



FINANCIAL REGULATIONS

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Financial Regulations

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Financial Regulations

Scope and Observance

Ayrshire Valuation Joint Board is accountable for the stewardship of public funds. Stewardship is a function of management, and, therefore, a responsibility placed upon the Elected Members and officers of the Board. That responsibility is discharged by the establishment of sound arrangements and systems for the planning, appraisal, authorisation and control over the use of resources, and by the preparation, maintenance and reporting of accurate and informative accounts.

Failure to observe these financial regulations may be regarded as a breach of trust and may result in disciplinary action.

These financial regulations should be read in conjunction with other regulations of the Board, such as:

- Corporate Plan;
- Standing Orders Relating to Contracts; ,
- Scheme of Delegation;
- Defalcation procedures;
- Disciplinary procedures;

and with other regulations observed by the Board:

- the Data Protection Act;
- the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (The Code);
- the CIPFA Service Reporting code of Practice for local authorities (ERCoP)
- the CIPFA Code for Treasury Management in Local Authorities;
- the Prudential Code for Capital Finance in Local Authorities;
- the CIPFA Code on Best Value Trading Operations; and
- the Public Sector Internal Audit Standards.

Elected members and officers have a duty to abide by the highest standards of probity in dealing with financial issues. This is facilitated by ensuring that everyone is clear about the standards to which they are working and the controls that are in place to ensure that these standards are met.

The key controls and control objectives for financial management standards are:

- the promotion of the highest standards of financial management throughout the authority;
- a monitoring system to review compliance with financial regulations;

- regular comparisons of actual financial performance with planned performance that are reported to the Board; and
- Audit and Board fulfilling its duties under the Corporate Plan and Scheme of Delegation;

1. Financial Administration

Ayrshire Valuation Joint Board was established by the Valuation Joint Boards (Scotland) Order 1995 to carry out the valuation functions of East Ayrshire, North Ayrshire and South Ayrshire Boards. It came into existence on 1st April, 1996 and was also given the responsibility of carrying out Electoral Registration on behalf of the three constituent authorities.

The composition of the membership of the Board is determined by the above Order and consists of 5 Councillors representing East Ayrshire, 6 Councillors representing North Ayrshire and 5 Councillors representing South Ayrshire.

Although AVJB is independent of the 3 Councils it serves in order to carry out the corporate management of AVJB many of the services are supplied by South Ayrshire as part of the Service Level Agreement, one of which is the financial management of the Boards funds. The Head of Finance and ICT is Treasurer to the Board, however the day to day financial control of the Board lies with the Assessor and ERO and senior officials of AVJB. All of which answer to the elected officials of the Board.

1.1 Responsibility of the Board

The Board is responsible for setting its annual budget.

1.2 Responsibility of the Proper Officer for Financial Arrangements of the Board (i.e. Section 95 Officer)

The proper officer for the financial arrangements of the Board (Section 95 Officer, Head of Finance & ICT is the Treasurer to the Board) as set out in the Scheme of Delegation shall:

- (1) be the proper officer of the Board for the purposes of Section 95 of the Local Government (Scotland) Act 1973 for the administration of the financial affairs of the South Ayrshire Council; and
- (2) act as financial adviser to the Board.

Specific responsibilities include:

- (1) to advise Elected Members of the Board on a financial strategy;
- (2) to ensure the proper administration of the financial affairs of the Board;
- (3) to set the financial management standards, as outlined in the various CIPFA Codes of Practice, and to ensure that compliance with them is monitored;
- (4) to ensure proper professional practices are adhered to, and to act as head of profession in relation to the standards, performance and

development of finance and accounting staff throughout South Ayrshire Council and the Board;

- (5) to advise on the key strategic controls necessary to secure sound financial management; and
- (6) to ensure that financial information is available to enable accurate and timely monitoring and reporting of financial performance.

1.4 Responsibility of the Assessor & ERO

- (1) The Assessor & ERO shall at all times seek to secure the best value for expenditure incurred by them with the objective of achieving the agreed policies, objectives and outcomes of the Board at the most effective cost.
- (2) The Assessor & ERO shall consult with the (Treasurer to the Board) in respect of any matter affecting the Board which is liable to affect materially the finances of the Board before any provisional or other commitment is incurred, or before reporting thereon to the Board, except in an emergency and/ or as authorised by any Scheme of Delegation. In such cases of emergency, it must be reported to the Treasurer to the Board and the Board as soon as possible thereafter.
- (3) It is the responsibility of the Assessor & ERO to promote awareness of and adherence to these financial-regulations.

2. Financial Plan and Capital Estimates

2.1 Financial Plan for Capital Expenditure

The procedure for the preparation of a financial plan for capital expenditure to conform with the instructions of the Board shall be determined by the Assessor & ERO.

2.2 Capital Estimates

The annual capital estimates shall correspond to the first year of the financial plan, and detail the committed capital projects and new capital projects on which the Board intends to incur expenditure inclusive of commitments where projects span more than one financial year.

2.3 Form

The detailed form of the financial plan and capital estimates shall be determined by the Assessor & ERO in consultation with the Treasurer to the Board.

2.4 Preparation

The Assessor & ERO shall provide such information as may be required for the purpose of preparation of the financial plan and capital estimates. This will be co-ordinated by the Treasurer of the Board or nominated person for consideration prior to the authorisation process as outlined in 2.5 below.

2.5 **Authorisation Procedure**

The financial plan and capital estimates, along with reports by the appropriate officials, shall be submitted to the Board for approval.

2.6 **Effect of the Authorisation**

A Financial Plan

The approval of the financial plan for capital expenditure by the Board shall permit the Assessor & ERO:

- (1) to incur preliminary expenses, preparatory works and design costs etc in respect of projects included in years 1 to 3 of the plan; and
- (2) to take the steps necessary to acquire land associated with projects specified and included in years 2 to 5 of the plan (subject to appropriate authority from the Board for such acquisition by way of delegated authority or specific authority).

Expenses to be incurred in terms of paragraph A (1) and A (2) above must be included in the financial plan in year 1.

B Capital Estimates

The approval of the capital estimates by the Board shall permit Assessor & ERO to proceed with projects within the capital estimates for that year unless:

- (1) the actual tender cost of the project or the revised estimate of the project exceeds the provision in the capital estimates; or
- (2) the description and extent of the capital project has materially changed from that envisaged when the capital estimates were approved.

