



From mountain to sea

Aberdeenshire
COUNCIL



Scheme of Governance

Part 3 – Financial Regulations

January 2026 (Approved)

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Financial Regulations

INTRODUCTION

Aberdeenshire Council has Financial Regulations to ensure that all decisions are made within agreed budgets and in the correct manner enabling proper, transparent and efficient financial management of the Council. All officers and employees of the Council are subject to the Financial Regulations.

Financial regulations provide the framework for managing the Council's financial affairs and apply to every Member and employee of the Council representing or acting on its behalf.

This document provides guidance to officers on the proper procedures for undertaking procurements for works, goods and services.

1 SCOPE AND OBSERVANCE

- 1.1 Under Section 95 of the Local Government (Scotland) Act 1973, every Local Authority in Scotland must arrange for the “proper administration of its financial affairs” and appoint a Proper Officer responsible for the administration of these financial matters.
- 1.2 These Financial Regulations outline the responsibilities of the Head of Finance who serves as the designated proper officer, alongside the responsibilities of the Chief Executive, Directors, Chief Officer of the Integration Joint Board, Area Managers and the Heads of Services, collectively referred to as “the Chief Officers” including those individuals they may authorise to act on their behalf.
- 1.3 All Elected Members and employees have a general responsibility for taking reasonable action to provide for the security of assets under their control, and for ensuring that the use of these resources is legal, properly authorised and provides value for money.
- 1.4 All Committees, Elected Members and Officers, representing or acting on behalf of the Council are subject to these Regulations and must adhere strictly to the provisions outlined within them.
- 1.5 The Financial Regulations also set out the roles and responsibilities of Aberdeenshire Council (“the Council”), its committees and the Integration Joint Board, in overseeing and conducting the Council's financial affairs.
- 1.6 All actions affecting the Council's finances should only be conducted by properly authorised employees and each Chief Officer will establish a clear and effective framework of authorisation for their area of responsibility.

- 1.7 The Chief Officers and other authorised persons will ensure that only expenditure within the legal powers of the Council is incurred. Where this is not clear, the authorised person will consult the Head of Finance, and if necessary, the Head of Legal & People prior to incurring such expenditure. This includes expenditure relating to new service developments and initial contributions to other organisations. Responses to emergency situations will be authorised and approved under delegated powers, if necessary, prior to any related expenditure being incurred.
- 1.8 These Financial Regulations shall not be altered or suspended except where a resolution to do so is passed after notice is given at a previous meeting of Full Council, or a report is made to Full Council by the Monitoring Officer in accordance with Standing Order 9.
- 1.9 A register of breaches of Financial Regulations will be maintained by the Chief Internal Auditor (CIA). All breaches identified shall be notified to the CIA and entered in the register. Monitoring of the register will be undertaken by the Council's Strategic Leadership Team and the Committee responsible for Audit on an annual basis.

2 CORPORATE GOVERNANCE

- 2.1. Aberdeenshire Council has adopted a Code of Corporate Governance based on the Chartered Institute of Public Finance (CIPFA) and Society of Local Authorities Chief Executives (SOLACE) publication Delivering Good Governance in Local Government. This builds on The Good Governance for Public Services issued by the Independent Commission of Good Governance in Public Services.
- 2.2. In the context of Local Government, CIPFA proposes this definition of corporate governance:
- “Corporate governance is the system by which local authorities direct and control these functions and relate to their communities.”***
- 2.3. Aberdeenshire Council adheres to the seven general principles of Corporate Governance, as outlined in the 1994 Nolan Committee report on Standards in Public Life, as detailed below:
- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law;
 - Ensuring openness and comprehensive stakeholder engagement;
 - Defining outcomes in terms of sustainable economic, social, and environmental benefits;
 - Determining the interventions necessary to optimise the achievement of the intended outcomes;
 - Developing the Council's capacity, including the capability of its leadership and the individuals within it;

- Managing risk and performance through robust internal control and strong public financial management;
- Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

2.4. These Financial Regulations are an essential component of the Corporate Governance of the Council.

2.5. To ensure compliance with the fundamental principles of Corporate Governance and demonstrate effective oversight, the Council will maintain robust systems and processes which will be monitored for the effectiveness in practice and reviewed on a continuous basis to ensure that they are current.

3 ROLES AND RESPONSIBILITIES

3.1. The Head of Finance, as the “Proper Officer”, in terms of Section 95 of the Local Government (Scotland) Act 1973, shall be the adviser on financial matters to the Council and all its Committees and shall be responsible for the proper administration of the Council’s financial affairs.

3.2. Chief Officers shall, both collectively and individually as Chief Officers, be responsible for ensuring compliance with these Regulations and ensuring that all employees and contractors/agency staff are aware of and adhere to the requirements outlined in the Council’s Financial Regulations.

3.3. Each Chief Officer shall consult the Head of Finance in respect of any matter which is liable to materially affect the finances of the Council before any provisional or other commitment is incurred or before reporting thereon to Committee. Such consultations must be in writing, allowing at least five clear working days for consultation.

3.4. The Head of Finance is responsible for advising on and implementing effective systems of internal financial control which provide reasonable assurance of effective and efficient operations, financial stewardship, probity and compliance with laws and regulations.

3.5. Each Chief Officer is responsible for ensuring that the established controls are being adhered to in their area, to seek guidance from the Head of Finance and Chief Internal Auditor when it is identified that controls require change and to advise of identified failures to comply with established controls.

3.6. Chief Officers shall be responsible for ensuring that the relevant Head of Service or their authorised deputy, is consulted and appropriate approval obtained prior to the purchase of any goods or services requiring specialist input or oversight.

This includes but is not limited to:

- The Head of Legal and People for legal advice or contractual matters
- The Head of Finance for leasing arrangements or external financing
- The Head of Customer and Digital Services for all IT software, hardware or digital infrastructure

- The Head of Property and Facilities Management for any buildings related capital or estate matters
 - The Head of Commercial and Procurement for all procurement processes, contract compliance and sourcing strategy
- 3.7. All Elected Members and employees should make every effort to achieve best value for money. This duty remains consistent whether they are representing the Council in external organisations or joint ventures or when using resources directed by Scottish or UK Governments.
- 3.8. The following principles shall be observed in the allocation of accounting duties:
- The duties of providing information regarding sums due to or from the Council, and of calculating, checking and recording these sums, shall be separated as completely as possible from the duty of collecting or disbursing them.
 - Officers charged with the duty of examining and checking the accounts of cash transactions shall not themselves be engaged in any of these transactions.
- 3.9. The Head of Finance has unrestricted access to the Chief Executive, other Chief Officers and Elected Members, and is empowered to report directly to the Council and its Committees.
- 3.10. The Head of Finance will ensure that the principle of openness is upheld in all matters concerning accounting and financial reporting.

4 FRAMEWORK OF FINANCIAL ADMINISTRATION

- 4.1. A Financial Framework is being developed, the purpose of which is to serve as a guide for officers to aid in the understanding of these financial regulations.
- 4.2. In addition to the provisions of these regulations, the Head of Finance may from time-to-time issue further financial guidance, to support officers in the implementation of these regulations as may be considered appropriate.
- 4.3. It should be noted that the Financial Regulations are approved by Full Council and take precedence over any other guidance.

5 REVIEW OF FINANCIAL REGULATIONS

- 5.1. These Financial Regulations may only be materially varied or revoked by Full Council and any variation or revocations will be effective from the first working day after the conclusion of the Full Council meeting at which it was approved. The Head of Finance has delegated authority to make minor changes.

6 LEGAL INTERPRETATION

- 6.1. Any matters requiring legal interpretation will be referred to the Head of Legal and People following consultation with the Head of Finance.

ABERDEENSHIRE COUNCIL

DETAILED FINANCIAL REGULATIONS

7 FINANCIAL PLANNING AND MANAGEMENT

The Council is a complex and diverse organisation responsible for delivering a wide variety of services. It needs to plan effectively and develop systems to enable scarce resources to be allocated in accordance with carefully weighted priorities. The Council's Budgets are the financial expression of the Council's plans and policies.

Budget management ensures that once the budget has been approved by the Council, resources allocated and procured are used for their intended purpose and are properly accounted for. Budgetary control is a continuous process, enabling the Council to review and adjust its budget targets during the financial year. It also provides the mechanism that calls to account Chief Officers responsible for defined elements of the budget.

7.1 Revenue Budget Preparation

This Financial Regulation outlines the Council's requirements for the preparation of Revenue Budgets. Chief Officers play a crucial role in providing the Head of Finance with accurate and timely information. Full Council approval of the Revenue Budget confers authority upon Chief Officers and their delegated budget holders to incur expenditure within the approved financial limits.

7.1.1 Full Council holds overall responsibility for approving the annual Revenue Budget, as well as for approving and monitoring major strategic policies. Estimates of annual revenue expenditure and income are developed individually with Chief Officers and collaboratively with the Strategic Leadership Team. The Strategic Leadership Team will, from time to time, review and implement detailed procedural arrangements deemed necessary for the preparation of the annual revenue budget.

7.1.2 Draft estimates of income and expenditure for the forthcoming financial year, along with associated recommendations, shall be submitted to Full Council for approval at meetings held no later than the dates prescribed by statute. This includes:

- General Fund Services

Recommendations relating to the indicative Council Tax rates, where Full Council will approve the estimates (subject to any amendments it may consider appropriate), authorise the associated expenditure, determine the level of Council Tax to be levied and pass any necessary resolutions

- Council Housing Services – Housing Revenue Account (HRA)

Recommendations relating to the indicative Council housing rents and other service charges, where Full Council will approve the recommendations (subject to any amendments it may consider appropriate) authorise the associated expenditure, determine the rents and charges to be levied and pass any necessary resolutions.

In both cases, Full Council may also determine indicative estimates for income, expenditure, Council Tax, and or rents for subsequent financial years.

- 7.1.3 The detailed form and timetable to be followed in respect of the Revenue Budget shall be set by the Head of Finance subject to any direction of the Full Council and after such consultations with each Chief Officer and the Strategic Leadership Team as may be necessary. The detailed form and timetable will be reported to Full Council each year.
- 7.1.4 The Head of Finance, following consultation with the Strategic Leadership Team, will issue guidance and timetables on the required information for budget meetings.
- 7.1.5 The Chief Officers, supported by their Finance Business Partners, are responsible for preparing the information required for the budget for submission to the Head of Finance.
- 7.1.6 The Head of Finance, following consultation with the Strategic Leadership Team, is responsible for preparing income and expenditure estimates to facilitate the agreement of the Council budget.
- 7.1.7 The budget, as approved by Full Council, shall constitute the Revenue Budget for the relevant financial year. Budgets adjusted for approved virements in accordance with regulation 7.3 shall constitute the Revised Revenue Budget for the relevant financial year.
- 7.1.8 The responsibility for providing the services within the approved financial limits included in the Revenue Budget shall lie with the Chief Officer concerned subject to any decisions made by the relevant Committee involved.
- 7.1.9 Chief Officers must be able to demonstrate that any expenditure supports the delivery of the Council's priorities and aligns with the objectives set out in the Council Plan.

7.2 Revenue Budget – Control, Monitoring and Management

This Financial Regulation outlines the Council's requirements for the budget monitoring and management, budget phasing, and variance reporting. Emergency procedures for immediate needs are also covered. Budget monitoring is an essential tool in developing a business and management culture which continually manages and delivers on the use of resources in seeking to achieve the strategic priorities of the Council.

- 7.2.1 The Head of Finance shall furnish Chief Officers periodically and on request information on actual expenditure and income compared with the approved Budget. The Head of Finance shall be entitled to receive any clarification deemed necessary on any item of expenditure or income and Chief Officers shall correspondingly provide the Head of Finance with such information as is required from them.
- 7.2.2 Directors shall, following consultation with the Head of Finance, report periodically to the relevant Policy Committee on comparisons of forecast expenditure for the year with the approved budget. The Committee shall be entitled to seek explanations for any figures in the comparison which it deems require special attention.
- 7.2.3 The Head of Finance shall report periodically to Full Council on comparisons of the forecast expenditure for the year with budget and, for the year as a whole, as soon as possible after the Annual Accounts have been compiled. The Full Council shall be entitled to seek explanations for any figures in the comparison which it deems require special attention.

The responsibility for ensuring that Revenue Budget provisions are not exceeded shall rest with the Chief Officer concerned. Any internal charges must be agreed between the Chief Officer providing the Service and the relevant Chief Officer responsible for the budget at the time the budget is set and variances monitored throughout the year.

This responsibility does not extend to capital financing costs or insurance premiums, which are the responsibility of the Head of Finance.

- 7.2.4 It is the responsibility of the Director, after consultation with the Head of Finance, to inform the relevant Policy Committee where it is forecast that the total income or expenditure for the service is likely to vary significantly from the approved budget, after exercising their powers of virement set out in Financial Regulation 7.3 below. The Director is responsible for reporting the position to the relevant Policy Committee, together with a report on proposed actions to address the situation.

- 7.2.5 Any proposal to a Committee, which would involve the incurring of additional expenditure not allowed for in the approved Revenue Budget, shall be accompanied by a report prepared, following consultation with the Head of Finance, by the Director concerned indicating that there is insufficient provision in the Revenue Budget, or making proposals for virement as required by Financial Regulation 7.3 below. Should virement not be possible, authorisation shall only be given by the Full Council.
- 7.2.6 Chief Officers must discuss any proposals with financial implications with the Head of Finance before submitting a report to Committees, Boards or other decision-making meetings. To fulfil this requirement, such report should be made available to the Head of Finance at least three working days prior to the circulation of the agenda for Full Council or Committee meeting where the matter will be discussed.
- 7.2.7 Chief Officers must consult the Head of Finance before making any commitments on matters delegated to them that could materially affect the Council's finances.

7.3 Changes to Approved Budgets - Virement

Virements are intended to enable Full Council, Policy Committees, Directors and Head of Finance to manage budgets with a degree of flexibility within the overall policy framework determined by the Council, and therefore to optimise the use of resources.

