

Finance and Resources Committee

10.00am, Thursday, 4 June 2015

Finance Policies – Assurance Statement

Item number	7.6
Report number	
Executive/routine	
Wards	

Executive summary

Council policies are key governance tools. They help realise the Council's vision, values, pledges and outcomes and are critical to the Council's operations, ensuring that statutory and regulatory obligations are met in an efficient and accountable manner.

To strengthen governance arrangements in this area, a policy framework has been developed to ensure that all current policies are easily accessible and created, revised and renewed in a consistent manner and to an agreed standard.

To ensure that Council policies remain current and relevant, all directorates are required to review these policies on an annual basis. The following report sets out the main results of this review for policies falling within the remit of the Head of Finance.

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Finance Policies – Assurance Statement

Recommendations

- 1.1 To note that the Finance policies detailed in this report have been reviewed and are considered as being current, relevant and fit for purpose.

Background

- 2.1 Council policies are key governance tools. They help realise the Council's vision, values, pledges and outcomes and are critical to the Council's operations, ensuring that statutory and regulatory obligations are met in an efficient and accountable manner.
- 2.2 To strengthen governance arrangements in this area, a policy framework has been developed to ensure that all current Council policies are easily accessible and created, revised and renewed in a consistent manner and to an agreed standard. These arrangements include the development of a comprehensive register of Council policies and introduction of a policy template to provide the Council with a standardised format in terms of content and style.
- 2.3 The Corporate Policy and Strategy Committee agreed the approach detailed above on 3 September 2013.

Main report

- 3.1 A critical element of the policy framework is to ensure that all Council policies are fit for purpose. This requires each directorate to review, on an annual basis, all policies relating to its services and to provide the necessary level of assurance that these policies remain current and relevant.
- 3.2 Six distinct policies fall within the remit of the Head of Finance. A short update on review activity on each is set out below, with a summary provided in the appendix.

Financial Regulations and Finance Rules

- 3.3 The City of Edinburgh Council operates under a set of documents that governs and guides the decisions made by the Council and its officers and ensures that robust, clear and accountable organisational frameworks are in place. The

Council's Financial Regulations form an integral part of these key documents and are reviewed on an at-least six-monthly basis.

- 3.4 The [Financial Regulations](#) outline, at a summarised level, the arrangements the Council has put in place to discharge its responsibilities under section 95 of the Local Government (Scotland) Act 1973. Section 95 states that every local authority shall make arrangements for the proper administration of its financial affairs and shall secure that the proper officer of the authority (termed the Section 95 Officer) has responsibility for the administration of those affairs. The Council has designated the Head of Finance as section 95 officer.
- 3.5 It is anticipated that a number of revisions to the current Financial Regulations will be presented to Council for approval on 25 June. The revisions primarily reflect slight changes in organisational and decision-making structures, clearer wording concerning the role of the internal audit function and reinforcement of Directors' responsibilities in respect of financial management, in turn aligned to closer monitoring of the delivery of approved savings and management of service pressures.
- 3.6 The Financial Regulations are supplemented by a more detailed set of Finance Rules outlining the procedures to be adopted across a wide range of finance-related activity including budget monitoring, income collection, supplier payment, treasury management and insurance. These rules are also regularly reviewed, with a full refresh undertaken in early 2015 and an updated version published on the Council's intranet in April. In addition to having publicised the updated rules to budget managers and financial systems users across the Council, a customised briefing session for Finance staff is planned later in the year.

Contract Standing Orders and Guidance on the Appointment of Consultants

- 3.7 As with the Financial Regulations above, the Council's [Contract Standing Orders](#) and [Guidance on the Appointment of Consultants](#) form part of the Council's core set of governance-related documents. The contents are subject to regular scrutiny and review, with briefing sessions held for both staff and elected members.
- 3.8 The Contract Standing Orders apply (with certain exceptions) to all contracts made by or on behalf of the Council for the procurement of the execution of works, the supply of goods and materials to the Council, and/or for the provision of services.
- 3.9 A number of changes to each policy were reflected in revised versions approved by Council on 5 February 2015. Further detail of the nature of these changes is included in the appendix.

Anti Money-Laundering Policy

- 3.10 While less formal arrangements were already in place, the Corporate Policy and Strategy Committee approved the Council's [Anti-Money Laundering Policy](#) on 13 May 2014. The policy sets out procedures for mitigating the risk of money-laundering's affecting the Council's activities and monitoring their effectiveness. Where relevant activity is suspected, however, the policy also clarifies reporting routes and the resulting investigative action that will be undertaken.
- 3.11 The contents of the policy have previously been communicated to staff in those areas most susceptible to money-laundering activity. Subsequent review of its content in April 2015 has confirmed its continuing relevance and that no substantive changes are required at this time.

Fraud Prevention Policy

- 3.12 The Council's [Policy on Fraud Prevention](#) was approved by the Finance and Resources Committee on 31 October 2013. This report is supplemented on an annual basis by a review of external fraud prevention and detection activity, with the most recent such report considered by the Governance, Risk and Best Value Committee on 11 November 2014.
- 3.13 The Fraud Prevention policy forms part of the core set of employee policies and, as such, was included in the mandatory policy refresh in June 2014, whereby all staff were required to confirm that they had read and understood its contents. Awareness of the policy in addition forms part of staff induction procedures, with a corresponding e-learning module also available. As with the anti-money laundering policy, its contents primarily comprise guiding principles and reporting procedures and, as such, following review, these remain relevant to all staff and no substantive changes are required.