In these cases, fresh approval shall be necessary from the Board before the project proceeds, and approval shall be given only if the capital expenditure can be contained within the total capital allocation for that year, subject to the variance and transfer rules outlined at 3.1, 3.3 and 3.4 below.

2.7 **Delivery of Capital Projects**

All General Services capital projects shall be delivered through the Property and Risk service, Professional Design Services team of South Ayrshire Council through the Boards Service Level Agreement with South Ayrshire Council.

3. Control of Capital Expenditure

3.1 Need for Board Consent

- (1) The approval of the Board shall be required before:
 - a capital project contained within the financial plan in subsequent years is advanced into the capital estimates; or
 - a capital project contained within the current year is delayed to subsequent years; or
 - a new capital project outwith the financial plan is introduced into the capital estimates; or
 - a budget variance across capital projects is proposed to be balanced by a budget transfer from another capital project and the amount of the proposed transfer is more than £50,000.
- (2) Such approval shall be given only if the expenditure can be contained within the capital allocation for the period of the approved capital plan or additional funding identified.
- (3) No capital expenditure shall be incurred without the approval of the Board except:
 - as authorised by the Scheme of Delegation and the Corporate Plan; and
 - if it relates to preliminary expenditure on projects within the financial plan as provided for in 2.6 A above.

3.2 Limitation on Expenditure

No capital expenditure shall be incurred unless:

- (1) the expenditure is provided for in the capital estimates; or
- (2) arrangements are made, with the approval of the Board, to contain such expenditure within the total capital programme for that year (subject to section 3 and 4 below) or
- (3) arrangements are made, with the approval of the Board, that if following all reasonable management action the expenditure cannot be contained within the total programme for that year, then this 'over-programming' will have first call on the following year's capital funding, requiring the future year's programme to be amended accordingly; and
- (4) it meets the definition of capital expenditure in the CIPFA Code of Practice, which states that 'the expenditure results in the acquisition, construction, or enhancement of fixed assets (tangible and intangible) in accordance with proper practices. Scottish Ministers may also issue

guidance that it would be proper practice to capitalise specified expenditure.

3.3 *Budget Variance during the Life of a Capital Project*

If it becomes apparent that a capital project will be under or overspent or if the phased expenditure for the current year is likely to vary, it shall be the duty of South Ayrshire Council Head of Property and Risk to report such variation immediately to Assessor & ERO and the Treasurer to the Board. The Assessor & ERO is responsible for ensuring that the capital programme is delivered on time and for considering where projects may be advanced within the plan. Thereafter, a report shall be submitted by the Treasurer to the Board highlighting the reasons for the variance, management action being taken and the projected level of out-turn variance across the programme and seeking Board approval (if required).

3.4 *Transfers*

Budget variances across capital projects may be balanced by a budget transfer from another capital project providing such transfer is within the overall capital programme budget and is subject to the transfer limits below.

Where the amount involved is £50,000 or less, the transfer shall be considered by the Treasurer to the Board and formally approved by the Assessor & ERO. Authorisation shall be by email or other written format. Para 3.1 (1) applies to transfers over £50,000.

3.5 *Statutory and Other Consents and Approvals*

It is the responsibility of the Head of Property and Risk of South Ayrshire Council under the Service Level Agreement with the Board to ensure that any required statutory consents and approvals have been obtained before the commencement of a capital project.

3.6 *Budgetary Control*

In consultation with the Treasurer to the Board, the Head of Property and Risk of South Ayrshire Council shall provide, for General Services, regular budgetary control statements to the Board comparing actual spend with the capital estimates.

It shall be the duty of the Head of Property and Risk of South Ayrshire Council under the Service Level Agreement with the Board to ensure that the provision in the capital estimates is not exceeded, and that the expenditure conforms to the requirements of these regulations.

4. Revenue Estimates

4.1 Information

The Assessor & ERO shall provide the Treasurer to the Board with such details as may be required for the purposes of preparing the revenue estimates.

4.2 Guidelines

After consultation with the Assessor & ERO, the Treasurer to the Board shall report to the resource levels to be allocated to the Board for the purpose of preparing the revenue estimates.

4.3 Preparation

The Assessor & ERO shall, in conjunction with the Treasurer to the Board, prepare revenue estimates in accordance with resource allocations laid down by the adopted strategy.

4.4 Authorisation Procedure

The revenue estimates for each financial year shall be submitted to the Board for approval.

Any additional funding received by the Board thereafter shall be notified to the Treasurer to the Board and the Board together with detailed spending proposals, subject to the virement limits at section 5.4 below.

5. Control of Revenue Expenditure

5.1 Need for Board Consent

Expenditure shall only be incurred with the approval of the Board, except as authorised by the approved estimates, the Scheme of Delegation and the Standing Orders Relating to Contracts.

5.2 Limitation on Expenditure

No expenditure chargeable to revenue account shall be incurred unless it has been included in the revenue estimates, except:

- (1) where a supplementary estimate has been approved by the Board; or
- (2) in emergency situations in terms of the Scheme of Delegation; or
- (3) as provided for by the rules on virement in section 5.4 below.

5.3 **Budgetary Control**

It is the responsibility of the Treasurer to the Board and the Assessor & ERO to furnish regular budgetary control statements to the Board on revenue account income and expenditure comparing actual spend with the respective estimates.

It is the responsibility of the Assessor & ERO to ensure that items of expenditure in the revenue estimates are not overspent, and that the income and expenditure conform to the requirements of these regulations.

The Assessor & ERO shall also provide the Treasurer to the Board with whatever assistance and information he/ she considers necessary in order to ensure the effectiveness of the budgetary control system.

It shall be the duty of the Treasurer to the Board to report regularly to the Board on the current overall financial position of the Board.

5.4 **Virement**

Virement shall be permitted only in the following circumstances:

- (1) A deficit under those subjective headings as defined by the CIPFA Service Reporting Code of Practice (SERCoP) and objective headings as defined by the Treasurer to the Board and as revised from time to time as required, may be balanced by a transfer from another head of expenditure on which there is a surplus, where the deficit has arisen due to circumstances which could not have been foreseen, and the transfer does not involve a change of policy of the Board.