A virement is the process of moving a budget allocation from one part of a budget to another one, i.e. using the budget for a different purpose than originally intended.

7.3.1 Definitions: -

Budget Heading means any single section of the Council's approved Revenue Budget (e.g. Staff Costs, Premises Costs, Supplies and Services etc.).

Service Budget is the budget allocation as reflected in the Council's Annual Revenue budget e.g. Legal and People, Transportation, Affordable Housing, Waste and Recycling Services etc.).

Directorate Budget means one of the main headings as listed in the Revenue Budget Summary page (e.g. Business Services, Infrastructure, Education and Children's Services etc.).

7.3.2 Directors may move funds within the revenue budget as follows:

- between different Budget Headings within a Service Budget regardless of value, provided it doesn't change Council approved Policy.
- Between different Service Budgets, if it is within a limit of £100,000 or less and only for the Services they are responsible for, provided it is within the bounds of Council Policy.

7.3.3 The Head of Finance may move funds, up to the value of £100,000, between Service Budgets that are the responsibility of more than one Director, subject to approval of those Directors.

7.3.4 Virements of £100,001 or more within or between Service Budgets must be approved by relevant Policy Committee(s). If one or more Policy Committees cannot agree on a proposed virement between services, the matter will be referred to Full Council for determination.

7.3.5 Virements that will impact on Council Policy require Policy Committee approval.

7.3.6 Transfers that will impact on future years revenue budgets must be submitted to Full Council for approval before the transfer can be actioned.

7.3.7 All virements will be reported to Full Council and Policy Committees as part of the Financial Performance Reporting on a quarterly basis.

7.3.8 Limitations:

Virements related to the receipt of additional income from the following sources require approval by the Head of Finance for amounts under £100,000, or by Full Council for amounts of £100,000 or more:

1. Scottish Government Funding
 2. Council Tax Income
 3. Business Rates Income
 4. Insurance
- Or
5. Expected savings on Capital Financing Charges and interest on revenue balances.

Virements shall not be used for the following purposes:

1. To reverse a previous budgetary allocation decision made by the Council
2. To obscure over-budget or under-budget issues related to Policy or Service Delivery that could affect the Medium-Term Financial Strategy (MTFS)
3. To apply underspends or over-recoveries of income without approval from the Council or the relevant Policy Committee

Budget virements to draw down balances from reserves delegated to a specific Policy Committee are deemed to be approved where the value and purpose of the reserve is agreed.

Budget virements to draw down balances from reserves held by Full Council – namely the Working Balances, the Uninsured Losses Fund, General Fund Risk and Inflation reserve and Transformation Reserve must be approved by the Head of Finance, following consultation with the Strategic Leadership Team and approved by Full Council.

7.4 End Year Flexibility

End Year Flexibility is an exceptional facility intended to support the integration of service delivery and continuity of service across financial years. In limited and justified circumstances, it allows for the carry forward of unspent budget from one financial year to the next, enabling services to retain a portion of underspend to support specific time limited investment or activity in the following financial year. Carry forwards are not automatic and will only be considered where there is a clear and evidenced case that aligns with Council policy and priorities.

- 7.4.1 All overspends in Service Budgets for a financial year will require to be met in full in that financial year and as such will be the first call on any underspends relating to that year's outturn position, subject to consideration of 7.4.2. If a net underspend occurs for the Council as a whole in a financial year, then carry forwards up to the value of the net underspend may be considered for by the Strategic Leadership Team for recommendation to Full Council for approval.
- 7.4.2 An underspend generated within any Service Budget may be considered for carry forward to the next financial year and used to defray expenses incurred within the same Service Budget for that Service, subject to the approval of Full Council and the approach set out in 7.4.2-7.4.5 below, subject to the following:
- It must be used within the same service budget and must be used to deliver Council Policy or spend to save initiative.
 - The service under-budget position will be the net position i.e., after any over budget positions have been addressed.
 - Must be considered to be appropriate by Strategic Leadership Team for submission to Full Council.
- 7.4.3 Grants awarded from Area Committee Budgets in one financial year may be carried forward into the next financial year subject to the following: -
- The grant recipient must demonstrate that the intended project has commenced, and funding committed.
 - The project must be completed by the end of June of the following Financial Year, i.e. within 3 months.

- Must be considered by the Strategic Leadership Team to confirm criteria met, to recommend to Full Council for approval.

Where the above criteria are not met, the Area Committee can allocate funds from the following financial year's budget without a new application, in accordance with Regulation 10.3, provided they are satisfied that the recipient has committed the previous grant and commenced the work.

- 7.4.4 Any budgetary underspend that has not been approved for carry forward will be transferred to the General Fund Working Balance and will be available for corporate objectives.

7.5 Capital Budget Preparation, Monitoring and Management

The Prudential Code mandates that Council's must establish and track specific Prudential Indicators including external borrowing limits, to evaluate the affordability, prudence, and sustainability of the Capital Plan. Separate indicators are required for General Fund and Housing Revenue Account (HRA) capital investment. The Council maintains a 15-year General Fund Capital Plan, which is reviewed and agreed on an annual basis by Council as part of the annual budget setting process.

- 7.5.1 The detailed form and timetable to be followed in respect of determining the Capital Plan and Budget shall be set by the Head of Finance subject to any direction of the Full Council and after such consultations with each Director and the Strategic Leadership Team as may be necessary.
- 7.5.2 Full Council holds primary responsibility for approving the General Fund and Housing Revenue Account (HRA) capital programmes. Annual capital expenditure estimates are prepared in collaboration with the Head of Property and Facilities and other Chief Officers. When establishing the General Fund and HRA capital programmes, the principles outlined in the Prudential Code must be adhered to.
- 7.5.3 The Head of Finance, following consultation with the Capital Plan Group, will issue guidance and timetables on the required information for budget meetings.
- 7.5.4 The Directors are responsible for preparing the information required for the Capital budget for submission to the Capital Plan Group.
- 7.5.5 Any new projects to the Capital Plan must be supported by a Business Case submitted by the relevant Director to the Capital Plan Group.
- 7.5.6 The Capital Plan Group, following consultation with the Strategic Leadership Team, is responsible for preparing draft Capital Plan to facilitate the agreement of the Capital budget.

- 7.5.7 Any proposed changes to the General Fund and HRA capital programmes must be approved by Full Council.
- 7.5.8 The Capital Plan, as approved by Full Council, shall constitute the capital budget for the relevant financial year. Budgeted adjusted for approved changes in accordance with regulation 7.5.7 shall constitute the Revised Capital Plan for the relevant financial year.
- 7.5.9 The impact of the Capital Plan on the Revenue Budget shall be measured in accordance with criteria laid down in the Prudential Code. In this respect, the Head of Finance shall propose a set of Prudential Indicators for approval by Full Council, which demonstrate the affordability, sustainability and prudence of the Capital Plan and Budget and shall ensure compliance with the Prudential Code in all other respects.
- 7.5.10 The Directors shall, following consultation with the Head of Finance, report periodically to the relevant Policy Committee, with the exception of the HRA Capital Programme, on the monitoring and management of actual and forecast capital expenditure as compared with the agreed Capital Budget and Plan. The Committee shall be entitled to seek explanations for any figures in the comparison which it deems require special attention.
- 7.5.11 The Director of Environment and Infrastructure, following consultation with the Head of Finance, report periodically to the Communities Committee on actual and forecast capital expenditure compared to the approved HRA capital programme for the year. The Committee shall be entitled to seek explanations for any figures in the comparison which it deems require special attention.
- 7.5.12 The Head of Finance shall report regularly to the Full Council on the monitoring and management of actual and forecast capital expenditure as compared with the agreed Capital Budget or Plan, incorporating both the General Fund and HRA capital programme. Full Council shall be entitled to seek explanations for any figures in the comparison which it deems require special attention.
- 7.5.13 The responsibility for ensuring that Capital Budget provisions are not exceeded shall rest with the Director concerned.
- 7.5.14 No expenditure on a capital project in the approved capital plan equal to or greater than the Committee Threshold (as defined in Para 11.2) shall be incurred before it has been the subject of a report to the appropriate Committee for approval. The report by the appropriate Director must include the total estimated capital cost of the project(s) including fees, furniture and equipment and other ancillary costs and the estimated future revenue implications or savings arising from the project over its life.

- 7.5.15 It shall be the responsibility of each Director to ensure that capital expenditure does not exceed the sum approved for the project(s) in the Capital Budget and that expenditure on contracts does not exceed the approved amount of the contract. Where a project is expected to exceed approved capital budget by more than 25% or £500,000, the Directors shall submit a separate report to Full Council for approval setting out detail and mitigation proposals to ensure overall capital plan is not exceeded.
- 7.5.16 The Head of Finance, following consultation with appropriate Directors, shall establish the most appropriate use of capital receipts to reduce overall borrowing and make suitable recommendations to the Full Council for determination.
- 7.5.17 All virements between approved Capital Plan lines must be approved by the Capital Plan Group and Full Council.
- 7.5.18 Chief Officers are responsible for ensuring that any expenditure classified as capital meets the definition as set out in the CIPFA Code of Practice on Local Authority Accounting. This would be expenditure on providing or enhancing non-current assets, which include land, buildings, vehicle, machinery and equipment, which will be of use or benefit in providing services for more than one financial year. Typical examples include:
- Acquisition of land, existing buildings or works
 - New construction, conversions and enhancement to existing buildings
 - Acquisition of vehicles, machinery and equipment
 - Intangible assets

Expenditure which does not meet this definition must be charged to the revenue budget.

7.6 Accounting Policies and Annual Accounts

This Financial Regulation outlines the Council's obligations for accounting procedures and record-keeping, the preparation and publication of Annual Accounts, the maintenance of an asset register, and the submission of External Audit reports to the Audit Committee.

- 7.6.1 Accounts and accounting records of the Council shall be prepared by, or under the direction of, the Head of Finance.
- 7.6.2 All accounting procedures, as well as accounting and related records of the Council and its Officers, shall be established by the Head of Finance. In cases where such procedures and records are maintained by individuals other than the Head of Finance, the relevant Chief Officer will be consulted.

7.6.3 The following principles will be adhered to in the allocation of accounting duties:

- The responsibilities for providing information on amounts owed to or by the Council, as well as for calculating, checking and recording these amounts, will be separated as much as possible from the responsibilities for collecting or disbursing these amounts.
- Officers responsible for examining and verifying cash transaction accounts will not be directly involved in maintaining those accounts.
- In exceptional cases, the relevant Chief Officer may, after consulting and reaching an agreement with the Head of Finance, approve an arrangement that does not comply with paragraph 7.6.3. This may occur when staffing resources do not permit a separation of duties. In such cases, alternative monitoring procedures will be put in place, and if these arrangements are considered significant or material, the Chief Executive will be informed.

7.6.4 The Head of Finance is responsible for the preparation of the Council's Statement of Accounts, in accordance with proper practices and as set out in the format required by the **Code of Practice on Local Authority Accounting in the United Kingdom (CIPFA/LASAAC)**, for each financial year ending 31 March. Maintaining proper accounting records is one of the ways in which the Council discharges its responsibility for stewardship of public resources. The Council has a statutory responsibility to prepare its accounts to present fairly its operations during the year.

7.6.5 In view of the above, it shall be the Head of Finance's responsibility to select suitable accounting policies and to ensure that they are consistently applied to the accounts relating to each financial year. It shall be the duty of all Directors to maintain proper financial and accounting records within their service to demonstrate the adequate stewardship of public resources. No such arrangements shall be introduced, discontinued or amended without the approval of the Head of Finance.

7.6.6 The Annual Accounts for the preceding financial year shall be prepared and submitted in draft to the Council's appointed External Auditors by the 30 June of the following financial year, or by such date as may be specified by Scottish Ministers in regulations made under Section 105 of the Local Government (Scotland) Act 1973. The draft must also be considered by the Audit Committee by 31 August.

7.6.7 The Head of Finance will ensure that the public has reasonable access to inspect the Council's accounts and will advertise their availability as required by the Local Authority Accounts (Scotland) Regulations 2014.

7.6.8 Following the completion of the audit, the audited accounts will be submitted to the Audit Committee for approval and signature by the statutory deadline of 30 September, along with the External Auditor's report. Following completion of the audit, the Head of Finance shall present a certified copy of the Annual Accounts, along with the External Auditor's report, to Full Council no later than two months after receipt.

- 7.6.9 Each Director shall be responsible for ensuring that the staff in their Service affords to the Head of Finance such assistance as is necessary to ensure that the deadlines agreed with the Head of Finance for the completion of the Annual Accounts are complied with.
- 7.6.10 Each Director must provide any information necessary for the closure of the Annual Accounts and within prescribed timescales. Details of the information required and procedures to be followed will be issued annually by the Head of Finance.
- 7.6.11 In accordance with statutory requirements, the Head of Finance will ensure that a register of all assets owned by the Council is maintained. To facilitate the updating and maintenance of the asset register, all Chief Officers must adhere to any procedures and requirements issued by the Head of Finance (or by any person delegated with the responsibility for maintaining the register) concerning all assets under their control.

7.7 Partnerships and Other External Arrangements

A partnership is defined as an agreed framework for jointly delivering common goals, with shared risks and resources, which provide identified added value and measurable impact, based on shared accountability for outcomes, which cannot be cost effectively obtained in other ways.

- 7.7.1 Partnerships play a key role in jointly delivering common goals, with shared risk and resources, which provide added value and measurable impact, based on shared accountability for outcomes, which cannot be cost- effectively obtained in other ways. All partnerships must be in accordance with the Council's Partnership Working Policy.
- 7.7.2 The Head of Finance will advise Chief Officers on the effective controls required from such Partnerships and ensure that the Council's resources are used appropriately. Such advice should address the key elements of funding projects including scheme appraisal, risk and management appraisal, resourcing and transaction issues, payments arrangements and audit and security controls.
- 7.7.3 Services shall be responsible for ensuring that the principle of openness is observed and shall make financial information available on any Partnerships or other external arrangements in an open way following consultation with the Head of Finance.
- 7.7.4 Directors must ensure that all agreements and arrangements are properly documented, the terms and conditions agreed with the Head of Legal and that the Head of Finance is provided with appropriate information to enable notes to be entered into the Council's Annual Accounts.

