

Finance and Resources Committee

10.00am, Thursday, 10 November 2022

Finance and Procurement Policies – Assurance Statement

Executive/routine
Wards
Council Commitments

Executive

1. Recommendations

- 1.1 Members of the Finance and Resources Committee are asked to note and be assured that the Finance and Procurement policies detailed in this report have been reviewed and are considered to remain current, relevant and fit-for-purpose, subject to the ongoing review of Contract Standing Orders being undertaken in light of new Scottish Procurement Policy Notes issued by the Scottish Government.

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Finance and Procurement Policies – Assurance Statement

2. Executive Summary

- 2.1 In accordance with the Council's policy review framework, the Service Director: Finance and Procurement 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

- 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 Service Directors 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 Service Director: Finance and Procurement in his capacity as the Council's designated statutory Chief Financial Officer, in accordance with Section 95 of the Local Government (Scotland) Act 1973.

4. Main report

- 4.1 A critical element of the policy framework is to ensure that all Council policies remain fit-for-purpose. This requires Service Directors 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 polices fall within the remit of the Service Director: Finance and Procurement. 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. It should be noted that some non-statutory developmental work associated with these policies, as with all Directorates, required to be deferred whilst resources were focused on addressing the immediacy of the impacts of the coronavirus pandemic, however, work has now resumed.

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.
- 4.5 A number of minor amendments to the Regulations' content, primarily to ensure continuing alignment to the Council's organisational and senior management structures and job titles were incorporated as part of a review undertaken in September 2022. Updates were made to areas including insurance and internal audit, however, the basic principles set out within the Regulations remain unchanged and are crucial in securing the Council's on-going financial sustainability.
- 4.6 While previously assessed as comprehensive by the Council's external auditor, the Regulations' content will be further reviewed and, where necessary, expanded as part of a wider assessment of compliance with the CIPFA Financial Management (FM) Code, which is an ongoing process and a benchmark for good and sustainable financial management in local authorities. The first full compliance year for the FM Code was 2021/22.
- 4.7 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. Minor amendments were also made to the Finance Rules as part of a review carried out in September 2022, with updates made to areas including international travel and standard conditions for the award of Council grant funding.

Contract Standing Orders

- 4.8 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 incorporate the previously-separate Guidance on the Appointment of Consultants.

- 4.9 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 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.
- 4.10 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. Since that time, a number of further changes have been made to provide greater clarity on the appropriate use of waivers and managers' responsibilities with regard to contract management and contract award notifications.
- 4.11 The results of [the most recent review of the Council's CSOs](#) were reported to, and approved by, Council on 4 February 2021. These related, in the main, to changes required as a result of the Council's adoption of the Sustainable Procurement Strategy in March 2020 and the UK's withdrawal from the European Union in January 2020. As in previous years, the detail of these changes, including updates to intranet content, was cascaded to Council staff, along with further information on their rationale and implications. Adherence to the CSOs, including use of contracted suppliers and initiation of expenditure by means of purchase order, is monitored on a monthly basis and captured within service "dashboards" communicated to Directorates.
- 4.12 A review of the current CSOs is being undertaken in light of new Scottish Procurement Policy Notes issued by the Scottish Government and will include an examination of the financial approval thresholds and whether these are set at the most appropriate levels for effective scrutiny and governance.

Anti Money-Laundering Policy

- 4.13 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.
- 4.14 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 regularly considered. Review of the policy's content in September 2022 identified a number of minor changes in applicable legislation and organisational structures and these will be reflected in an updated version of the policy maintained on the Council's website.

Fraud Prevention Policy

- 4.15 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 [2020/21 Annual Report](#) presented to the Finance and Resources Committee on 9 December 2021 and the 2021/22 Annual Report included elsewhere on today's agenda. An update to the complementary [Anti-Bribery Policy](#) was approved by the Corporate Policy and Strategy Committee on 28 March 2017.
- 4.16 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. Working closely with Internal Audit colleagues, specific consideration has also been given, since the onset of the pandemic, to developing appropriate systems controls and procedures for both continuing home-working and a number of quickly-introduced new grant funding streams.
- 4.17 Awareness of the anti-bribery policy, in addition, forms part of staff induction procedures, with a corresponding e-learning module 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.

Corporate Debt Policy

- 4.18 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.
- 4.19 The policy is reviewed annually as part of the Service Director: Customer and Digital Services' assurance statement and reported separately.

Corporate Charging Policy

- 4.20 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 a standardised 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 2022 budget motion and a comprehensive [register of fees and charges](#) levied by the Council has subsequently been published on the Council's website.

- 4.21 In common with most of the other policies falling within the Finance and Procurement remit, the Corporate Charging Policy primarily sets out broad 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

- 4.22 While not considered policies in the sense of the others included within this document, the [Annual Treasury Management Strategy](#) was approved by Council on 17 March 2022 and the [Council's Risks and Reserves Strategy](#) approved as part of setting the Council's 2022/23 budget on 24 February 2022. Review of the existing policies to ensure their on-going applicability was implicit in these reports, including an updated profile of the Council's usable reserves to reflect the anticipated on-going financial impacts of the pandemic.

5. Next Steps

- 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

- 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

- 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

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

9. Appendices

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 reviewed by Service Director: Finance and Procurement</i>
Change details:	<i>Minor amendments to reflect continuing alignment to the Council's organisational and senior management structures and job titles and updates made to areas including insurance and internal audit.</i>

Policy title:	Contract Standing Orders
Approval date:	<i>25 October 2012 (date of original approval)</i>
Approval body:	<i>Council</i>
Review process:	<i>Content reviewed by Head of Commercial and Procurement Services, liaising as appropriate with senior service contacts and the Service Director: Legal and Assurance</i>
Change details:	<i>As part of the annual review process, changes required as a result of (i) the Council's adoption of the Sustainable Procurement Strategy in March 2020 and (ii) the UK's withdrawal from the European Union in January 2020 were approved by Council on 4 February 2021. No further substantive changes are required at this time.</i>

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>Minor changes covering management structures have been incorporated within an updated policy.</i>
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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 are required 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>Following the establishment of a working group comprising representation from across the Council, an updated policy, including the Pay Policy, was approved by the Policy and Sustainability Committee on 10 November 2020. No substantive changes are 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 are required at this time.</i>