Where the amount involved is £10,000 or under (Stage 1), the transfer shall be agreed between the Principal Accountant to the Board and the Assessor & ERO. Where the amount is over £10,000 but below £25,000 (Stage 2), the agreement of the Assessor & ERO and the Treasurer to the Board shall be required. Where the amount is over £25,000 but less than £50,000 (Stage 3), the transfer shall also be agreed by the Assessor & ERO and the Treasurer to the Board. Where the amount is £50,000 or over (Stage 4), the transfer shall be approved by the Board.

In applying the virement rules outlined in (1) above, all virement should be considered on a cumulative basis – for example, if a virement request is received for £10,500, and previously a virement has been processed for £15,800 from/ to the same objective/ subjective heading, then that would result in a cumulative total of £26,300, and would therefore require a Stage 3 approval.

A de-minimis of £1,000 will apply and all authorisation of virement will be by e-mail.

- (2) Where a net saving could be achieved by overspending under one head of expenditure without changing the policy of the Board, a transfer may be made from a head of expenditure which is in surplus, provided approval as in paragraph (1) above has been obtained.
- (3) Where new external grant income is received, the limits outlined in paragraph (1) above shall apply to all monies received/due to be received, subject to section 7.9 (below).

Adherence to virement rules is not required in the following circumstances:

- (1) where management responsibility for service delivery remains with the Assessor & ERO;
- (2) where service responsibility transfers to the Board from an external agency; and
- (3) where centrally-held budgets are allocated to the Board following approval of the annual revenue estimates – for example, payroll management target, utilities, central support.

5.5 **Variations**

A Explanation of Variance

Where it appears that the actual amount of income or expenditure may vary materially or significantly (as defined below) from that appearing in the revenue estimates, it shall be the duty of the Assessor & ERO, in conjunction with the Treasurer to the Board, to report to the Board as soon as possible after the variance has become apparent, highlighting the reasons for the variance, management action being taken and the projected level of out-turn variance.

B Materiality and Significance

Appropriate focus should be placed on variance analysis, the objective being to secure sufficient coverage of those variances that contribute most to the deviation from income and expenditure budgets rather than a comprehensive line by line analysis. By necessity, this will be a subjective professional judgment. Prescription is not advocated, as the materiality threshold for variance explanations will vary in accordance with:

- (1) reporting levels;
- (2) scale of budget; and
- (3) impact on service delivery and performance.

5.6 **Reports to the Board**

All reports presented to Board must specifically identify the extent of any resource implications (Financial, Legal and Human Resources). Reports to the Board must identify the costs and income/projected income in the current and future years, the impact on capital and revenue spending and whether or not, and exactly where, funding (including any additional funding required) is included in budget, or, if not, how and from where it is proposed that such financial resources be obtained.

The financial implications contained in reports must be agreed with the Treasurer to the Board or his/ her representative prior to submission to Committee Services of South Ayrshire Council under the Board's Service Level Agreement for issue.

5.7 **Use of the Contingency Fund**

A Qualifying Criteria

Where a contingency fund has been approved and included in the revenue estimates for the year, it should only be used to finance unexpected items of expenditure which it is necessary to incur, and which are outwith the level of service provided for in the approved revenue budget.

These items must be significant, and no contingency draws for sums of less than £25,000 will be considered (except in *exceptional circumstances*, and only by agreement with the Assessor & ERO and the Treasurer to the Board).

All contingency draws must also be classified as either recurring or non-recurring draws. In the case of recurring draws, these will automatically be built into the base during the budget process each year.

B Access to the Fund

Where it is proposed to submit a report to the Board in which the recommendation is that a contingency draw be sought, this report must first be considered by the Assessor & ERO.

5.8 **Use of the Efficiency and Improvement Fund**

In order to re-design and develop service provision to be more efficient and effective, proposals may require up-front investment in new technology, additional temporary staffing resources, the introduction of alternative work patterns or other costs to enable the Board to secure savings or maximise income in the longer term (ie 'spend-to-save' initiatives). This fund is used to provide short-term enabling funding to promote and support service redesign.

All requests to utilise the fund should be considered by the Assessor & ERO and thereafter submitted to the Board for approval.

5.9 ***Use of the Repair and Renewal Fund***

This fund is used to assist with abnormal repairs and maintenance to Board property where these arise in an emergency situation and there is no mainline budget available, or where the use of the fund was planned as part of the budget process. It may also be used to facilitate asset improvement and savings/efficiencies.

Works requiring to be undertaken and proposed to be funded by this Fund below £100,000 will require to be considered by the Assessor & ERO and formally approved thereafter by the Board. Works in excess of £100,000 will require to be approved by the Board.

6. **Legality of Expenditure**

6.1 It shall be the duty of the Assessor & ERO to ensure that no expenditure is incurred unless it is within the legal powers of the Board. In cases of doubt, the Assessor & ERO must consult the Treasurer to the Board before incurring expenditure. Expenditure on new service developments, initial contributions to other organisations and responses to new emergency situations which require expenditure must be clarified as to legality prior to being incurred.

7. **Control of Income**

7.1 ***Determination of Charges***

The Assessor & ERO shall review not less than annually the charges for goods or services provided to the Board except where the charge is fixed externally.

In order to preserve the real value of such income, increases recommended to the Board should have regard to the current rate of inflation, and should reflect the impact of any changes to the rate of value-added tax (VAT).

7.2 ***Accounting Arrangements***

It is the responsibility of the Treasurer to the Board to make adequate financial and accounting arrangements to ensure:

- (1) the prompt and proper recording of all income due to the Board; and
- (2) the prompt and proper collection, custody, control and remittance of all cash to the Board.

7.3 ***Notification of Income to Head of Finance and ICT***

Particulars of all charges made for work done shall be notified to the Assessor & ERO promptly in a form approved by him/ her. All accounts for income due to the Board shall be raised and issued

in a timely manner by, or under arrangements approved by the Treasurer to the Board in consultation with the Assessor & ERO.

7.4 ***Write-offs***

Sums due to the Board shall not be written off except with the approval of the Board.

Write-offs shall be permitted only after all appropriate avenues of recovery have been exhausted.

Where the amount involved is £5,000 or under, approval the Assessor & ERO is required.

Where the amount involved is greater than £5,000, this shall be approved by the Board.

7.5 ***Treatment of Monies Collected***

All monies received on behalf of the Board shall be recorded and deposited immediately with the Treasurer to the Board. No deduction may be made from such money. Cash discount will not be offered to any debtor.