- 7.7.5 Directors should establish performance measures for all partnerships, and performance should be monitored regularly as considered appropriate to the circumstances, and these measures should also be reported to Elected Members at regular intervals. Records should be maintained of this evaluation so that this can be taken into consideration when setting up future partnerships.

External Funding

- 7.7.6 External funding is potentially a very important source of income to the Council, but the conditions attached need to be carefully considered to ensure that they are compatible with the aims and objectives of the Council. While funds from external bodies provide additional resources to enable the Council to deliver services to the local community it must be recognised that the funding may be linked to tight specifications and may not be flexible enough to link to the Council Plan.
- 7.7.7 Prior to external funding being formally accepted, the Head of Finance must be consulted to ensure that the proposed use of the funding complies with the relevant Accounting Standards. They must also ensure that any match funding requirements are considered, and relevant budgets identified in advance.
- 7.7.8 The relevant Chief Officer for the service must ensure that the project or purpose for which the external funding is being sought has already received Committee approval or that it sits within the delegated authority in terms of service provision. No application should be made that will result in increased budgetary costs for the Council that have not been approved as part of the project/proposal at Committee or within delegated authority. Prior to external funding being formally accepted, Chief Officers should consider impacts on support services such as Legal, Finance, Human Resources, IT and Internal Audit and consult with the relevant Heads of Service or Senior Leadership Team to ensure that workloads can be supported.
- 7.7.9 The Head of Finance should ensure that arrangements are in place to receive and properly record such income in the financial ledger, that audit and accounting requirements are met, and that the funding requirements are considered prior to entering into any agreements, both in the present and the future.
- 7.7.10 For their part, Chief Officers must ensure that the project progresses in accordance with the agreed terms and that all expenditure is properly incurred and recorded. This would include ensuring that agreed arrangements for monitoring, managing and reporting on progress and dealing with variations are complied with. They must also ensure that claims for funds are verified by Finance and made by the due date, and that records are maintained for audit purposes.

Shared Services

- 7.7.11 Shared Services are arrangements where the Council collaborates with other public authorities to obtain or deliver works, goods or services. These types of arrangements are excluded from the full application of the Public Contracts (Scotland) Regulations 2015 and therefore do not need to be publicly tendered. However, there are rules governing the creation of a properly constituted shared service arrangement and these rules must be followed.
- 7.7.12 Proposals to enter into a Shared Service arrangement should be undertaken following consultation with the Head of Commercial and Procurement Shared Services and should only be entered into where the Director of the relevant services is satisfied that such arrangements represent best value to the Council.
- 7.7.13 Approval to enter into a Shared Service arrangement, where the value of services to be procured through the shared service is equal to or greater than the budget available should be sought from the relevant policy Committee.
- 7.7.14 Shared Services arrangements may only be entered into on written terms and conditions approved by the relevant Director following consultation with the Head of Legal and People.
- 7.7.15 The Head of Commercial and Procurement Shared Services shall maintain a register of agreements for shared services and each relevant Director shall ensure that the prescribed information as detailed by the Head of Commercial and Procurement Shared Services is communicated to him or her on an annual basis.
- 7.7.16 Shared Services arrangements should be subject to review and renewal of approval at least every four years.

Sponsorship

- 7.7.17 Sponsorship is defined as ““The act of supporting an event, activity, person or organisation, or premises by way of a financial contribution or through the provision of products or services.”
- 7.7.18 All Sponsorship will be coordinated by the Head of Commercial and Procurement Shared Services who will maintain a central register of both inward and outward sponsorship agreements.
- 7.7.19 All sponsorship agreements, both inward and outward, must be based on a written agreement. For agreements with a value less than £1,000, an exchange of letters will be sufficient evidence of a written agreement. For agreements with a value in excess of £1,000, a full contract is required.

Inward Sponsorship

- 7.7.20 In the normal course of events the Council will not use Inward Sponsorship to fund core services but will only use it for service additions or improvements. However, any specific sponsorship may be proposed by a Chief Officer to be used for core services to support Council priorities. Such proposals would be considered on a case-by-case basis and approved by the relevant Policy Committee. Any such arrangements would be subject to annual review.
- 7.7.21 Inward Sponsorship arrangements must comply with the Aberdeenshire Council Policy and Procedures on Commercial Sponsorship in the Public Sector.

Outward Sponsorship

- 7.7.22 Outward sponsorship refers to any financial or in-kind contribution made by the Council to external individuals, organisations, or events to support activities that promoted the Council's priorities, deliver public benefit or enhance the visibility and reputation of the Council and /or the area.
- 7.7.23 All outward sponsorship activity must support one or more of the Council's priorities, demonstrate clear and measurable public or community value and not be used as a substitute for grant funding or procurement where those mechanisms are more appropriate.
- 7.7.24 Proposals for outward sponsorship must include:
- A business case or sponsorship proposal detailing objectives, expected outcomes, costs and alignment with Council policy;
 - A defined funding source and value-for -money justification;
 - An assessment of reputational, financial and legal risks with appropriate mitigation; and
 - Provisions for monitoring, review and termination.
- 7.7.25 All outward sponsorship must be approved by the relevant Director following consultation with the Head of Finance, the Head of Customer and Digital and where appropriate the Head of Legal. Where sponsorship commitments are in excess of £10,000 or span more than one financial year this must be approved by the relevant Policy Committee.
- 7.7.26 Any branding or publicity commitments must be approved by the Head of Customer and Digital Services.
- 7.7.27 All approved sponsorships must be supported by a written agreement, regardless of value. The agreement must specify:
- The sponsorship purpose, deliverables, and timeframe
 - Financial terms and conditions of support including clarity between firm and indicative funding, the latter of which is subject to change or withdrawal.
 - Any branding, publicity or acknowledgement arrangements
 - Termination and clawback clauses in the event of non-delivery or misuse of funds

- 7.7.28 Outward sponsorship must not be used to support:
- Political Parties, campaigns or lobbying activity
 - Organisations or events that conflict with the Council's values, policies or statutory duties
 - Any activity where a clear conflict of interest arises
- 7.7.29 Compliance with 7.7.28 must be considered prior to approval in line with regulation 7.7.26 above.
- 7.7.30 Directors must ensure effective monitoring of all outward sponsorship and retain evidence of delivery and compliance for audit purposes.

8 RISK MANAGEMENT AND CONTROL OF RESOURCES

8.1 Risk Management

All organisations face risks to people, property and ongoing operations. Risk is the chance or possibility of loss, damage, injury or failure to achieve objectives as a result of unwanted or uncertain action or event.

Risk management is the planned and systematic approach to the identifying, evaluating and controlling such risks. Its objectives are to safeguard the Councils assets and ensure its continued financial and operational resilience.

This Financial Regulation summarises the Council's risk management policy. The Strategic Leadership Team is responsible for monitoring strategic risks and ensuring there are suitable mitigations to manage risks or to address gaps in controls that could impact on the successful delivery of the Council Plan, Strategic Priorities, and outcomes of the Aberdeenshire Local Outcome Improvement Plan.

- 8.1.1 The Council's Risk Management Policy sets out the Council's approach to Risk Management.
- 8.1.2 The Business Services Committee is responsible for approving the Risk Management Policy.
- 8.1.3 The Audit Committee has overall responsibility for reviewing the adequacy of risk management and risk assessment procedures. It will periodically review the various risk registers and highlight areas of significant risks. Policy Committees and Full Council will monitor and review the Strategic Risks relevant to their areas of responsibility as part of the Committee reporting process. The Strategic Leadership Team is responsible for monitoring strategic risks and ensuring there are suitable mitigations in place to manage risks.
- 8.1.4 All Chief Officers will ensure that the risks generated by, or likely to impact on their Service and the Council corporately are managed effectively, specifically through the maintenance of Service risk registers focused on the areas of responsibility of each Chief Officer
- 8.1.5 Chief Officers and their staff will be supported by the Council's Risk and Resilience Manager.

- 8.1.6 All members of staff across the Council are expected to assist with Risk Management including the identification, assessment, review and mitigation of risks that could impact on the delivery of the Council's outcomes.
- 8.1.7 It shall be the responsibility of each Director to manage those risks that affect their Service and to co-operate in the compilation of records that will assist in the evaluation and effective management of those risks. They will encourage all staff members to participate in risk reduction and bring to their attention the principles of risk management.
- 8.1.8 The Council will maintain and develop systems and procedures that identify, evaluate, and economically eliminate or minimise those existing and anticipated risks which threaten the service delivery, assets, efficiency and public image of the Council.
- 8.1.9 In the course of service delivery, the Council will take reasonable precautions to prevent injury to its employees and damage or loss to its property. In doing so, the Council seeks to reduce its exposure to liability risks and preserve its public reputation which is itself a valuable asset.
- 8.1.10 All employees will be encouraged to safeguard and preserve the assets that belong to the Council by the implementation of security awareness.
- 8.1.11 The Council uses a Corporate Accident and Incident Recording System (CAIRS) to record all accidents, incidents and near misses, the procedure for which is maintained by the Head of Legal. All incidents that have resulted or could have resulted, in loss are centrally recorded and analysed to identify costs, recurring losses and emerging trends.
- 8.1.12 The Corporate Risk Management Steering Group is responsible for preparing the Council's risk management policy and strategy. Chief Officers are responsible for ensuring the policy and strategy are implemented effectively within their Service/area of responsibility.
- 8.1.13 It is acknowledged that financial losses cannot be completely avoided. As such, the Council must plan to manage these losses through either internal retention (absorbing the cost directly) or external transfer (such as through insurance).
- 8.1.14 A thorough assessment will be carried out to determine the most cost-effective and sustainable method of financing these risks. Wherever feasible and practical, the Council's will seek to insure against risks that could significantly impact its financial stability.
- 8.1.15 The cost of insurance premium will be allocated in a way that reflects the Council's historical claims experience, ensuring that services with higher risk profiles contribute proportionately to the overall insurance costs.

8.2. Internal Control and Authorisation

This Financial Regulation provides advice and guidance on internal control and authorisation. Chief Officers must ensure that the principles outlined are embedded in the working practices of their respective Services. All Council employees are required to be accountable for their actions and must understand and accept responsibility for their decisions.

Employees engaged in financial administration must therefore:

- **Possess the necessary skills and knowledge to carry out their assigned duties;**
- **Be given sufficient time to perform their tasks effectively;**
- **Undertake their responsibilities efficiently and with integrity.**

8.2.1 Internal controls are the mechanisms put in place by management to: manage and monitor progress towards the Council's objectives; ensure compliance with legislation, regulations and policies; ensure that operations are efficient and effective; ensure that financial information and reporting is reliable; and to protect the Council's assets and resources.

8.2.2 It shall be the responsibility of the Head of Finance to advise the Council on and implement an appropriate control environment and internal controls that provide reasonable assurance over operational efficiency, financial stewardship, probity and compliance with laws and regulations.

8.2.3 It shall be each Chief Officers responsibility to ensure that the established controls are being adhered to, to seek guidance from the Head of Finance and Chief Internal Auditor when it is identified that controls require change and to advise of identified failures to comply with established controls.

8.2.4 Each Directorate and Service Management Team must comply with the established controls and, having undertaken an assessment of the risks involved and/ or having been advised of areas of risk by internal audit, external audit, or other scrutiny bodies, must put appropriate service specific or local controls in place.

8.2.5 Internal controls will vary throughout the Council depending on activity, size, volume of transactions and geographical distribution. However, three types of internal control will apply as a minimum requirement:

- Separation of duties
- Internal checks
- Management review

- 8.2.6 Separation of duties is a key principle of internal control designed to prevent any individual or group from having end-to-end control over financial transactions. This ensures that transactions are processed in stages by different individuals. In cases where only a small number of employees are available, alternative arrangements must be approved by the Head of Finance. Key principles are set out in paragraph 7.6.3.
- 8.2.7 To minimise the risk of errors, all financial transactions must undergo internal checks at every stage. Controls should be documented by requiring both the individual performing the task and the person verifying it to sign the relevant documentation. When the internal control is performed by way of a computerised system and access rights are password controlled, authorisation must be made in the manner specified for the application, as detailed in its User Manual.
- 8.2.8 For the purposes of security, key systems are protected and as such it is absolutely crucial that passwords are not disclosed under any circumstances. The procedures for access controls are set out in Guidance issued by the Head of Customer and Digital Services and must be adhered to at all times.
- 8.2.9 The Head of Finance is responsible for advising on and implementing effective systems of internal financial control. To ensure the effectiveness of these controls, the Chief Internal Auditor must be consulted to provide assurance on the adequacy of internal controls whenever a new financial system is introduced, or an existing one is significantly modified.

Authorisation

- 8.2.10 The Council will only engage in transactions necessary for the conduct of its business. As a result, all financial transactions must be properly authorised before being executed.
- 8.2.11 Authorisation is assigned to specific job roles, and not against people and is maintained by finance on a Power Bi report, which shows details of the post, and the approval limits associated with it. Individual employees must complete Delegated Procurement Authority (DPA) training and obtain approval from line manager before being granted access to financial systems.
- 8.2.12 Officers must have access to and be able to review, all relevant supporting documents before authorising a transaction.
- 8.2.13 Officers must not authorise transactions in which they have a personal interest.
- 8.2.14 Authorisation can be electronically, via e-mail or in paper form. When officers authorise manual transactions, they must sign their name in full, the use of initials alone or an ink stamp is not acceptable.

- 8.2.15 Chief Officers are responsible for determining the number and distribution of authorised signatories and users to meet the needs of their Service's management structures.
- 8.2.16 An annual review of all such authorisations must be undertaken by each Service and Area to ensure that any list of posts submitted to or held by the Head of Finance is complete and current.