Corporate Debt Policy

- 3.14 The Council's [Corporate Debt Policy](#) was approved by the Corporate Policy and Strategy Committee on 3 September 2013. The policy covers the principal income streams of Council Tax, Non-Domestic Rates, house rents and sundry (miscellaneous) debt and outlines how the Council will seek to strike an appropriate balance between the financial needs of the Council and the social needs of its customers. A number of changes in respect of statutory notice-related debt were subsequently approved on 2 December 2014.
- 3.15 The policy is the subject of an annual report, the first of which was reported to the Corporate Policy and Strategy Committee on 30 September 2014. In addition, following approval of a motion at the Finance and Resources Committee meeting of 30 October, a member-officer working group was established to consider the policy's contents in greater detail. A series of meetings has since been held, with a report on the working group's activity included elsewhere on today's agenda.

Corporate Charging Policy

- 3.16 In recognising the need for greater consistency and transparency in the setting of charges for Council services, the Council's [Corporate Charging Policy Framework](#) was approved by the Finance and Resources Committee on 5 June 2014. One change effected by approval of the policy was the application of an inflation-linked uplift to charges for all services unless prevented by the existence of pre-existing plans, legal requirements or other compelling service considerations. This change was reflected in the February 2015 budget motion and a comprehensive [register of fees and charges](#) levied by the Council has subsequently been published on the Council's website.
- 3.17 In line with the corporate cycle, the policy's contents will be reviewed by the end of June and any substantive changes reported to Committee as appropriate.

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

- 3.18 While not considered policies in the sense of the others included within this document, the Annual Treasury Strategy was approved by Council on 12 March 2015 and the Council's risks and reserves strategy approved as part of setting the Council's 2015/16 budget on 12 February. Review of the existing policies was implicit in these reports.

Measures of success

- 4.1 Access to up-to-date and relevant Council policies, for internal and external stakeholders, which are quality assured and reviewed on an annual basis.

Financial impact

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

Risk, policy, compliance and governance impact

- 6.1 Increased accountability, transparency and efficiencies concerning Council actions and operations.

Equalities impact

- 7.1 There are no direct equalities impacts as a result of this report, although a number of relevant policies emphasise the importance of equalities-related considerations.

Sustainability impact

- 8.1 There are no direct sustainability impacts as a result of this report, although a number of relevant policies emphasise the importance of sustainability-related considerations.

Consultation and engagement

- 9.1 Consultation was undertaken with directorates and service areas as part of the development of a policy framework for the Council.

Background reading/external references

[Corporate Policy and Strategy Committee Report 3 September 2013 – Review of Council Policy](#)

[Governance, Risk and Best Value Committee Report 22 May 2014 – Review of Council Policy: up-date](#)

Relevant links to Finance policies are included within the main report.

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Links

Coalition pledges

Council outcomes

CO25 the council has efficient and effective services that deliver on objectives.

Single Outcome Agreement

Appendices

Appendix 1 Assured Policies

Appendix 1 – Assured Policies

Policy title:	Financial Regulations
Approval date:	<i>25 October 2012 (date of original approval)</i>
Approval body:	<i>Council</i>
Review process:	<i>Content reviewed by Head of Finance, liaising as appropriate with section contacts as part of parallel updating of Finance Rules</i>
Change details:	<i>Minor amendments reflecting changes in organisational and decision-making structures, clearer wording concerning the role of the internal audit function and reinforcement of Directors' responsibilities in respect of financial management. These revisions will be presented to Council for approval on 25 June.</i>

Policy title:	Contract Standing Orders and Guidance on the Appointment of Consultants
Approval date:	<i>25 October 2012 (date of original approval)</i>
Approval body:	<i>Council</i>
Review process:	<i>Content reviewed by Commercial and Procurement Manager, liaising as appropriate with section contacts and the Head of Legal, Risk and Compliance</i>
Change details:	<i>Clarification around definition of some terms used within the policy; some changes to Directorate approval limits and use of waivers. Clearer guidance provided on prohibition of aggregation/splitting of contracts. Changes approved by Council on 5 February 2015</i>

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

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

Policy title:	Corporate Debt Policy
Approval date:	<i>3 September 2013 (changes in respect of Statutory Notice-related debt approved 2 December 2014)</i>
Approval body:	<i>Corporate Policy and Strategy Committee</i>
Review process:	<i>Content reviewed by policy authors, supplemented by work of member-officer working group</i>
Change details:	<i>Report of member-officer working group to be considered at Finance and Resources Committee meeting of 4 June; any resulting changes to policy to be ratified by Corporate Policy and Strategy Committee meeting of 9 June</i>

Policy title:	Corporate Charging Policy Framework
Approval date:	<i>5 June 2014</i>
Approval body:	<i>Finance and Resources Committee</i>
Review process:	<i>Content to be reviewed by end of June 2015 and any substantive changes presented to Committee as appropriate for approval</i>
Change details:	<i>n/a</i>