The Board must obtain identification of counter-parties at the commencement of a business relationship where there is potential for transactions to be conducted in cash amounts in excess of £10,000. Identification must also be sought for any one-off cash transactions in excess of £10,000 and notified to the Treasurer to the Board in accordance with Money Laundering Regulations adopted by South Ayrshire Council in 2005.

The Principal Administrative & IT Development Officer is responsible for ensuring adequate custody and control of all cash held within Ayrshire Valuation Joint Board. Cash held should not exceed the maximum limits for cash holdings agreed with the Assessor & ERO.

7.6 ***Controlled Stationery***

All official controlled stationery, such as cheques, debtor accounts and receipts for the disbursement and collection of monies, shall be in a form approved by the Treasurer to the Board, and shall be ordered, controlled and issued to the Assessor & ERO by him/ her or under arrangements agreed by him/ her.

7.7 ***Personal Cheques***

Personal cheques shall not be cashed out of the monies held on behalf of the Board.

7.8 ***Transfers of Cash, Cheques, etc***

All transfers of cash and cheques from one member of staff to another shall be evidenced by the signatures of both officers.

7.9 ***Grant Income***

All grant applications/ offers/ claims shall be approved by the Assessor & ERO or his/ her representative prior to submission to the appropriate body. The Assessor & ERO or his/ her representative shall be advised on a timely basis of all relevant information necessary for him/ her to submit, accept or certify applications for grants due to the Board. All grants are to be paid direct to the Board.

Approval limits are as follows:

- (1) where the grant amount involved is £10,000 or under, approval of the appropriate Principal Administrative & IT Development Officer is required;
- (2) where the grant amount is over £10,000 and below £25,000, approval of the Principal Administrative & IT Development Officer is required; and
- (3) where the grant amount is over £25,000, approval of the Assessor & ERO is required.

All new grant income received beyond that identified and approved as part of the annual revenue and capital estimates shall be notified to the Board in a timely manner and be treated in accordance with the virement rules identified in section 5.4 above.

8. **Treasury Management**

8.1 ***Treasury Management Statement and Practices***

The Board has adopted the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice' (the Code), as described in Section 5 of that Code. Accordingly the Board has created and maintained as the cornerstones of effective treasury management:

- (1) a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities; and
- (2) suitable treasury management practices setting out the manner in which the Board will seek to achieve treasury management policies and objectives, and prescribing how it will manage and control treasury management activities.

The Board will receive reports for approval on its treasury management policies and activities, including, as a minimum:

- (1) an annual strategy and plan;
- (2) a mid-year review; and
- (3) an annual report in the form prescribed in the Board's treasury management practices not later than 30 September of the succeeding financial year on the activities of the treasury management operation, and on the exercise of treasury management powers delegated to him/ her.

The Board has delegated responsibility for aspects of treasury management function as follows:

- (1) the Treasurer to the Board has responsibility for the execution and administration of treasury management decisions, who will act in accordance with the Board's approved policy statement and treasury management practices;
- (2) the Treasurer to the Board has responsibility for approving the treasury management practices and any amendment thereafter; and
- (3) Internal Audit of South Ayrshire Council and Audit Scotland will be responsible for ensuring effective scrutiny of treasury management.

All money in the possession of the Board shall be aggregated for the purposes of treasury management, and shall be under the control of the Assessor & ERO.

All executive decisions on borrowing, investment or financing shall be delegated to the Treasurer to the Board, or, through him/ her, to his/ her staff, who shall all be required to act in accordance with the Code, the Treasury Strategy Statement and the agreed Treasury Management Practices.

8.2 ***Borrowing Arrangements***

All borrowing arrangements of the Board for the purpose of its functions shall be made by the Treasurer to the Board, and the arrangements made shall be reported to the Board.

8.3 ***Borrowings to be in Name of the Board***

All borrowings on behalf of the Board shall, unless they are for the purposes of any trust under any deed of trust or other document, be effected in the name of the Board. The Assessor & ERO and the Treasurer to the Board or other employees authorised by the Assessor & ERO are authorised to sign all loan documents, unless:

- (1) statute or other legal requirements provide that other signatures are required; or
- (2) alternative arrangements have been approved by the Board.

8.4 ***Registrar of Stocks, Bonds and Mortgages***

The Treasurer to the Board shall be the registrar of stocks, bonds and mortgages, and shall maintain records of all borrowing of money by the Board, except where another registrar has been appointed by the Board, when the Treasurer to the Board shall maintain records of the total sums borrowed.

8.5 ***Leasing***

With the exception of heritable property, and subject to the Standing Orders Relating to Contracts and the Scheme of Delegation, no leasing of equipment or capital assets extending beyond one financial year should be undertaken on behalf of the Board without the prior approval of the Assessor & ERO.

9. **Banking and Control of Cheques**

9.1 ***Arrangements with Bankers***

With regard to Bank Accounts, the Board does not have its own account instead this is managed by South Ayrshire Council under the Service Level Agreement. Accordingly where this document states Boards Bank Account it in fact refers to the above arrangement.

All arrangements with the Board's bankers concerning the Board's bank accounts and the issue of cheques shall be made by the Assessor & ERO or the Treasurer to the Board.

9.2 ***Opening and Closing of Bank Accounts***

Official bank accounts bearing the Board's name shall only be opened or closed by the Assessor & ERO and/ or the Treasurer to the Board.

9.3 ***Payments into Bank***

All monies received shall be paid into the Board's bank accounts daily, or at such other intervals as may be approved by the Assessor & ERO and/ or the Treasurer to the Board.

9.4 ***Cheque Control***

All arrangements for the ordering, controlling and signing of cheques on behalf of the Board shall be made by the Assessor & ERO and/ or the Treasurer to the Board.

10. Credit Cards

10.1 Scope

The Board shall use a Corporate Credit Card facility provided by its bankers. The purpose of this account is to provide individual Officers a credit card payment facility for ad-hoc expenditure and expenses.

10.2 Approval to Use

Assessor & ERO has responsibility for approving the issue of credit cards to individuals.