8.3. Prevention of Fraud and Corruption

This Financial Regulation provides information relative to the Council's Counter Fraud Strategy, which can be located on the Council's intranet (Arcadia)

- 8.3.1 The Council will not tolerate fraud or corruption in the administration of its responsibilities, whether from inside or outside the organisation. The Council's expectation of propriety and accountability is that Elected Members and officers at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.
- 8.3.2 Whenever any matter arises which involves, or is thought to involve, irregularities concerning cash, stores, equipment or other property of the Council or any suspected irregularity in the exercise of the functions of the Council, the Director concerned shall immediately notify the Chief Executive, the Head of Finance, Head of Legal and People and the Chief Internal Auditor, as appropriate, who shall take such steps as may be considered necessary by way of investigation and report.
- 8.3.3 In order to assist in the prevention of fraud and corruption appropriate internal controls will be established in accordance with Financial Regulation.
- 8.3.4 All Elected Members and employees will be expected to comply with the Council's Strategy for the Prevention and Detection of Fraud, Bribery and Corruption and Disclosure of Information (Whistleblowing) Policy.
- 8.3.5 Employees and Elected Members should familiarise themselves with the Council's Counter Fraud Strategy and process, which can be accessed on Arcadia.

8.4. Insurances, Indemnities and Guarantees

An integral aspect of risk management is obtaining suitable insurance cover. This minimises potential financial strain from loss.

Responsibilities for insurance

- 8.4.1 It shall be the responsibility of the Head of Finance to effect all insurance cover and negotiate all claims following consultation with other officers where necessary. The Head of Finance is accountable for securing insurance coverage, negotiating claims and collaborating with other officers as needed. Delegated authority has been granted to the Insurance Service within Finance to negotiate and settle liability claims following consultation with other officers where necessary.

Notification of Risks

- 8.4.2 Chief Officers must promptly inform the Head of Finance of new or increased insurable risks, properties, equipment vehicles and new/ changes to services impacting current insurance coverage.

Notification of Claims

- 8.4.3 Chief Officers must promptly report in writing to the Head of Finance any loss, liability or damage or potentially claim triggering event, with a notification requirement of within 48 hours for motor claims. If criminal activity is suspected, the police should be informed.
- 8.4.4 If contemplating a direct compensation payment instead of an insurance claim the Director must obtain written approval from the Head of Finance prior to payment, adhering to the limits set out in the Scheme of Governance.
- 8.4.5 If additional information is needed to substantiate the reported claim, it must be supplied to the Head of Finance within a two-week period upon request. If this timescale is unachievable an alternative timeline may be mutually agreed upon.

Review of Insurance Cover

- 8.4.6 The Head of Finance shall annually, or at such other period as may be considered necessary, reviews of all insurances, consulting with the Corporate Risk Management Steering Group chaired by the Director of Business Services and Strategic Leadership Team as needed and may report findings to the Business Services Committee if required.

Indemnities/ Guarantees

- 8.4.7 Directors shall consult the Head of Finance and the Head of Legal and People respecting the terms of any indemnity and guarantees which the Council is requested to give. All such guarantees must be referred to Business Services Committee.

8.5. Hospitality and Gifts

Hospitality provided by the Council

- 8.5.1 The Chief Executive and each Director may provide hospitality, subject to adequate Revenue Budget provision up to £500 (excluding VAT) per year. Should a Director intend to exceed the annual limit, approval from the relevant Policy Committee is required. If the estimated hospitality expense per occasion surpasses £500 (exclusive of VAT), advanced approval from the pertinent Policy Committee is also necessary.

Hospitality received by the Employees

- 8.5.2 Employees should only accept hospitality in accordance with the Council's Hospitality and Gifts Procedure.
- 8.5.3 Subject to 8.5.2, gifts may only be accepted by employees provided they fall within the terms of the specific Inland Revenue exemption (ITEPA 2003, s 324) for gifts from third parties:
- The gift is not provided by the employer (the Council), or a person connected with the employer.
 - Neither the employer (the Council), nor a person connected with the employer, directly or indirectly procured the gift.
 - The gift is not made in recognition, or in anticipation, of particular services performed by the employee.
 - The gift is not in cash or in vouchers or securities that can be converted into cash.
- 8.5.4 Where the cost of a gift (or gifts) an employee receives from the same third party in a tax year exceeds £250 (inclusive of VAT), tax will be payable on the full amount of the gifts.
- 8.5.5 Employees should refrain from accepting personal gifts. There are exceptions to this rule, including small promotional or advertising items such as flowers, calendars, diaries, pens or other office supplies given widely and modest tokens provided at the end of visits.
- 8.5.6 Any hospitality or gifts must be recorded in a register kept for the purpose by the Head of Legal and People.
- 8.5.7 Hospitality or gifts received by Elected Members must be dealt with in accordance with the Councillors' Code of Conduct, which allows the acceptance of gifts or hospitality under limited circumstances and must be recorded in a register kept for the purpose by the Head of Legal and People.

8.6. Internal Audit

Internal Audit is an independent appraisal function established by the Council, to review internal control systems operated within the Council. It objectively examines, evaluates and reports on the adequacy of internal control a contribution to probity, and as a contribution to the economic, efficient and effective use of resources. The status of Internal Audit within the Council is established by the Internal Audit Charter.

- 8.6.1 The Local Authority Accounts (Scotland) Regulations 2014, which came into force in October 2014, make it a statutory requirement for all Scottish Local Authorities to have an internal audit function.
- 8.6.2 A continuous internal audit, under the independent control and direction of the Director of Business Services, with overall oversight by the Audit Committee, shall be arranged to carry out a continuous review and appraisal of the internal controls of the Council and prepare such reports on these as may be required or appropriate. Work will be planned to provide reasonable, rather than absolute, assurance and shall be undertaken in accordance with the United Kingdom Public Sector Internal Audit Standards. Such Internal Audit work shall not absolve management of the responsibility to ensure that all financial transactions are undertaken in accordance with the Council's Financial Regulations and Scheme of Governance and that adequate systems of internal control exist to safeguard assets and secure the accuracy and reliability of records.
- The Director of Business Services has ultimate responsibility for the provision of the Internal Audit service to the Council and shall co-ordinate the examination and assessment of the Council's operational efficiency, encompassing corporate governance, internal control effectiveness, resource utilisation efficiency and the quality of performance in carrying out operations of the Council by its officers.
- 8.6.3 The management of Internal Audit is under the control of the Chief Internal Auditor.
- 8.6.4 The Chief Internal Auditor will report audit findings and progress with implementing agreed recommendations to the Audit Committee.
- 8.6.5 The Chief Internal Auditor will provide the Chief Executive and Audit Committee with an Annual Audit Opinion as to the adequacy and effectiveness of the Council's internal controls, financial reporting processes, risk management and practices and compliance with laws and regulations.
- 8.6.6 The purpose, authority and principal responsibilities of the Council's Internal Audit Service are laid out in the Internal Audit Charter.

- 8.6.7 The Chief Internal Auditor, or duly authorised representatives shall have authority to –
- a. Access Council premises or land at reasonable times
 - b. Access all records, documents and correspondence relating to Council transactions.
 - c. Receive necessary explanations about any matter under examination.
 - d. Ask Council employees to produce cash, stores, equipment or any other Council property under their control.
- 8.6.8 It shall be the responsibility of all Directors to ensure that access and explanations requested by Internal Audit are provided in a timely manner on all occasions.
- 8.6.9 The Chief Internal Auditor has the right to report direct to the Full Council in any instance where they deem it inappropriate to report direct to the Director of Business Services, Chief Executive, or the Committee responsible for Audit.
- 8.6.10 Directors or their authorised representatives shall provide a complete response to an internal audit report within one calendar month.
- 8.6.11 The Directors will ensure that agreed internal audit recommendations are completed within the agreed timeframe and will advise the Chief Internal Auditor or his authorised representative when complete.
- 8.6.12 Directors will ensure that the Chief Internal Auditor is advised of the reasons for delays in implementing agreed recommendations for reporting to Audit Committee.

8.7. Retention and Disposal of Financial Documents

The Retention and Disposal of Financial Documents must be carried out in accordance with the Council's Information Management Policy.

Retention Periods

HM Revenue and Customs

- 8.7.1 HM Revenue and Customs generally requires all accounting records to be kept for a minimum period of 6 years plus current year, otherwise known as 6 years +1. Chief Officers are responsible for ensuring that records are retained in accordance with the requirements of HMRC.

External Audit

- 8.7.2 A number of documents must be retained to enable external auditors to verify the Council's Annual Accounts. Other documents required by external audit, which do not need to be kept for an extended period due to statutory or other requirements, should only be retained until the audit is completed, as agreed upon with External Audit.
- 8.7.3 Annual Accounts and any associated working files should be retained in accordance with the **Information Management Policy**.
- 8.7.4 All documentation relating to grant claims should be retained, in terms of the award made.

Historical Document

- 8.7.5 Certain financial documents considered to be of historical interest may be retained permanently. Where this is likely, advice will be sought from the Information Governance representative within the relevant service.

Storage and Disposal

- 8.7.6 All current and historical financial documents must be stored securely.
- 8.7.7 Both prior and current years' records must be retained on file with access only available to authorised persons.
- 8.7.8 Time-expired financial records, which include any personal information, must be treated as confidential waste and will be shredded or incinerated under supervision or forwarded to a specialist contractor (for confidential destruction). Financial records not including personal information can be disposed of through ordinary waste paper collection agents but must not be placed in open skips, left out in bin sacks or be exposed to casual retrieval.

9 CHARGES, INCOME, CASH AND BANKING

This Financial Regulation sets out the Council’s approach to the billing and collection of all income including Council Tax, Non-Domestic Rates and Housing Rents. It aims to ensure that all income is collected in full and in the most efficient and effective manner possible.

The Head of Finance is responsible for ensuring that appropriate financial and accounting arrangements are in place for the accurate billing, collection and recording of all monies owed to the Council.

9.1 Charges and Income

- 9.1.1 Income can be a vulnerable asset and effective income collection systems are necessary to ensure that all income due is identified, collected, receipted and banked properly. It is preferable to obtain income in advance of supplying goods or services as this improves the Council’s cash flow and also avoids the time and cost of administering debts.
- 9.1.2 All rents, fees, and charges levied by the Council for services provided, shall be reviewed annually as part of the budget process in accordance with the Council’s Charging Policy.
- 9.1.3 All income for services provided, shall be assessed for full cost recovery in accordance with the Corporate Charging Policy Framework.
- 9.1.4 It shall be the duty of the Head of Finance to ensure the proper recovery of all monies due to the Council. To this end, they shall ensure that proper financial and accounting arrangements are made throughout the Council for the recording, collection, custody, control and disposal of cash.
- 9.1.5 All receipt forms, books, tickets, and other such documents shall be ordered and supplied and recharged to Services by or with the approval of the Head of Finance, who shall require to be satisfied as to the arrangements for their control.
- 9.1.6 All money received by an Officer on behalf of the Council shall without delay be paid to the Head of Finance or, as they may direct, to the Council’s Bank account or transmitted directly to any other body or person entitled thereto. No deduction may be made from such money save to the extent that the Head of Finance may specifically authorise. Appropriate accounting entries shall be effected in a timely and accurate manner to record all income due and collected.
- 9.1.7 All grants shall be notified to the Head of Finance. The Head of Finance must be advised timeously of all information to support the certification of grant applications.
- 9.1.8 Chief Officers must comply with all grant conditions and maintain complete and accurate documentation and ensure the timely submission of grant claims. They must also carry out regular reviews to confirm that all expected grant income has been received.

- 9.1.9 Cash holdings shall be held securely and shall not exceed the maximum limits, aligned to the Council's insurance policies, set by the Head of Finance unless by prior express permission.
- 9.1.10 In respect of recurrent income, the Head of Finance shall maintain registers, issue accounts and collect same, except in relation to Council house rents and rent arrears where the responsibility shall rest with the Director of Environment and Infrastructure Services who shall account for these to the satisfaction of the Head of Finance.
- 9.1.11 Accounts for other chargeable services shall be issued by the Chief Officer concerned utilising the corporate sundry debtors system unless dispensation has been given by the Head of Finance. The Head of Finance shall be responsible for collection and pursuit of outstanding sums, in accordance with the Corporate Debt Policy and where relevant instructions approved by the Policy Committee responsible for Finance.
- 9.1.12 Where a service is unable to use the corporate cash receipting system to take payments or where it doesn't meet service requirements, a written alternative proposal must be submitted to and approved by the Head of Finance.
- 9.1.13 Where payment for a service is in advance of the service being delivered i.e. payment is made when the service is ordered, the Directors responsible for the service delivery shall account for these upfront payments to the satisfaction of the Head of Finance.

9.2 Council Tax and Non-Domestic Rates

- 9.2.1 The Head of Finance will ensure the following:
1. An accurate Council Tax bill is issued to all properties listed in the Valuation List, based on the banding determined by Grampian Valuation Joint Board, considering any, exemptions, and discounts owed to the Council Tax Payer.
 2. Proper accounting arrangements and payment facilities are in place to enable the collection and allocation of payments to Council Tax Payers' accounts, with appropriate receipts issued.
 3. Arrangements are in place to issue follow-up notices for any unpaid Council Tax bills.
 4. In the event of non-payment, appropriate measures are implemented for the recovery of debt.
 5. Arrangements exist to refund any overpayments due to Council Tax Payers.
 6. Individuals are informed of the various discounts, exemptions and available to them.
 7. There are regular reviews of discounts, exemptions and to ensure that individuals currently benefiting from these awards remain eligible.

9.2.2 Under the Council Tax (Variation for Unoccupied Dwellings) (Scotland) Regulation 2013, Amendment Regulations 2016 and Amendment Regulation 2023, the Council has discretionary power to apply an additional Council Tax charge on long-term empty properties or second homes. These must be applied in accordance with the Empty Property and Second Homes Council Tax Policy.

9.2.3 The Head of Finance will ensure the following:

- An accurate Non-Domestic Rates bill is issued for every property in the Valuation Roll, based on the rateable value determined by the Grampian Valuation Joint Board, factoring in any reliefs, exemptions and discounts owed to the ratepayer.
- Appropriate arrangements are in place for the collection of payments, the refund of overpayments, follow-up of non-payment, recovery of unpaid rates, and the regular review of ratepayers' eligibility for reliefs, exemptions and discounts.

