying the locus of the CSOs' provisions in respect of the Lothian Pension Fund.

#### **Anti Money-Laundering Policy**

4.11 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.

4.12 The contents of the policy have previously been communicated to staff in those areas most susceptible to money-laundering activity and on-going requirements in this area, taking into account changes in staffing and responsibilities, continue to be considered. Review of the policy's content in June 2019 has confirmed its on-going 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**

4.13 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 Annual Report](#) presented to the Finance and Resources Committee on 11 October 2018 and this year's report due to be considered in October. An update to Finance and Resources Committee – 15 August 2019

the complementary [Anti-Bribery Policy](#) was approved by the Corporate Policy and Strategy Committee on 28 March 2017.

- 4.14 The Fraud Prevention policy forms part of a core set of employee policies and, as such, was included in recent years' mandatory policy refresh exercises, with all staff required to confirm that they had read and understood its contents. This assurance has been strengthened by continuing targeted training in areas more susceptible to fraud-related activity.
- 4.15 Awareness of the anti-bribery 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 at this time. Further measures to promote enhanced awareness of both policies' contents are being considered by the Council's Serious and Organised Crime Group.

### **Corporate Debt Policy**

- 4.16 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 its financial needs and the social needs of its customers.
- 4.17 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.
- 4.18 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 review was considered by the Policy and Sustainability Committee on 6 August 2019 and noted that the policy's contents remained relevant and appropriate and that no changes were therefore required.

### **Corporate Charging Policy**

- 4.19 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 2019 budget motion and a comprehensive [register of fees and charges](#) levied by the Council has subsequently been published on the Council's website.
- 4.20 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
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valid, with no substantive changes required at this time. In view of the Change Strategy's particular emphasis upon income maximisation-related activity, however, the effectiveness of applying the policy's principles will be reviewed over the coming months.

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

- 4.21 While not considered policies in the sense of the others included within this document, the [Annual Treasury Strategy](#) was approved by Council on 14 March 2019 and the [Council's Risks and Reserves Strategy](#) approved as part of setting the Council's 2019/20 budget on 21 February 2019. Review of the existing policies to ensure their on-going applicability was implicit in these reports.

### **Revenue and Capital Budget Strategies**

- 4.22 While again considered to fall outside the scope of this review, it is anticipated that detailed revenue and capital budget strategies will be considered by the Finance and Resources Committee at its October meeting.

## **5. Next Steps**

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- 5.1 The policies set out within this report will continue to be subject to a process of on-going review, with corresponding reporting to the Finance and Resources and/or other relevant Committees in the case of any material, policy-related proposed changes.

## **6. Financial impact**

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

## **7. Stakeholder/Community Impact**

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- 7.1 The process of review outlined above will continue to seek to strike an appropriate balance across transparency, accessibility, fairness and equity of the Council's activities.

## **8. Background reading/external references**

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- 8.1 Relevant reading and references are hyperlinked within the main body of the report.

## 9. Appendices

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One – Assured Policies

### Appendix 1 – Assured Policies

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<b>Policy title:</b>	Financial Regulations
<b>Approval date:</b>	<i>25 October 2012 (date of original approval)</i>
<b>Approval body:</b>	<i>Council</i>
<b>Review process:</b>	<i>Content fully reviewed by Head of Finance, liaising as appropriate with section contacts as part of parallel updating of Finance Rules.</i>
<b>Change details:</b>	<i>The most recent changes mainly reflect continuing alignment to organisational structures and responsibilities.  These revisions were approved by Council on 27 June 2019. An updated set of Finance Rules was also published on the Council's intranet in June 2019.</i>

<b>Policy title:</b>	Contract Standing Orders
<b>Approval date:</b>	<i>25 October 2012 (date of original approval)</i>
<b>Approval body:</b>	<i>Council</i>
<b>Review process:</b>	<i>Content reviewed by Chief Procurement Officer, liaising as appropriate with senior service contacts and the Head of Legal and Risk.</i>
<b>Change details:</b>	<i>The main elements of the recent changes are set out in Paragraph 4.10 of the main report and were approved by Council on 27 June 2019.</i>

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

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

<b>Policy title:</b>	Corporate Debt Policy
<b>Approval date:</b>	<i>3 September 2013 (with a number of subsequent amendments)</i>
<b>Approval body:</b>	<i>Corporate Policy and Strategy Committee</i>
<b>Review process:</b>	<i>Content reviewed by policy authors</i>
<b>Change details:</b>	<i>No changes were recommended as part of the annual review of the Policy reported to the Policy and Sustainability Committee on 6 August 2019.</i>

<b>Policy title:</b>	Corporate Charging Policy Framework
<b>Approval date:</b>	<i>5 June 2014</i>
<b>Approval body:</b>	<i>Finance and Resources Committee</i>
<b>Review process:</b>	<i>Content fully reviewed in light of Council policy, legislative requirements and wider policy environment</i>
<b>Change details:</b>	<i>No substantive changes at this time, although actioning its underlying principles will be considered more widely as part of the Change Strategy.</i>