Individual credit cards shall be issued in the name of the individual officer, and cannot be issued in the generic name of the Board. (see section 9.10 above)

All credit cards bearing the Board's name shall only be opened or closed by the Assessor & ERO. (see section 9.10 above)

10.3 Credit Limits

Overall credit limits will be negotiated with the Board's bank. The Assessor & ERO shall approve the allocation of individual credit limits for each card user in line with requirements and projected spend. These credit limits will be periodically reviewed and revised where appropriate.

Requests for credit card increases will be made in the first instance to the Chief Treasury and Cash Officer of South Ayrshire Council and any revision approved by the Assessor & ERO.

10.4 Authorisation

All Officers holding an individual card shall be responsible for ensuring that appropriate authorisation is obtained, adequate records and receipts are kept and provide information to the Assessor & ERO and/ or the Treasurer to the Board regularly, in line with approved procedures,

10.5 Accounting Arrangements

The Assessor & ERO and/ or the Treasurer to the Board shall arrange for all necessary charges to be allocated to functions timeously in line with approved procedures.

11. Purchasing Cards

11.1 Scope

The Board does not currently operate a purchasing card facility. Any new purchasing card scheme introduced will bear the Board's name and shall only be opened or closed by the Assessor & ERO.

12. Investments and Trust Funds

12.1 *Investments*

- (1) Board funds shall be invested in accordance with the treasury management policies of the Board, and shall be held in the name of the Board.
- (2) All trust funds shall, whenever possible, be held in the name of the Board.
- (3) The sale of investments, unless otherwise provided for in a trust deed or other document, shall require the prior approval of the Board.

12.2 *Deposit of Trust Securities*

All officers acting as trustees by virtue of their official position shall deposit all securities, bank books and documents (other than title deeds to heritable property) and articles of value relating to any trust with the Assessor & ERO and/or the Treasurer to the Board unless the relevant trust deed otherwise provides.

12.3 *Control of Charitable Funds*

The Treasurer to the Board shall ensure the proper and safe custody and control of all charitable funds held by the Board, and that all expenditure is in accordance with the conditions of the fund and in accordance with regulations laid down by the Office of the Scottish Charity Regulator (OSCR).

13. Stores, Inventories and Costing

13.1 *Costing System and Stores Control*

Arrangements made by the Principal Administrative & IT Development Officer for costing systems and stock and stores control shall be subject to the approval of the Assessor & ERO.

13.2 *Custody of Stores and Stocktaking*

The care, custody and level of stores and equipment in Ayrshire Valuation Joint Board shall be the responsibility of the Principal Administrative & IT Development Officer, who will ensure that:

- (1) stocktaking is carried out at regular intervals as agreed by the Assessor & ERO; and
- (2) all obsolete or excess stock or scrap material is identified and disposed of in accordance with the Standing Orders Relating to Contracts and the Scheme of Delegation.

13.3 *Write-offs or Surpluses of Stores*

The Assessor & ERO shall report annually to the Treasurer to the Board the total values of write-offs and surpluses of stock, the net effect of

these adjustments on the book value of consumable stores under his/ her control and a brief explanation of the reasons for these differences.

13.4 ***Inventories***

Ayrshire Valuation Joint Board shall maintain full and accurate inventory records in a form approved by the Treasurer to the Board. The Treasurer to the Board shall be responsible for issuing instructions on inventory procedures and record-keeping.

13.5 ***Use of Equipment and Stores***

The Board's property shall not be removed other than in the course of the Board's normal business or used other than for the Board's purposes without the specific approval of the Assessor & ERO.

14. **Procurement of Goods and Services and Payment of Accounts**

14.1 ***Method of Payment***

Apart from petty cash and other payments from Board imprest accounts, the preferred method of payment of money due from the Board shall be by BACS. Payment of money due by any other method must be approved by the Assessor & ERO or any person or persons authorised by him/ her.

14.2 ***Official Orders***

Except for petty cash purchases, supplies of public utility services and periodic payments such as rent and rates, all goods, materials or services supplied to or work executed for the Board shall be ordered by means of an electronic order through the corporate financial management system, and acceptances shall be by officers authorised by the Assessor & ERO. A current list of officers so authorised, together with specimen signatures where appropriate, shall be maintained by Ayrshire Valuation Joint Board.

Authorisation of orders must be by an authorised officer in accordance with the privileges set in the corporate financial management system, i-Procurement, a service provided by South Ayrshire Council under the Service Level Agreement.

14.3 ***Procurement***

All procurement of goods, materials, services and works must be carried out in full compliance with approved Standing Orders Relating to Contracts.

14.4 ***Check on Goods, Materials and Services Received***

It shall be the duty of the Assessor & ERO or other designation person which places an order to ensure that all goods, materials services and works received following the placing of orders by him/ her are as ordered in respect of price, quantity and quality, and duly recorded in the corporate financial management system.

Where goods have been ordered using the corporate financial management system, i-Procurement, the receipt of goods shall be recorded against the appropriate order on the system, where Ayrshire Valuation Joint Board have access.

14.5 ***Creditor Status***

It shall be the duty of the Assessor & ERO to authorise all new supplier requests and to provide the following information to the Central Accounts Payables team for input to Oracle payment systems:

- (1) Tax status for CIS purposes;
- (2) VAT status – whether registered or non-registered, if registered provide VAT registration number; and
- (3) employment status of the supplier.

14.6 ***Certification of Payment***

The i-Procurement system has controls in place to ensure that only authorised officers (as approved by the Assessor & ERO) can approve orders and invoices. The i-procurement system will not allow payment to be made unless the goods are recorded as being received and the invoice value agrees with the order or is within a tolerable variance. Additions or deletions to authorised officers within the system shall be notified to the Assessor & ERO, Treasurer to the Board and Internal Audit as they occur, and the currency of the authorised officers shall be reviewed annually by the Assessor & ERO. No payment shall be made unless certified by an authorised officer.

When the Assessor & ERO incurs expenditure he/she shall arrange for the certification in accordance with the systems processes by an officer in Ayrshire Valuation Joint Board that all payments comply with the following:

- (1) the expenditure is on items or services which it is within the Board's legal powers to incur;
- (2) the goods, materials, services or work to which the account relates have been received or carried out as the case may be, and have been examined and approved, and are in accordance with the order;
- (3) the prices, extensions, calculations, trade discounts, other allowances, credits and tax are correct;
- (4) the relevant expenditure has been properly incurred, and is within the relevant estimate provision;
- (5) appropriate entries have been made in inventories, stores records or stock records, as required; and
- (6) the expenditure is charged against the relevant account.