9.3 Housing Rents

9.3.1 The Director of Environment and Infrastructure Services and the Head of Housing and Building Standards are responsible for ensuring adequate arrangements are in place for the proper recording and timely collection of all rental income due to the Council. It should be noted that while principal responsibility in relation to Housing Rents lies with the Director of Environment and Infrastructure Services and Head of Housing and Building Standards, any decisions should be taken following consultation with the Head of Finance. They must:

- propose an appropriate level of rent increase to meet the Council's Housing Revenue Account (HRA) obligations to enable the Council to set rent levels in the Revenue budget.
- ensure that a rent notification is issued to all tenants of Aberdeenshire Council advising the rent due appropriate to the property as agreed by the Council on an annual basis.
- ensure that there are proper accounting arrangements and payment facilities in place to enable payments to be posted to the correct tenant accounts and issue appropriate receipts where required.
- ensure there are arrangements in place to issue follow-up notices for underpaid and unpaid rent.
- ensure arrangements are in place, in the event of non-payment to engage agents to effect recovery in accordance with the Council's policy on arrears.
- ensure there are arrangements in place to refund any sums overpaid by a tenant.

9.4 Bad Debt and Writing off of Debt

This financial regulation outlines the process and guidelines for writing off debts that are deemed irrecoverable. The Council is committed to pursuing all debts according to established debt recovery procedures before considering them for write offs.

- 9.4.1 An irrecoverable debt is one where there is no reasonable prospect of recovery. Once formally written off, no active pursuit of the debt will normally be undertaken.
- 9.4.2 After identifying irrecoverable debts, a list of these debts should be compiled. This list along with a request to write off the identified debts, must be submitted to the Head of Finance.
- 9.4.3 Irrecoverable debt up to a value of £10,000 may be written off by the Head of Finance following consultation with the appropriate Director.
- 9.4.4 Debts in excess of £10,000 may be written off only after due consideration and approval by the Business Services Committee. Except, debts in excess of £10,000 relating to council house rent arrears (including former tenant arrears) which may be written off only after due consideration and approval by the Communities Committee.
- 9.4.5 Notwithstanding 9.4.3 and 9.4.4, all irrecoverable debts, where the debtor is deceased or has been subject to bankruptcy. Administration, sequestration, Trust Deed or liquidation may be written off by the Head of Finance, irrespective of value.
- 9.4.6 If the impact of such a write-off is such that it will result in the amount of any revenue budget head being exceeded, or an income figure not being reached, then the provisions of Regulation 7.2.4 shall apply.
- 9.4.7 The Head of Finance will estimate the provision required to be set aside for potential bad debts and will be updated and reported on a regular basis through financial performance reporting to Council.

9.5 Banking Arrangements

This financial regulation details the Council's requirements for banking.

- 9.5.1 The Bank Account of the Council will be kept with the Bank selected by the Policy Committee responsible for Finance and where required, the Head of Finance shall arrange for subsidiary accounts to be kept with that Bank. All such Bank Accounts shall be in the name, or incorporate the name, of the Council.

- 9.5.2 Except where in special circumstances it is not possible to borrow on the Money Financial Markets, the Bank Account shall not be overdrawn in excess of the limit authorised and agreed with the Council's Bankers.
- 9.5.3 Arrangements for electronic funds transfer shall be authorised by the Head of Finance or other officer designated by him or her.
- 9.5.4 Any cheques issued shall bear the signature or the facsimile of one of the authorised signatories agreed by the Council. The ordering of and the control of cheques shall be the responsibility of the Head of Finance.
- 9.5.5 Cheques and electronic transfers out with the Council's grouped accounts in excess of a figure determined by the Head of Finance shall require the signature of a second authorised signatory.
- 9.5.6 All monies received shall be paid into the Council's Bank Account daily or at such other intervals as arranged with the Head of Finance.

9.6 Donations

This financial regulation outlines the process and guidelines for accepting donations from individuals and organisations.

- 9.6.1 The Council may from time to time be offered donations from individuals or organisations. All monetary donations, including donations of both cash and shares, must follow the Donations Received Policy.
- 9.6.2 Donations can be accepted in accordance with the requirements of the Donations Received Policy. The final decision for declining donations up to the value of £10,000 is delegated to the Head of Finance. Any donations over £10,000 which are declined should be approved by the Head of Finance, following consultation with the Chief Executive and the Leader.

10 PAYROLL AND EXPENDITURE

10.1 Payroll and Travel and Subsistence

This financial regulation provides details on the Council's requirements for payroll, travel and subsistence for employees and Elected Members. Staff costs are the largest item of expenditure for most Council Services. It is therefore important that payments are accurate, timely, made only when they are due for services to the Council and that payments accord with individuals' conditions of employment. It is also important that all payments are accurately and completely recorded. Although the Head of Finance is responsible for payment it is essential that Services have systems in place to ensure timeous and accurate information is passed to the Head of Finance. Directors must ensure that all payroll costs, including overtime, are accurate and that leavers are deleted timeously from the payroll.

Staffing and Payroll

- 10.1.1 It shall be the responsibility of all Chief Officers to ensure that the Council Policy in relation to the recruitment and selection of staff is fully complied with and that all other Employee Policies approved by the Council are adhered to.
- 10.1.2 Appointment of all employees shall be made in accordance with approved establishments, grades and rates of pay. Chief Officers shall have discretion as to the incremental salary point on which employees are to be placed within the approved salary scale for the post, subject to the existence of sufficient provision in the Revenue Budget.
- Elected Members will be paid in accordance with the agreed Scheme of Remuneration, as informed by The Local Government (Scotland) Act 2004 (Remuneration) Regulations 2007 (as amended by the Local Government (Scotland) Act 2004 (Remuneration) Amendment Regulations 2008).
- 10.1.3 Each Director will keep such records and provide such information in regard to salaries, wages and other emoluments as the Head of Finance may require and will be responsible for the accuracy and authenticity of such information.
- 10.1.4 With the general exception of pensions to former employees, the payment of salaries, wages, compensations and other emoluments to all employees, former employees of the Council and Elected Members and all other payments made to employees as a consequence of their employment by the Council shall be made by the Head of Finance.
- 10.1.5 Together with the Head of Legal and People, the Head of Finance will keep the Strategic Leadership Team informed as to changes in conditions of service, superannuation benefits and other matters relative thereto.

- 10.1.6 Each Director will notify the Head of Legal and People and the Head of Finance as soon as possible, and in a prescribed form and manner, of all matters affecting the payment of such emoluments, and in particular:
- appointments, including temporary and casual appointments, resignations, dismissals, suspensions, secondments and transfers;
 - absences from duty for sickness or other reason, apart from approved annual/flexi leave;
 - changes in remuneration, other than normal increments and pay awards and agreements of general application; and
 - information necessary to maintain records of service for superannuation, income tax, National Insurance and the like.
- 10.1.7 All time records or other pay documents shall be in a form prescribed or approved by the Head of Finance and, where required shall be certified by or on behalf of the Director concerned. Such documents shall either (a) be passed without delay to the Head of Finance who shall make payment after examining them and making such enquiries and receiving such information and explanations as are deemed necessary, or (b) be paid by the Head of Finance after processing by the Director concerned in accordance with procedures agreed by the Head of Finance.
- 10.1.8 Should it be established that an employee or Elected Member has been overpaid, recovery will be pursued by the Head of Finance. Should the employee's Service believe that there are mitigating circumstances, non-recovery may only be permitted if the Head of Finance gives written approval, following consultations with the Head of Legal and People.

Travelling and Subsistence Allowances

- 10.1.9 All payments in respect of travelling and subsistence allowances shall be at rates determined from time to time by the Council and in accordance with the Council's scheme for the payment of travelling and subsistence allowances, as contained within the Travel and Subsistence Procedure.
- 10.1.10 All claims for payment of travelling and subsistence allowances by employees shall be submitted to the Head of Finance in accordance with the Council's Travel and Subsistence Procedures using the approved processes, accompanied by valid VAT receipts (where appropriate) for expenditure incurred and submitted as soon as possible
- 10.1.11 Payment to Elected Members who are entitled to claim travelling or other allowances, as specified within the Scottish Government's Councillors' remuneration, allowances and expenses guidance will be made by the Head of Finance upon receipt of the prescribed form duly completed and accompanied by valid receipts for all subsistence claimed.

10.2 **Payment of Grants and Subsidies**

This financial regulation outlines the Council's procedure for the award and payment of Grants to external bodies.

- 10.2.1 The awarding of Grants are means by which the Council provides subsidies or funding to external bodies, (including individuals, businesses and third sector organisations) to further the aims of those external bodies. Grants should not be used to procure works, goods or services which the Council would otherwise have to procure in accordance with Regulation 11.2.
- 10.2.2 Subject to compliance with Regulation 10.4 and the Scheme of Governance, Chief Officers shall have authority to award grants included in the approved Revenue Budget for the service or services for which they are responsible of less than £50,000 and the relevant Policy Committee shall have authority to award grants of £50,000 or more.
- 10.2.3 Each grant award should be subject to the Council's Following the Public Pound Policy.
- 10.2.4 Grants may only be awarded on written terms and conditions using grant award letters or grant agreements on terms approved by the Head of Legal and People.
- 10.2.5 Any amendments to such terms and conditions will require the prior approval of the Head of Legal and People.
- 10.2.6 All awarded grants must be recorded in the Council's Grants Register.
- 10.2.7 When calculating the value of the grant to ascertain whether it is awarded by a Chief Officer or a Policy Committee, it is required to aggregate all grant payments to that external body in the previous three financial years. This should include all grant payments plus any grant awarded and reflected in the Grant Register but not yet paid out.

10.2.8 The threshold in 10.2.2 does not apply to:-

- (a) Grants from the Scottish Government where Aberdeenshire Council is formally nominated or appointed as the Accountable Body or Lead Partner, including the Rural Community Led Local Development Fund, and successor funding programmes;
- (b) Grants from the UK Government where Aberdeenshire Council is formally nominated or appointed as the Accountable Body or Lead Partner, including the Plan for Neighbourhoods, and successor funding programmes; or
- (c) grants which are provided through funds given to the Council from an external body for the sole purpose of seeking to achieve a specific aim or purpose identified by that external body.

The relevant Chief Officer has the delegation to approve, allocate and authorise these grants in accordance with the agreed legal obligations and in respect of grants approved under 10.2.8(c) following consultation with the Chair, Vice Chair and Opposition Spokesperson of the relevant Policy Committee, or the Chair and Vice Chair of the relevant Area Committee.

10.3 Area Committee Budgets

This financial regulation outlines the Council's procedure for allocating, managing and reporting on Area Committee Budgets to ensure transparency and accountability in the use of public resources.

- 10.3.1 Under the Council's Scheme of Governance Part 2A Section B.6.3, Area Committees are responsible for authorising expenditure from the Area Committee Budget. Expenditure in this context refers to the allocation and use of funds from the Area Committee Budget. This budget can be allocated by the Area Committee to a Council Service or Area Manager via grant schemes for community projects.
- 10.3.2 **Grant Award to Community Bodies:** Area Committee may provide grants to local community groups to help them carry out projects that comply with the criteria set by Area Committee.
- 10.3.3 **Internal Allocation:** the Area Committee Budget can be allocated to the Area Manager to deliver or procure a project in the Area.
- 10.3.4 **Collaborative initiatives:** The Council may partner with third sector organisations (such as charities, non-profits and voluntary groups) to implement initiatives that benefit the local community. These collaborations can combine Council resources with the expertise or services provided by these organisations.
- 10.3.5 The Area Committee can approve the expenditure provided that the expenditure aligns with the Council's strategic priorities ensuring that funds are used effectively and in a manner that delivers benefit to communities in the Area.
- 10.3.6 All applications for funding from a grant scheme allocated from Area Committee Budget must be subject to the Council's Following the Public Pound Policy.
- 10.3.7 Under specific delegated powers in Part 2B, List of Powers in the Scheme of Governance, Area Managers are authorised to approve, following consultation with the Chair of the Area Committee and relevant local Elected Members, expenditure from the Area Committee Budget up to £1,000.
- 10.3.8 Grant awards from the Area Committee Budget should be claimed within 6 months of award and before 15th March of the current financial year. Grants may be carried forward to the following financial year, in accordance with regulation 7.4.3.

10.4 Subsidy Control

- 10.4.1 A subsidy is where a public authority provides support to an enterprise that gives them an economic advantage. To minimise the risks and increase the likelihood that subsidies achieve positive outcomes, the Subsidy Control Act 2022 regulates subsidies given in the UK to prevent any excessively distortive or harmful effects. The regime is designed to be flexible, to allow public authorities to support business growth and innovation, promoting competition and investment in the UK. Under the Act, public authorities can deliver subsidies that are tailored to local needs to deliver their strategic priorities.
- 10.4.2 It shall be each Director's responsibility to ensure that the Council fully complies with the Subsidy Control Act 2022 in respect of any funding or assistance granted by the Council to a Third Party. Each Director shall ensure that a Subsidy Control Risk Assessment is undertaken where they consider that such funding or assistance could potentially be a subsidy subject to the terms of the Act.
- 10.4.3 Where any funding or subsidy granted by the Council to a Third Party is considered to be a subsidy as defined in the Subsidy Control Act 2022 (including an award of Minimal Financial Assistance or Services of Public Economic Interest Assistance in excess of £100,000), the relevant Director shall ensure that details of the grant or subsidy are recorded in the UK Government's Subsidy Database within three months of the award.
- 10.4.4 Certain types of non-domestic rates relief are affected by the Subsidy Control Act 2022. The Non-Domestic Rates (Restrictions of Relief) (Scotland) Regulation 2023 sets a limit on the aggregate financial amount that can be awarded in the form of specific relief to any business over a specified period. Where awarding of relief by the Council to a Third Party is considered to be a subsidy as defined in the Subsidy Control Act 2022 (including an award of Minimal Financial Assistance or Services of Public Economic Interest Assistance in excess of £100,000), the relevant Director shall ensure that details of the grant or subsidy are recorded in the UK Government's Subsidy Database within three months of the award.

11 PURCHASING, TENDERING AND CONTRACTS

Public money should be spent with demonstrable probity and in accordance with the Council’s procurement strategy and policies. The Council has a responsibility to achieve best value through economy and efficiency whilst following the key principles of equal treatment, non-discrimination, transparency and proportionality.

The Council’s procedures should help to ensure that Services obtain value for money from their purchasing arrangements whilst complying with legal obligations and procurement principles.

Officers should refer to the Procurement Manual (including associated templates) and Procurement Guidance Notes (Part 4C of the Scheme of Governance), seeking assistance from the Commercial and Procurement Service on the application of these where necessary.

11.1 Authority to Incur Expenditure

11.1.1 Each Director shall have authority to incur expenditure included in the approved Revenue Budget for the services for which they are responsible up to the level of the Budget provision subject to Regulations 11.1.2 to 11.1.9 below and the authorisation limits set out in the Scheme of Governance to officers.

11.1.2 Each Director shall be responsible for reporting to the relevant Committee annually following the Council’s budget meeting a Procurement Plan listing all the proposed procurements for the financial year ahead falling within the remit of the Committee with a Contract Value of £50,000 or more and subsequently reporting to the Committee in the event of any new procurements with a Contract Value of £50,000 or more requiring to be added to the Procurement Plan.

Provided that:

- i) There is an approved budget in place for the relevant financial year, or where grant funding is expected to be received. Where the procurement is subject to receipt of grant funding, this must be clearly set out within the Procurement Plan that approval is “in principal”, subject to grant funding.
- ii) In exceptional cases where a Procurement Plan is being submitted for approval in advance of approval of the budget, for example where only an indicative budget is set for future years, an “in principal” approval, subject to budget, is required by the Head of Commercial and Procurement Shared Services before being included in the Procurement Plan. No contract can be awarded until an approved budget is in place.

- iii) Where the Council is legally obliged to enter into a self-directed support care contract, contract for examination fees or contract to pay disclosure fees, licence fees and copyright fees the expenditure does not have to be approved in a Procurement Plan and can be approved by the relevant Chief Officer in the form of an award of contract.
 - iv) Where a procurement is funded by only Pupil Equity Funding, the relevant Chief Officer has the delegated authority, in place of the relevant committee, to approve the addition of new procurements with a Contract Value of £50,000 or more to the Procurement Plan.
 - v) Where the Council has been Directed to procure on behalf of the Integration Joint Board the expenditure does not require a Procurement Plan to be approved by or presented to a Council Committee as approval has already been agreed by the Integration Joint Board.
- 11.1.3 Additionally, expenditure on the alteration, maintenance or repair of buildings may not be incurred until appropriate technical or professional advice has been taken from the Head of Property and Facilities Management except in relation to routine maintenance of houses provided under the Housing Acts and included in the Housing Revenue Account.
- 11.1.4 Additionally, expenditure on I.T. software and hardware may not be incurred until appropriate technical or professional advice has been taken and approval obtained from the Head of Customer and Digital Services.
- 11.1.5 If officers wish to consider, as part of a procurement, leasing as a viable option they must ensure that tenders/quotations specifically request suppliers to provide the leasing options available, no lease can be entered into until appropriate advice has been sought from the Head of Finance with Finance supporting an appraisal as to whether leasing is value for money. Reporting requirements for any contract where a lease is included are set out in the Procurement Manual.
- 11.1.6 Expenditure on Consultants that is estimated to be £50,000 or more may not be incurred until after consultation with the Head of Finance.
- 11.1.7 Single items of expenditure on supplies, goods, works, materials or services shall require competitive quotations in accordance with tendering arrangements set out in Regulation 11.3.
- 11.1.8 For a contract of £50,000 or more that is cross-directorate and cross-area, there is no requirement for each policy committee which makes a budgetary contribution to approve the expenditure on a directorate Procurement Plan. The policy committee with the greatest budgetary contribution will be the lead policy committee and this committee has the delegated power to approve all of the expenditure on that contract provided:

- i) That if the budgetary contribution of the other policy committee(s) is less than £50,000 then the appropriate Chief Officer must be consulted, prior to the determination of the expenditure on the contract.
- ii) That the Chair, Vice-Chair and relevant opposition spokesperson of the other policy committee(s) with a budgetary contribution of £50,000 or more to the contract must be consulted and the results of the consultation must be reported to the lead policy committee, prior to the determination of the expenditure on the contract.

11.1.9 For a contract of £50,000 or more that relates to the provision of utilities for any of the Council's operational properties, including but not limited to, electricity, gas, oil, liquid petroleum gas, biomass, energy supply metering and water, the policy committee with responsibility for Property and Facilities Management has the delegated power to approve all of the expenditure on that contract, regardless of budget responsibility.

11.2. Definitions applicable to Procurement of Works, Goods or Services

11.2.1 The following definitions will apply to Procurement of Works, Goods or Services:

Award Report means a formal report for approval by a Chief Officer or Committee, as the case may be, (conforming to a template approved by the Head of Commercial and Procurement Shared Services) seeking authority to award a contract for the purchase of works, goods or services.

Chief Officer (for the Purposes of the Procurement Section) means a Chief Officer of the Council having delegated authority to conduct a procurement process and award contracts in accordance with the Scheme of Governance and includes an officer that the Chief Officer has sub-delegated to, such sub-delegation being recorded and has taken account of the requirements of these Financial Regulations.

Committee means the relevant committee of the Council having delegated authority to conduct a procurement and award a contract in terms of the Scheme of Governance.

Committee Threshold means a Contract Value of over £1,000,000.

Concession Contract means a concession contract as defined by the Concession Contracts (Scotland) Regulations 2016. A Concession contract is defined as a contract for the supply of works or services to a contracting authority, where at least part of the consideration is a right for the supplier to exploit the works or services, and the supplier is exposed to a real operating risk.

Contract means a contract entered into or to be entered into by the Council and a supplier for works, goods or services and includes a framework agreement or a call-off contract under a framework agreement unless the context requires otherwise and also includes income or savings generating arrangements as described in regulation 11.9 and contract extensions or variations that do not have committee approval.

Contract Value means, subject to regulation 11.2.8 (Aggregation), the total value of a contract (exclusive of VAT) payable by the Council under the contract over the whole life of the contract (including any optional extension periods or any value transferred to the supplier by way of a concession or rights or some other asset/non-cash transfer).

Delegated Procurement Authority or DPA means the authority that permits a Delegated Procurer to conduct a procurement for supplies, services or works or to manage contracts on behalf of the Council.

Delegated Procurer means any officer authorised to carry out procurement or contract management activities having been approved by the Head of Commercial and Procurement Shared Services for such purpose in accordance with regulation 11.2.4.

Direct Award means the award of a Contract without the Council having sought quotes or tenders.

Higher Value Threshold means the Contract Value thresholds set out in the Public Contracts (Scotland) Regulations 2015, s5 (1) (a), (b) and (c) and as amended by the Scottish Ministers from time to time.

Procurement Approval Form means a formal report for the approval of a Chief Officer or Committee, as the case may be, (conforming to a template approved by the Head of Commercial and Procurement Shared Services) seeking authority to conduct a procurement for the purchase of works, goods or services.

Procurement Legislation means the Procurement Reform (Scotland) Act 2014, the Public Contracts (Scotland) Regulations 2015, the Procurement (Scotland) Regulations 2016 and any other legislation which amends this legislation or governs public procurement in Scotland.

Procurement Manual means the procurement guidance published by the Head of Commercial and Procurement Shared Services and as amended from time to time.

Procurement Plan means a formal report for the approval of a Committee (conforming to a template approved by the Head of Commercial and Procurement Services) with a list of proposed procurements where an approved budget is in place for the relevant financial year or where external funding is expected to be received.

Scheme of Governance means the Council's Scheme of Governance authorising Committees and Officers, as the case may be, to exercise powers on behalf of the Council.

Single Procurement Document (SPD) means the standard electronic questionnaire contained within the Public Contracts Scotland Portal which allows buyers to identify suitably qualified and experienced bidders. It contains questions on both mandatory and discretionary exclusion criteria and selection criteria. It is mandatory to use the SPD for any tender above the Higher Value Threshold and best practice to use for lower value tenders. The response is a self-declaration form, and suppliers do not need to provide any evidence until contract award stage unless there are clear reasons for requesting information at tender stage.

11.2.2 In the event of conflicting terms the following order of priority will apply:

- 1 Procurement Legislation
- 2 Part 2 of the Scheme of Governance – Delegations
- 3 Part 3 of the Scheme of Governance – Financial Regulations
- 4 Part 4C of the Scheme of Governance – Procurement Guidance

Head of Commercial and Procurement Shared Services

11.2.3 The Head of Commercial and Procurement Shared Services shall be responsible for:

- i) Overall management of the procurement function of the Council;
- ii) Publication of an up to date Contracts Register in accordance with the requirements of the Procurement Legislation for all contracts and framework agreements developed or in use across the Council, which shall include the value and amount of each contract (where able to be so identified);
- iii) Designating suitable officers as Delegated Procurers and maintaining a register of Delegated Procurers;
- iv) Organising appropriate training for Delegated Procurers;
- v) Publishing the Procurement Manual and ensuring that a monitoring process is in place.

Delegated Procurers and Guidance

11.2.4 No officer shall be permitted to undertake a procurement process or manage a contract unless that officer has been designated a Delegated Procurer by the Head of Commercial and Procurement Shared Services.

11.2.5 The Head of Commercial and Procurement Shared Services may at their discretion withdraw an officer's authority to administer procurements and remove that officer from the register of approved Delegated Procurers.

- 11.2.6 Delegated Procurers shall observe all Procurement Legislation, the Scheme of Governance (including the Financial Regulations and Procurement Guidance) and the Procurement Manual when administering procurements.
- 11.2.7 Delegated Procurers shall ensure any Contract with a Contract Value of equal to or greater than £10,000 (supplies/ services or works) or £4.5m (concessions) entered into or terminated on behalf of the Council is entered onto the Councils Contracts register.

Aggregation of Contracts

- 11.2.8 The splitting of requirements into smaller lots or orders or shorter contract periods in an attempt to avoid the Contract Value limits in these regulations is expressly prohibited.
- 11.2.9 For expenditure on capital projects, the total estimated capital cost of the project(s) including fees, furniture and equipment and other ancillary costs shall equate to the relevant Contract Value.

Contract Term

- 11.2.10 All contracts should have a defined duration and be capable of being terminated on a fixed period of notice by the Council.
- 11.2.11 A Contract may only be continued beyond the initial period if it continues to represent best value and provided the appropriate approval is obtained in accordance with these regulations.

Internal Suppliers

- 11.2.12 Where works, goods or services can be provided by another Service of the Council, orders should be placed with that Council Service, unless best value will be achieved by external provision. If it is believed that best value can be achieved by external provision then, advice on the way to proceed shall be sought from the Head of Commercial and Procurement Services by the purchasing service following consultation with the in-house provider. It is the responsibility of the manager of the in-house provider to ensure that best value is achieved by either (a) providing such goods or carrying out such works or services or (b) assisting in contracting with an external provider.

Authority to Conduct a Procurement

11.2.13 Except when applying to regulations 11.3.18 (special urgency) and 11.4(Contracts for Health, Social and Related Services) and 11.5 (Contract Extensions), no tender shall be invited or contract entered into (except where the Contract Value is below £50,000 where 11.3.1 and 11.3.2 apply) unless a Procurement Approval Form has been approved by the Chief Officer or Committee, as the case may be, and the Head of Commercial and Procurement Shared Services has been notified. The allocation of a budget as part of the Council's budget setting process does not provide authority to conduct a procurement. The method of authorising the initiation of a procurement process is dependent on the estimated Contract Value as follows:

- (i) Where the estimated Contract Value is over £50,000 but below £1,000,000 (below the Committee Threshold) – either - the Chief Officer (subject to sub-paragraph (iii) below), or the relevant Committee where the Committee has reserved the right to approve the Procurement Approval Form following notification of the Procurement Plan
- (ii) Where the estimated Contract Value is equal to or more than £1,000,000 (the Committee Threshold) –the relevant Committee,
- (iii) Before a Chief Officer can authorise the initiation of a procurement process for a matter with a Contract Value of £50,000 or more in accordance with sub-paragraph (i) above the Procurement Approval Form must have been considered by the relevant service management team.

11.3 Procurement Procedures

Contracts less than £10,000

11.3.1 Where the Contract Value is estimated to be less than £10,000 the Delegated Procurer must obtain a minimum of one written quote and be able to demonstrate that best value has been achieved.

Contracts equal to or over £10,000, but less than £50,000

11.3.2 All requests for quotations shall be advertised, and submissions received, via the Quick Quote online procurement tool available via Public Contracts Scotland, unless authorisation has been given by the Head of Commercial and Procurement and Shared Services to the contrary. Subject to regulation 11.3.2, where the Contract Value is estimated to be £10,000 or more but less than £50,000, competitive quotations must be sought and obtained in writing from at least four suppliers, including, where appropriate, internal service providers.

- 11.3.3 There is no requirement to obtain the approval of the Head of Commercial and Procurement Shared Services, unless permission is required to proceed on the basis that less than four written quotes have been received, where this is the case an exemption request will need to be authorised by the Head of Commercial and Procurement Shared Services (using the form approved by the Head of the Commercial & Procurement Shared Services for such purpose).

Contracts between £50,000 and the Higher Value Threshold

- 11.3.4 Where the total estimated Contract Value is £50,000 or more a competitive tendering process shall be undertaken in accordance with the Procurement Legislation, Procurement Guidance and the Procurement Manual. All tenders shall be appropriately advertised, and submissions received, via Public Contracts Scotland or such other platform as may be authorised by the Head of Commercial and Procurement.