The certification must be by an authorised officer in accordance with the privileges set in the corporate financial management system.

14.7 ***Payments in Advance***

Payments shall not be made in advance of receipt of goods and services except in the following extraordinary circumstances;

- (1) where the service providers non-negotiable terms and conditions require payment in advance; or
- (2) in emergency situations.

In both circumstance approval is required in advance of payment from the Assessor & ERO.

14.8 ***Duplicate Invoices, etc***

Payment shall not be made on duplicate or photocopy invoices unless the Assessor & ERO or nominated officer certifies in writing that the amounts have not been previously passed for payment.

15. **Accounting**

15.1 ***Accounting Procedures and Records***

All accounting procedures and records of the Board shall be determined by the Treasurer to the Board, and all accounts and accounting records of the Board shall be compiled by the Treasurer to the Board or under his/ her direction.

15.2 ***Internal Check***

The following principles shall be observed in the allocation of duties:

- (1) procedures to be followed regarding the calculation, checking and recording of sums due by or to the Board should be arranged in such a way that, wherever possible, the work of one person is proven independently, or is complementary to the work of another, and these operations shall be separated from the duty of collecting or disbursing such sums; and
- (2) officers charged with the duty of examining and checking the accounts of cash transactions shall not themselves be engaged in any of these transactions.

15.3 ***'Year End' Accounting Returns***

The Assessor & ERO or designated person shall, at dates to be specified by the Treasurer to the Board, submit to him/ her:

- (1) a copy of the certified stock list for Ayrshire Valuation Joint Board as at the end of the financial year (or date in lieu thereof as laid down by the Treasurer to the Board) together with any reports referred to in sections 13.2 and 13.3 above;
- (2) a certificate confirming that inventories of all moveable furniture, equipment, plant and other items are kept on a continuous basis in all locations under his/ her control; and
- (3) any other information necessary to close the Board's accounts.

16. Internal Audit

16.1 *Responsibility for Internal Audit*

Internal Audit, under the control and direction of the Chief Executive of South Ayrshire Council, shall be arranged for the purpose of carrying out an examination of financial and related systems of the Board to ensure that the interests of the Board are protected.

Internal Audit work within the terms of the Internal Audit Charter which is formally approved by the Audit and Governance Panel of South Ayrshire Council. The Internal Audit Charter is available on Re-Wired. Internal Audit adheres to the United Kingdom Public Sector Internal Audit Standards.

16.2 *Reporting Arrangements for Internal Audit*

- (1) Officers engaged in Internal Audit will report directly to the Assessor & ERO.
- (2) Internal Audit reports will be distributed as follows:
 - (a) the Assessor & ERO and the Treasurer to the Board will receive copies of all Internal Audit reports; "
 - (b) South Ayrshire Council's Monitoring Officer shall receive copies of Internal Audit reports where these contain legal issues which could potentially adversely affect the Board
- (3) The Annual Audit Plan will be submitted to the Board at the beginning of the financial year. The purpose is to advise members of the programme of audit work for the forthcoming financial year. The plan will be compiled following consultation with the Assessor & ERO.
- (4) Audit reports showing the activity of the Internal Audit section, progress achieved against plan and a summary of significant audit findings will be presented to the Board.
- (5) The External Auditor will report annually to Board providing an assessment of the Internal Audit function.

16.3 *Authority of Audit*

The Auditor or his/ her authorised representatives shall have authority, on production of identification, to:

- (1) enter at all reasonable times on any Board premises or land;
- (2) have access to all systems, records, documents and correspondence relating to financial and other transactions of the Board;
- (3) have access to all IT hardware/ software running systems on behalf of the Board, including hardware/ software owned by third party service providers, in line with agreed protocols;
- (4) require and receive such explanations as are necessary concerning any matter under examination; and
- (5) require any employee of the Board to produce cash, stores or any other Board property under his/ her control.

16.4 *Irregularities*

Any evidence or reasonable suspicion of an irregularity relating to funds, stores or other property of the Board shall be reported immediately to the Assessor & ERO or his/ her nominated officer. Such irregularities shall be dealt with in accordance with the Board's Anti-Fraud and Bribery Strategy and Defalcation procedures.

17. Cash Imprests/ Petty Cash

17.1 *Provision of Imprests*

On the recommendation of the Assessor & ERO, the Treasurer to the Board shall provide such imprest accounts as he/ she considers appropriate for such officers of the Board as he/ she considers may require them for purposes of defraying petty and other minor expenses.

17.2 *Bank Accounts for Imprest Holders*

The Treasurer to the Board shall open bank accounts where it is considered appropriate, and in no circumstances shall the imprest holder overdraw the account. It shall be a standing instruction to the Board's bankers that an imprest holder's account shall not be overdrawn. Bank accounts will not be opened by any officer other than the Treasurer to the Board or delegated responsible officer.

17.3 *Exclusion of Payments to the Board*

No payments to the Board shall be paid into an imprest account, but shall be lodged in a bank as provided for in paragraph 9.3 hereof. Any bank interest earned on imprest accounts will be remitted separately and immediately to the Treasurer to the Board, and will not be left in the imprest bank balance.

17.4 *Limit on Expenditure*

Payments from imprest accounts shall be limited to minor items of expenditure, and to only such other items as the Assessor & ERO may approve. Payments shall be supported by a voucher/receipt. Imprests must not be used to pay major expenses claims or any suppliers' invoices. The Treasurer to the Board may prescribe an upper limit to individual items of expenditure to be met out of imprest accounts

17.5 *Accounting Arrangements*

Claims for reimbursement of imprest expenditure shall be submitted regularly to Central Accounts Payable, and, when submitting a reimbursement claim, sufficient imprest cash shall be available to cover the period between submission of the claim and receipt of monies.

Claims must be submitted to 31 March each year within the timescales laid down within the year-end procedures issued by the Treasurer to the Board.

17.6 *Statement of Account*

An officer responsible for an imprest account shall, when requested, give to the Treasurer to the Board a certificate as to the balance of his/ her imprest account.

17.7 *Termination as Imprest Holder*

On an officer leaving the employment of the Board, or otherwise ceasing to be entitled to hold an imprest advance, that officer shall account to the Treasurer to the Board for the amount advanced to him/her. A formal record of this accounting shall be prepared and retained in the Assessor & ERO for inspection.

18. Claims for Expenses and Allowances

18.1 *Arrangements for Claims*

The Assessor & ERO shall be responsible for making arrangements for the administration, regulation and payment of claims for expenses and allowances to members and employees of the Board and other approved bodies.

18.2 *Regulations*

The Assessor & ERO shall make available the current

regulations on expenses and allowances to members and employees of the Board and of other approved bodies.

18.3 ***Employees' Claims***

All claims for payment of travelling allowances, subsistence allowances, car allowances and incidental expenses shall be submitted, duly certified in a form approved by the Assessor & ERO or other designated person, to him/ her at such regular intervals as he/ she requires. VAT receipts are required to support all mileage claims and subsistence allowances where appropriate.

Such payments shall not be made out of imprest accounts without the express authority of the Assessor & ERO. All such expenses shall, as far as practicable, be paid via the payroll system. Cash advances can be provided in appropriate cases where no other means of payment is available.

The names of officers authorised to certify such claims shall be sent to the Assessor & ERO, together with specimen signatures, and the names shall be amended on the occasion of any change.

In addition, a regular review of such authorisations should be carried out by the Principal Administrative & IT Development Officer to ensure that the list of names submitted to the Assessor & ERO is complete and up-to-date.

No officer authorised to certify such claims shall certify his/ her personal claim. Personal claims must be certified by a separate authorised signatory.

18.4 ***Certification of Employees' Claims***

The certification by or on behalf of the Assessor & ERO shall be taken to mean that the certifying officer is satisfied that the journeys were authorised, the expenditure properly and necessarily incurred, and that any allowances are properly payable. Certifying officers should satisfy him/ herself that supporting VAT receipts are attached where applicable.

It shall be the duty of the claimant and the authorising officer to ensure that claims are submitted promptly to allow payments to be made from the appropriate budgets. All claims must be submitted on at least a monthly basis and no later than three months after the journey has been completed. Line managers must ensure that employees work within these timescales. Claims submitted outwith this time limit will not be processed or paid.

Claims applicable to a financial year shall be submitted within one month after 31 March in that year.

19. **Salaries, Wages and Pensions**

19.1 ***Information regarding Payroll Amendments***

The Head of Valuation Services & Assistant ERO, or, where appropriate, the Principal Administrative & IT Development Officer shall notify the Assessor & ERO timeously of all matters affecting the payment of emoluments,

in particular:

- (1) appointments, resignations, dismissals, suspensions, secondments and transfers;
- (2) changes in remuneration, other than normal increments and pay awards, and agreements of general application;
- (3) absences from duty for sickness or other reason apart from approved leave; and
- (4) information necessary to maintain records of service for superannuation and HM Revenue and Customs purposes.

19.2 ***Arrangements for Payments***

The payment of all salaries, wages, pensions, compensation and other emoluments to all employees, former employees or beneficiaries shall be made by Assessor & ERO or under arrangements made by him/ her. All such payments will be made, as far as practicable, by credit transfer to the employee's designated bank account.

All such payments are carried out by South Ayrshire Council under the Service Level Agreement.

19.3 ***Form and Certification of Records***

All pay documents shall be in a form prescribed or approved by the Assessor & ERO, and shall be certified by or on behalf of the Assessor & ERO.

The names of officers authorised to certify such documents shall be held by the Assessor & ERO, together with specimen signatures, and the names shall be amended on the occasion of any change. No pay document shall be processed unless certified by an authorised signatory.

20. Security

20.1 *Responsibility for Security*

The Assessor & ERO shall be responsible for maintaining proper security, custody and control at all times of all plant, buildings, materials, stores, furniture, equipment, cash, etc, under his/ her control. He/ she shall also consult the Head of Property and Risk of South Ayrshire Council, as appropriate, in any case where security is thought to be defective, or where it is considered that special security arrangements may be required.

20.2 *Limits to Cash Holdings*

The Assessor & ERO shall agree with the Treasurer to the Board the maximum amount of cash to be held in the premises under his/ her control, and the agreed amount shall not be exceeded except with the written agreement of the Assessor & ERO. Cash boxes/ safes should only be used to hold funds belonging to the Board.

20.3 *Safe Keys*

Keys to safes and similar receptacles containing cash or valuable documents or articles shall be carried on the person of those responsible. The loss of any such keys shall be reported immediately to the Assessor & ERO. A register of all such keyholders will be kept.

20.4 *Security and Retention of Documents*

The Assessor & ERO, Head of Valuation Service & Assistant ERO and the Principal Administrative & IT Development Officer shall be responsible for maintaining proper security, custody and control of all documents within Ayrshire Valuation Joint Board. The retention period for all books, forms and records related to financial matters shall be determined by the Treasurer to the Board.

20.5 *Data Protection Act*

The Corporate Management Team of Ayrshire Valuation Joint Board shall be responsible for the use and security of all personal data output from Board computer systems in line with the Data Protection Act and approved data sharing protocols. In line with South Ayrshire Council Policy and under the Service Level Agreement.

20.6 ***Asset Register***

The Corporate Management Team shall be responsible for the maintenance of the asset register of the Board. The register holds, as a minimum, information relating to all assets valued at £5,999 and above owned and operated by the Board. This 'de minimis' level has been set based on recommendations contained in the Code of Practice on Local Authority Accounting in the United Kingdom.'

21. **Risk Management and Insurance**

21.1 ***Responsibility for Risk Management and Insurance***

Subject to the Standing Orders Relating to Contracts, the Scheme of Delegation, and except as authorised by them, the Head of Property and Risk shall make appropriate risk management and insurance arrangements for all aspects of the Board's activities.

21.2 ***Identification of Risk***

The Corporate management Team shall be responsible for the maintenance and co-ordination of an effective strategic risk register. All shall be responsible for ensuring that a suitable risk management reporting framework is incorporated, and shall notify the Board of all significant risks facing Ayrshire Valuation Joint Board and how they propose to mitigate the risks and the timescales involved.

The Corporate Management Team shall note all new areas of risk to service provision, additional assets or partnership arrangements that may increase the Board's overall exposure to risk, and which should be covered by insurance, or of any removal of service, disposal of assets or other changes to work activity which no longer requires insurance arrangements.