Contracts above Higher Value Threshold

- 11.3.5 Where the total estimated Contract Value is above the Higher Value Threshold a competitive tendering process shall be undertaken in accordance with Procurement Legislation, Procurement Guidance and the Procurement Manual. All tenders shall be appropriately advertised, and submissions received, via Public Contracts Scotland or such other platform as may be authorised by the Head of Commercial and Procurement.
- 11.3.6 Higher Value Threshold procurements must be advertised in the Find a Tender Service, the Delegated Procurer will not need to do anything in relation to publication other than publish via Public Contracts Scotland who will ensure any Higher Value Threshold procurements are forwarded to the Find a Tender Service.
- 11.3.7 The Delegated Procurer shall ensure that quotes or tenders are advertised, contract documents issued, information exchanged, tenders submitted, received and opened via www.publiccontractsscotland.gov.uk or such other platform as may be authorised by the Head of Commercial and Procurement.
- 11.3.8 Except where specialist Terms and Conditions are required, the Delegated Procurer shall use the standard Terms and Conditions of Contract available within the Procurement Manual, or those within a relevant framework agreement. Any specialist Terms and Conditions must be provided by Legal by submitting a request via AskCommercial.
- 11.3.9 On no occasion will the Council contract under Terms and Conditions supplied by any tenderer/contractor unless these have been reviewed and agreed by Legal, a request for review of Terms and Conditions must be submitted via AskCommercial.

11.3.10 Quotes or Tenders will be received and opened electronically via Public Contracts Scotland or such other platform as authorised by the Head of Commercial and Procurement. Where, in exceptional circumstances electronic tendering is not utilised, tender receipt and submission shall be undertaken as per the Procurement Manual.

Selection and Down Selection

11.3.11 Where the shortlisting of interested parties or down selection of tenderers is permitted as part of a procurement process relevant criteria must be included within the Single Procurement Document (SPD) to allow for selection of the parties to be invited to tender or to be allowed to continue in the tendering process, as the case may be.

11.3.12 As soon as reasonably practicable after a decision has been made to disqualify a supplier or tender at any stage of a procurement procedure the Council must notify those tenders and candidates concerned of their elimination by notice in writing.

11.3.13 As soon as possible after a decision has been made to award any contract following a procurement process where Contract Value is above the relevant Higher Value Threshold the Council shall, by notice in writing, inform all candidates and economic operators concerned of the Council's decision to award the contract through issue of a standstill letter, a standstill period of 10 calendar days must then be applied when that letter is issued electronically.

Evaluation

11.3.14 Tenders shall be evaluated by a group of nominated individuals (Evaluation Panel) in accordance with the Procurement Manual.

11.3.15 Tenders must be evaluated in accordance with the published tender award criteria as published in the tender documents, and based on establishing which offer is the most economically advantageous and provides best value to the Council. No tender shall be accepted based on evaluation of criteria not set out in the tender documents.

11.3.16 A written record shall be maintained outlining the evaluation process, recording the process followed, the criteria applied, and detailing the reasons for the decision. This record shall be retained as per the Council's Retention Policy and is further detailed within the Procurement Manual.

Authority to Award Tendered Contracts

11.3.17 Subject to sub-clause (iv) below and to the submission of a satisfactory Award Report by the Delegated Procurer, authority to award contracts following a tendering procedure is delegated to the Chief Officer except in the following cases where authority to award remains with the relevant Committee:

- i) Where the Contract Value exceeds the committee approved estimated Contract Value by more than 25% or £500k; or
- ii) Where the authority to conduct the procurement has been approved by a Chief Officer and the Contract Value is equal to or exceeds the Committee Threshold; or
- iii) Where the relevant Committee has reserved the right to award the contract.
- iv) Where a Committee has authorised the conduct of the procurement by approving the Procurement Approval Form, the Award Report must be considered by the Relevant Service Management Team before being approved by the Chief Officer.

Authority to make a Direct Award (including special urgency)

11.3.18 Chief Officer may authorise a Direct Award but then only in the following circumstances:

- i) Where the Contract Value is below £10,000 and the Chief Officer is satisfied it represents best value;
- ii) Where the Contract Value is £10,000 or more but less than £50,000, the Delegated Procurer has presented an exemption request and the Head of Commercial and Procurement Shared Services either consents in accordance with regulation 11.3.3 or is satisfied that there is no practical or economically sensible alternative;
- iii) Where the Contract Value is £50,000 or more but does not exceed Committee Threshold, it has been approved by the relevant Committee on a Procurement Plan, and the Procurement Approval Form has been approved by Committee or Chief Officer, the Delegated Procurer can submit an Award Report and must confirm that the Head of Commercial and Procurement Shared Services is satisfied that there are grounds for permitting a Direct Award in accordance with the Procurement Legislation (which grounds may include awarding a call-off contract to a supplier under a framework agreement without re-opening competition);
- iv) For the purchase of second-hand goods in accordance with regulation 11.8.
- v) In the case of special urgency as set out in regulation 11.3.20; and
- vi) Health, Social and Related Contracts and only when in accordance with the requirements of regulations 11.4.

- 11.3.19 Where the Contract Value exceeds the Committee Threshold and the expenditure has been approved by the relevant Committee on a Procurement Plan, and the Procurement Approval Form has been approved by Committee, the Committee may authorise a Direct Award provided the Head of Commercial and Procurement Shared Services is satisfied that there are grounds for permitting a Direct Award in accordance with the Procurement Legislation (which grounds may include awarding a call-off contract to a supplier under a framework agreement without re-opening competition) and the Committee is permitted to delegate the authorisation of a Direct Award to a Chief Officer.
- 11.3.20 In the event of special urgency brought about by circumstances unforeseeable by, and not attributable to the Council, a Chief Officer may authorise a Direct Award provided the Head of Commercial and Procurement Shared Services is satisfied and provides written confirmation that there are grounds for permitting a Direct Award in accordance with the Procurement Legislation. For the avoidance of doubt, there is no requirement for the contract to have been approved on a Procurement Plan or for a Procurement Approval Form to have been approved.
- 11.3.21 If there is any doubt about whether there are grounds for permitting a Direct Award in accordance with the Procurement Legislation the Head of Commercial and Procurement Shared Services shall consult with the Head of Legal and People before agreeing that the action is justified in the circumstances.

11.4 Contracts for Health, Social and Related Services

11.4.1 For the purposes of Financial Regulations 11.4.1 – 11.4.4 Contracts for Health, Social and Related Services shall mean contracts for the provision of services as permitted by the Compulsory Procurement Vocabulary Codes for such services in Schedule 3 of the Public Contract (Scotland) Regulations 2015. In line with national ethical commissioning principles, commissioning, procuring, and contracting of social care services utilises the light touch principles as flexibly as possible.

The following thresholds will apply to the degree, method of competition required and the authority to award a Health, Social and Related Services Contract:

Contract Value / Threshold	Degree of Competition	Authority to make an award of contract
A. Up to £50,000	Written quotations must be obtained to demonstrate best value to the Council in accordance with Financial Regulations 5.3.13 and 5.3.14	Chief Officer
B. £50,000 up to Light Touch Regime (LTR) Threshold (750k euro or GBP equivalent)	Direct award provided there is justification in accordance with Financial Regulation 11.4.2 or a competitive tendering process can be undertaken in accordance with Procurement Legislation.	Chief Officer
C. LTR Threshold and above	Must be advertised in accordance with the Procurement Reform (Scotland) Act 2014, The Public Contracts (Scotland) Regulations 2015 or any amending legislation	<ol style="list-style-type: none"> 1. LTR Threshold to Committee Threshold – Chief Officer 2. Direct Award over Committee Threshold in accordance with FR 5.3.30 - Chief Officer 3. Tendered Contract Over Committee Threshold – Chief Officer if Committee has not reserved award.

- 11.4.2 Where the relevant Chief Officer is satisfied and there is justification in terms of any of (i) to (vi) below they have the delegated authority to direct award, (including call off contracts directly awarded from Framework Agreements) a contract for Health, Social and Related Services for Thresholds A and B in Financial Regulation 11.4.1 -
- i) That the requirement of the contract is unique or, after research, only one suitable source of supply can be identified with no reasonable substitute;
 - ii) When, for reasons of extreme urgency or risk to life or health and wellbeing, the other procurement procedures cannot be complied with;
 - iii) Where in the case of residential or supported living services, or day services, there are only limited places available for a specific type of care and/or support and those places only become available occasionally and/or at short notice;
 - iv) Where the Council is instructed by a Children's Hearing or Educational Tribunal to place a child in a particular setting;
 - v) Where the individual has the right to choose and direct their own accommodation and/or support;
 - vi) Where the appropriate Chief Officer is satisfied that the risk to service user(s) outweighs the benefits of advertising the requirement and awarding the contract or framework following competition.
- 11.4.3 The relevant Chief Officer can determine if there are exceptional circumstances that justify a direct award being made in relation to Thresholds C1 and C2. One or more of the justifications in 11.4.2 (i) to (vi) inclusive must apply and the relevant Chief Officer must demonstrate that they have followed the Scottish Government's Best Practice Guidance (which states that a public body should decide, on a case-by-case basis, whether or not to advertise the requirement and award a contract or framework agreement by competition. A number of factors should be taken into account, including application of the procurement legislation, procurement policy and risk of legal challenge; application of local financial regulations and standing orders; and benefits and risks to people who use services and service delivery).
- 11.4.4 Provided that -
- Contracts that are awarded in accordance with Financial Regulations 11.4.1-3 can be of an indeterminate period. In these circumstances the Contract Value shall be calculated based on the known or estimated value of the contract over a period of four years. Any such contracts will be subject to review by the relevant Chief Officer at least every four years. Any such contracts may only be continued beyond four years if they continue to represent best value and provided the relevant Chief Officer is satisfied the relevant justification in Financial Regulation 11.4.2 continue to apply.
 - Where the individual has the right to choose and direct their own accommodation and/or care and support the contract is exempt from Financial Regulations 11.4.1-3 and the relevant Chief Officer can approve all direct awards for Thresholds (A), (B) and (C).

11.5 Contract Extension and Variations

Committee Approval in place

- 11.5.1 There shall be no requirement to report to Committee or seek Committee approval to extend a contract where the option to extend was included in the original Committee approval. The authority to exercise an option to extend in these circumstances shall be delegated to the relevant Chief Officer unless the combined Contract Value exceeds the amount approved by Committee by more than 25%, or £500k in which case the relevant Committee shall have the authority to agree the extension or variation following presentation of an Award Report by the Delegated Procurer justifying the extension or variation.

No Committee Approval in place

- 11.5.2 Where there is no relevant Committee approval in place but there are good reasons to justify the extension or variation of the scope of an existing Contract and the value of the extension or variation is less than £50,000, then the relevant Chief Officer shall have authority to agree the extension or variation.
- 11.5.3 Where there is no relevant Committee approval in place but there are good reasons to justify the extension or variation of the scope of an existing contract and the value of the extension or variation is £50,000 or more, the contract extension is required to be approved by the relevant Committee on a Procurement Plan.
- 11.5.4 No Contract extension or variation of the scope of a contract can be awarded in terms of regulations 11.5.1 to 11.5.3 unless the Head of Commercial and Procurement Shared Services is satisfied that such an extension or variation is permitted by the Procurement Legislation.

11.6 Framework Agreements and Dynamic Purchasing Systems

- 11.6.1 A framework agreement is a general term for agreements with suppliers which set out terms and conditions under which specific purchases (call-offs) can be made throughout the term of the framework agreement.
- 11.6.2 A Dynamic Purchasing System (DPS) is an electronic system which can be used to purchase goods, services or works which are:
- i) Commonly used
 - ii) Readily available on the market

The DPS will set out terms and conditions under which specific call-offs can be made throughout the term of the Dynamic Purchasing system, such call-offs to be let under the DPS by mini competition.

- 11.6.3 These regulations also apply to framework agreements and call-off contracts including the thresholds for approval of expenditure and authority to award Contracts. Provided there is Committee approval to incur expenditure from the framework agreement or Dynamic Purchasing System, a call-off with a Contract Value that is less than the Committee Threshold is not required to be on a Procurement Plan but must comply with regulation 11.2.13 and must be recorded in the Council's Contracts Register in accordance with regulation 11.2.7.
- 11.6.4 Officers may procure works, goods and services under external framework agreements or external dynamic purchasing systems provided that authority to incur expenditure has been approved in accordance with these regulations and also provided that:
- i) Use of an external framework agreement/dynamic purchasing system by the Council has been approved in writing by the Head of Commercial and Procurement Shared Services;
 - ii) No material change may be made to the call off terms under the framework agreement. (Calling-off from the framework may only be done in accordance with the procedures laid down within that framework);
 - iii) All call-off contracts must be reported to the Head of Commercial and Procurement Shared Services unless there is an agreed and recorded dispensation; and
 - iv) If the aggregate Contract Value of call-off contracts under a framework agreement or dynamic purchasing system is likely to exceed the Committee Threshold then the authority of the relevant Committee to incur the expenditure should be obtained in advance of the Committee Threshold being exceeded.

11.7 Contract Management

- 11.7.1 The Delegated Procurer (or designated Contract Manager) shall ensure that the performance of the contract is monitored and reviewed as per the criteria published in the tender documents and forming part of the subsequent contract, and in accordance with the Procurement Manual and any other guidelines on contract management issued by the Council from time to time.
- 11.7.2 The Head of Property & Facilities Management is responsible for providing and managing a holistic design service from both internal and external resources to deliver construction projects and programmes.

11.8 Purchase of Second-Hand Goods

11.8.1 Second hand goods up to a value of £50,000 may be acquired without a competitive quotation being obtained provided that:

- i) The Chief Officer can demonstrate that the purchase is necessary to facilitate service delivery;
- ii) The Chief Officer can demonstrate that the purchase represents best value, having given due consideration to the cost of an equivalent new purchase and estimated life of the asset both from new and current age;
- iii) The goods have been subject to inspection to ascertain their physical condition, with a record kept of the outcome of the inspection;
- iv) The Council has clear title to the goods; and
- v) The Chief Officer obtains in writing (including e-mail) the prior consent of the Head of Commercial and Procurement Shared Services before effecting the purchase.