21.3 ***Notification of Claims***

The Assessor & ERO or designated Officer shall notify the South Ayrshire Council Head of Property and Risk as soon as possible in writing of any loss, liability, injury or damage or any event likely to lead to a claim. Thereafter, the South Ayrshire Council Head of Property and Risk shall be responsible, where applicable, for advising the insurance company concerned. He/ she shall also arrange the negotiation of all insurance claims on behalf of the Board under the Service Level Agreement in consultation with the Assessor & ERO.

21.4 ***Fidelity Guarantee Insurance***

The Board shall be covered by fidelity guarantee insurance, and this will be arranged by the South Ayrshire Council Head of Property and Risk.

21.5 ***Review of Insurance Cover***

The South Ayrshire Council Head of Property and Risk shall review periodically all insurances in consultation, where appropriate, with the Assessor & ERO.

22. ***Contracts for Capital Works***

22.1 ***Record of Contracts***

The South Ayrshire Council Head of Property and Risk shall maintain a record of all relevant contracts and payments made on contracts. The Assessor & ERO shall have access to such records, and use whatever information he/ she considers necessary.

22.2 ***Variations to Contracts***

Variations to capital works contracts which result in budget variances shall be dealt with in accordance with Section 3, Control of Capital Expenditure, and in accordance with Standing Orders relating to Contracts

22.3 ***Claims from Contractors***

Claims from contractors in respect of matters not clearly within the terms of any existing contract shall be referred to the Head of Property and Risk for consideration of the Board's liability, and, where appropriate, to the Assessor & ERO and the South Ayrshire Council Head of Legal and Democratic Services for consideration before a settlement is reached under the Boards Service Level Agreement with South Ayrshire Council.

22.4 ***Delay of Contract***

Where completion of a contract is delayed, it shall be the duty of the Head of Property and Risk to consult the Assessor & ERO and, where appropriate, the Treasurer to the Board and/ or the South Ayrshire Council Head of Legal and Democratic Services prior to taking any action in respect of any processes to liquidate or levy other damages.

22.5 ***Interim Payment***

Interim payments to contractors shall be certified by the Head of Property and Risk or delegated officer responsible for the control and supervision of the work. Nominating delegated officers shall be in writing from the Assessor & ERO.

22.6 ***Reports on Final Measurements! Final Contract Amount***

A report on all final measurements/final contract amounts shall be made by the South Ayrshire Council Head of Property and Risk or delegated officer to the Assessor & ERO.

22.7 Procurement Procedures/ Guidance

All matters relating to contracts shall be conducted in accordance with Standing Orders relating to Contracts and other guidance and the South Ayrshire Council Head of Legal and Democratic Services. Failure to follow these procedures may result in disciplinary action.

23. Economy, Efficiency and Effectiveness/ Best Value

- 23.1 The Board has a duty under the Local Authority Etc (Scotland) Act 1994 and the Local Government in Scotland Act 2003 to invoke proper arrangements for securing economy, efficiency and effectiveness/ best value in the use of resources. There shall be a process of strategic planning which shall have full Elected Members of the Board involvement in order to establish the systematic identification of priorities and realisation of economy, efficiency and effectiveness/ best value. It shall be the responsibility of the Assessor & ERO to deliver the arrangements put in place to secure best value and to co-ordinate Board policy in regard to ensuring that the Board provides best value.
- 23.2 The Assessor & ERO must ensure that he/she can demonstrate that proper arrangements are in place to provide best value, and that there is the application of documented procedures, operational performance indicators and targets and a customer/ user focus in service planning.
- 23.3 Best value should cover the areas of human resource and physical resource management, capital programme and contract management, financial management and policy, performance and service delivery process reviews.

24. External Funding (Following the Public Pound)

- 24.1 The principles of openness, integrity and accountability in decisions on spending public money shall apply to funds or other resources which are transferred by the Board to bodies such as companies, trusts, voluntary organisations and individuals where such bodies/ individuals are subject to local authority control or influence, and where they operate at arms' length.
- 24.2 The Treasurer to the Board shall be responsible for ensuring the implementation of and adherence to all Codes and Guidance issued on external funding arrangements (Following the Public Pound).
- 24.3 Any agreements required shall include right of access of Internal Audit to the systems, records, documents and correspondence of that organisation.

25. Partnerships

- 25.1 Partnerships can play a key role in delivering community strategies. In some circumstances, the Board has a leadership role to bring together the

contributions of a variety of stakeholders to deliver a shared vision of services based on user needs. Examples of partners include:

- (1) a public or private organisation undertaking part funding or participating as a beneficiary in a project including PPP/ PFI; or
- (2) a body whose nature or status gives it a right or obligation to support a particular project; or

25.2 In all instances, the Assessor & ERO should be able to demonstrate that:

- (1) appropriate financial regulations have been adopted for the partnership. There should be a presumption that the Board's financial regulations will prevail in all circumstances, unless alternative or additional guidance is considered appropriate. The approval of the Treasurer to the Board will be required for any such departure;
- (2) the roles and responsibilities of each of the partners involved have been agreed and formally accepted before any project commences, and that individuals representing the partner organisations are aware of their personal responsibilities;
- (3) documented project management arrangements are in place;
- (4) responsibility for budgetary control for any project is vested in one officer;
- (5) the limits of responsibility for all groups involved in decision-making for any partnership project are clear and agreed. This could include Project Teams, Project Boards and the Board itself;
- (6) a project exit strategy is in place for limited life projects; and
- (7) arrangements are in place for risk appraisal, monitoring, management and control.

26. Devolved Management of Resources

26.1 The Board operates a Scheme of Delegation in line with the Local Government Etc (Scotland) Act 1994. This devolves decision-making powers and budget responsibilities to the Assessor & ERO, in particular, virement and carry-forward facilities, which require to be managed in accordance with the Board's Financial Regulations.

26.2 The Board's Scheme of Delegation delegates the Board and officers powers to deal with matters falling within their remit as specified therein.

27/

27. Observance of Financial Regulations

27.1 *Responsibility of the Assessor & ERO*

It shall be the duty of the Assessor & ERO to ensure that these regulations are made known to the appropriate persons within the organisation, and to ensure that they are adhered to.

27.2 *Breach of Regulations*

Any breach or non-compliance with these regulations must, on discovery, be reported immediately to the Assessor & ERO, who may discuss the matter with the Treasurer to the Board and others as may be appropriate in order to determine the proper action to be taken.