11.9 Income and Savings Generating Arrangements

11.9.1 The requirements in relation to the tender and award of Contracts and the approval thresholds detailed throughout regulation 11.3 will apply equally to:

- i) Contracts resulting in the generation of income;
- ii) Contracts transferring a benefit/asset to a supplier, the relevant value of which will be the value of the benefit transferred net of any income received or gross of cost incurred by the Council as a result of the arrangement; and
- iii) Arrangements based on a review of activities resulting in a saving to the Council where a percentage of that saving is paid to the contractor.

11.10 Purchase Orders

11.10.1 Subject to regulation 11.10.2 the purchase of all works, goods or services shall be ordered or instructed on an official purchase order form, which shall be in a format approved by the Head of Finance. Where by reason of urgency or necessity an oral order is issued, it must be confirmed immediately in writing by the issue of an official purchase order form. The supplier shall be requested to quote order numbers on all invoices.

11.10.2 The Head of Finance has authority to dispense with the requirement to complete a purchase order and shall maintain a register of such dispensations. Purchasing with a purchase card is subject to this dispensation.

- 11.10.3 The purchase order with the relevant contract references/schedule numbers, included where appropriate, shall be signed in manuscript by the Director or other authorised signatory, or by appropriate electronic methods as approved by the Head of Finance. All Directors must furnish the Head of Finance with a list of signatories approved for this purpose, and shall advise him or her of additions to or deletions from the list as they occur. The officer approving the purchase order should be satisfied that there will be appropriate budgetary provision covering the estimated cost prior to authorisation. All purchase orders or contracts of £50,000 or more in value must be authorised by a Chief Officer, subject to obtaining appropriate approvals. The Chief Officer may sub-delegate this authority and such sub-delegation must be formally recorded.
- 11.10.4 Regulation 11.10.1 does not apply to supplies of metered services, periodical payments such as rent and rates, and petty cash purchases.

11.11 Payment of Accounts

- 11.11.1 In order to ensure the probity of payments, it is essential that appropriate controls are in operation to confirm that the expenditure has been appropriately committed in accordance with Regulation 11.3, the works, goods or services have been supplied to the Council in a satisfactory manner, and costs are in accordance with estimates.
- 11.11.2 The Chief Officer issuing an order is responsible for examining, verifying and certifying the accuracy of the related invoice(s) and similarly for any other payment voucher or account. Such certification shall be in a method or format prescribed by the Head of Finance. The names of officers authorised to sign such records shall be submitted by each Chief Officer to the Head of Finance, together with specimen signatures and initials, and this list shall be updated regularly. Where a purchase order has been raised on the i-Procurement system, the approval of this purchase order can be taken as authority for paying the resultant invoice (subject to the goods / services having been “receipted” on the system, and the resultant invoice matching the goods ordered / and received and the value being within a tolerance level specified by the Head of Finance).
- 11.11.3 Certified accounts shall either (a) be passed without delay to the Head of Finance who shall make payment after examining them and making such enquiries and receiving such information and explanations as are deemed necessary, or (b) be paid by the Head of Finance after processing by the Director concerned in accordance with procedures agreed by the Head of Finance. Apart from petty cash payments and other payments of imprest/advances, the normal method of payment of money due from the Council shall be by electronic funds transfer.
- 11.11.4 Such floats or imprests as the Head of Finance considers appropriate shall be provided for Services or sections of the Council requiring them for the purposes of defraying petty cash and other expenses as may be approved by the Head of Finance for payment in cash. Such accounts shall be maintained on an imprest system in a manner prescribed by the Head of Finance.

12 ASSET MANAGEMENT

This financial regulation provides guidance on the use of Council properties, vehicles, plant and equipment including Leases. It outlines responsibilities for the safe, efficient and authorised operation of these assets in accordance with Council policies.

12.1 Assets and Heritable Property

- 12.1.1 The Council holds significant assets in the form of property, vehicles, equipment, furniture and other items. It is important that these assets are safeguarded and used efficiently in service delivery, and that there are arrangements for the security of both assets and information required for service operations. An up-to-date asset register is a prerequisite for proper fixed asset accounting and sound asset management.
- 12.1.2 The general security of the Council's accommodation shall be the responsibility of the Head of Property and Facilities Management. Subject to this, each Director is responsible for maintaining proper security at all times for all buildings, stocks, stores, furniture, equipment, cash, etc., under their control and shall consult the Director responsible for Property and Facilities Management and the Head of Finance in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.
- 12.1.3 The Head of Finance is responsible for setting up and maintaining an up-to-date asset register, which records all assets (with the exception of minor items covered by Regulation 12.2), recording their purchase date, value, location, condition, and expected lifespan. Regular updates and audits of the asset register are required to reflect acquisitions, disposals and change in asset condition. Accurate accounting policies must be applied to track depreciation, impairment, and any revaluations of fixed assets. In addition, the Asset Register must align with financial reporting standards to support transparency and accountability.
- 12.1.4 The Chief Internal Auditor is responsible for conducting regular internal audits to ensure assets are being used as intended and in accordance with Council's policies. Any discrepancies in asset usage or records must be investigated and resolved promptly.
- 12.1.5 The Head of Legal and People will ensure custody of all title deeds under secure arrangements.
- 12.1.6 The advertising of property for lease and the initial consideration of offers shall be handled by the appropriate Committee or Chief Officer, based on reports provided by the Head of Property and Facilities Management.
- 12.1.7 Property shall only be let or disposed of in accordance with Council policy.

12.2 Stocks and Stores

12.2.1 Confusion often arises between the terms ‘inventories’ and ‘stock’ or ‘stores.’ For clarity, these terms as follows:

- **Inventories:** Items such as computer equipment, equipment, fittings, furniture, machinery, plant, software, vehicles, and other similar assets.
- **Stock or Stores:** Items used in the delivery of services, including cable, cement, fuel, glass, ingredients, light bulbs, piping, raw materials, sink units, spare parts, stationery, wood, and other similar materials.

12.2.2 A record shall be maintained of all assets categorised as ‘inventories’, as required by the Head of Finance.

12.2.3 Each Director shall be responsible for maintaining an inventory of the assets under their control, and for taking action in relation to discrepancies.

12.2.4 The Council’s property shall not be removed otherwise than in accordance with the ordinary course of Council business or used otherwise than for the Council’s purpose, except with specific written authorisation from the Director concerned.

12.2.5 Responsibility for the care and custody of stocks and stores under their control shall rest with each Director, who shall ensure that such assets are secure and adequately accounted for. Records shall be maintained detailing the location, movement and balance of items held which shall themselves be subject to a regular independent physical check.

12.2.6 Each Director shall supply to the Head of Finance such information as is required in relation to stores for the accounting, costing and financial records, timeously on request. Surplus materials, stores, or equipment shall be disposed of in accordance with Regulation 4.7.

12.3 Vehicles

12.3.1 Chief Officers are responsible for the operation and control of all vehicles used within their Service. The Head of Finance is accountable for securing insurance coverage, negotiating claims and collaborating with other officers as needed as set out in regulation 8.4. For the purposes of these Regulations, ‘vehicles’ shall include all vehicles, mobile plant, and equipment, whether owned, leased, loaned, hired, or otherwise under the custody or control of the Council. The Head of Finance must be provided with details of all vehicles in use by the Council.

12.3.2 Except as may be determined by the Director of Infrastructure Services, the Head of Service Environment & Sustainability will be responsible for ensuring that all vehicles are maintained in a satisfactory state of repair and will take necessary actions or provide advice to ensure compliance with all legal and safety requirements in their operation.

- 12.3.3 All vehicles shall be used solely for Council purposes and by such persons, and in such a manner, as directed by the Head of Service, Environment & Sustainability.
- 12.3.4 Vehicle use must be in accordance with the Driving at Work: The Management of Council Owned Vehicles and Work Related Road Safety Procedures.

12.4 IT Assets

- 12.4.1 Chief Officers are responsible for the operation and control of IT Software, Systems and Hardware used within their Service. For the purposes of these Regulations, 'IT' shall include all IT hardware, software, systems and peripherals, whether owned, leased, loaned, hired, or otherwise under the custody or control of the Council. The Head of Customer and Digital Services must be provided with details of all IT in use by the Council.
- 12.4.2 Except as may be determined by the Director of Business Services, the Head of Customer and Digital Services will be responsible for ensuring that all IT is appropriately managed and will take necessary actions or provide advice to Directors to ensure compliance with all legal and security requirements in their operation.
- 12.4.3 All IT is designed and provided for Council purposes and by such persons, and in such a manner, as directed by the Head of Customer and Digital Services.
- 12.4.4 IT procurement, configuration and use must be in accordance with all current policies, technical or security requirements and mandatory codes of practice (MCOP) including, but not limited to, the IT Requirements, Information Security Policy and MCOP: Acceptable Use – IT.

12.5 Disposal of Assets

- 12.5.1 Following consultation with the Head of Finance all surplus plant, vehicles, equipment and furnishings which are individually expected to realise more than £5,000 (exclusive of VAT), where no suitable trade-in arrangements have been made, shall be offered for sale by the appropriate Chief Officer either by open invitation or sold at auction.
- 12.5.2 Where the value is less than or equal to £5,000, the asset should be considered for use elsewhere in the Council, and if no alternative internal use is identified the disposal route elected should represent best value.

12.6 Leasing Arrangements

This financial regulation outlines how the Council will manage and account for all assets held by the Council under lease arrangements from 1 April 2024.

12.6.1 Definitions: -

Lease: Under IFRS 16, a lease is defined as “a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time. A contract can be (or contain) a lease only if the underlying asset is “identified”.

Right of Use Asset: Having the right to control the use of an identified asset means having the right to direct, and obtain all the economic benefits from, the use of that asset. These rights must be in place for a period of time and/or a specified amount of use.

Lease Liability: Represents the Council’s obligation to make lease payments for the asset.

12.6.2 All new lease agreements must be subject to the Council’s Leasing Operational Procedures.

12.6.3 All new and existing lease arrangements must be recorded on the Council’s Balance Sheet to reflect both the assets being leased and the corresponding debt liabilities over the term of the lease.

12.6.4 All new lease agreements that fall within the definition of a lease as set out in 12.8.1 above, must be supported by a detailed Business Case to assess best value. For non-property leases, the Business Case must be approved by the Head of Finance before proceeding to agreeing a contract containing a lease. For property leases, the Business Case must be approved by the Head of Finance following consultation with the Head of Property and Facilities, via the Capital Plan Group.

12.6.5 Chief Officers must notify the Head of Finance of all new lease arrangements, together with any changes in current leases.

13 TREASURY AND INVESTMENTS

13.1 Treasury Management

- 13.1.1 Many millions of pounds pass through the Council's accounts each year. Because of this, codes of practice have been established which aim to provide assurances that Council money is properly managed in a way that balances risk with return, but with the overriding consideration being given to the security of Council assets.
- 13.1.2 The recommendations of the Chartered Institute of Public Finance and Accountancy Code of Practice on Treasury Management in the Public Services described in Section 4 of that Code shall be adhered to by the Council. Section 4 of the Code contains four key recommendations relating to the policies and practices to be adopted by local authorities, reporting arrangements, the management and control of risk and best value.
- 13.1.3 Accordingly, the Council will create and maintain, as the cornerstones for effective treasury management: A treasury management policy statement, stating the policies and objectives of its treasury management activities suitable treasury management practices, setting out the manner in which the Council will seek to achieve those policies and objectives, these to be maintained by the Head of Finance.
- 13.1.4 The content of the policy statement and treasury management practices will follow the recommendations contained in sections 6 and 7 of the Code, (subject only to amendment where necessary to reflect the particular circumstances of the Council. Such amendments will not result in the Council materially deviating from the Code's key recommendations). The Council shall set out its strategy and procedures to ensure compliance with the Code in a Treasury Management Policy Statement and this shall be monitored by the Business Services Committee.
- 13.1.5 The Business Services Committee will receive reports on treasury management policies and practices, including an annual strategy and plan in advance of the year. The Head of Finance shall report, through the Business Services Committee, on the activities of the Treasury Management operation and on the exercise of Treasury Management powers delegated to him/her. Within the Statement of Accounts, they shall report on the Treasury Management activities for the previous financial year.
- 13.1.6 The Council delegates responsibility for the implementation and monitoring of its treasury management policies and practices to the Policy Committee responsible for Finance and for the execution and administration of treasury management decisions to the Head of Finance. The Head of Finance will act in accordance with the Council's policy statement and treasury management practices and CIPFA's Standard of Professional Practice on Treasury Management.
- 13.1.7 The Head of Finance shall normally act as a Registrar for all Stock, Bonds, Bills etc., and shall maintain records of all monies borrowed by the Council. Where required to facilitate a particular method of borrowing, the

Council's Banker or other agent approved by the Policy Committee responsible for Finance may be appointed Registrar.

13.2 Investments, Loans, Common Good and Trust Funds

- 13.2.1 The Council shall make the necessary arrangements for the proper administration of each Trust Fund in accordance with the conditions laid down by the Trust or other Deed.
- 13.2.2 The administration of all Common Good Funds must be in accordance with the Common Good Fund Policy.
- 13.2.3 The Head of Finance shall ensure the proper and safe custody of all Funds administered by the Council.
- 13.2.4 All investments of money under the control of the Council shall be managed by the Head of Finance in accordance with the Council's Investment Policy and shall be in the name of the Council or in the name of nominees approved by the Head of Finance who will report the need for such nominees to the Policy Committee responsible for Finance.
- 13.2.5 All documents of title to any investments or securities, the property of or in the name of the Council or its nominees, shall be held in the custody of the Head of Finance, save that the title deeds of all property in its ownership and Standard Securities granted on heritable property shall be in the custody of the Head of Legal and People.
- 13.2.6 All Trust Funds under the control of the Council shall be in the name, or incorporate the name, of the Council.
- 13.2.7 All officers acting as Trustees by virtue of their official position shall deposit all securities etc., relating to the Trust with the Head of Finance unless the Deed otherwise provides.