

CODES OF FINANCIAL PRACTICE 2024

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North Ayrshire Council
Comhairle Siorrachd Àir a Tuath

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Codes of Financial Practice are issued under the authority of the Council's Financial Regulations. They shall be read in conjunction with, and have the same status as, the Financial Regulations.

It shall be the duty of each Head of Service to ensure that the requirements of the Codes of Financial Practice are made known to the appropriate staff within their Service and that they are adhered to.

Failure to comply with Codes of Financial Practice may be regarded as a breach of trust and may lead to disciplinary action.

Code of Financial Practice 1 – Capital Finance

Financial Plans and Capital Estimates

Finance will prepare a financial plan for capital expenditure which covers more than one financial year.

The annual Capital Estimates will correspond to the first year of the financial plan, subject to funds being available, and will detail the committed capital projects and new capital projects on which the Council intends to incur expenditure.

The detailed form of the financial plan and Capital Estimates will be determined by the Head of Finance.

All Executive Directors and Heads of Service will provide such information as may be required by the Head of Finance for the purpose of preparing the financial plan and Capital Estimates.

The financial plan and Capital Estimates, along with reports by the appropriate officers, will be considered by the Council for approval.

Prior to submission to the Council, all new projects or requests for a change in expenditure profile must be forwarded to the Capital Programme and Assets Group (CPAG) for consideration. CPAG will ensure that accurate costings are agreed and that appropriate option appraisals have been carried out.

For any new projects a business case should be completed detailing the need for Investment or change in service delivery and the options that have been considered. This should be forwarded to the Capital Programme and Assets Group (CPAG) for consideration. CPAG will ensure that accurate costings are agreed and that appropriate option appraisals have been carried out.

Any requests for a change in expenditure profile should be included in the capital financial report to be considered by CPAG.

The approval of the financial plan by the Council will permit Heads of Service to:

- incur preliminary expenses and design costs in respect of projects included in the approved Financial Plan; and
- in conjunction with the Head of Democratic Services, take the necessary steps to acquire land associated with specified projects included in years one to five of the Plan.

The approval of the Capital Estimates by the Council will permit Heads of Service to proceed with projects within the Capital Estimates unless:

- the actual tender price of the project or the revised estimate of the project exceeds the provision in the Capital Estimates, or
- the nature of the capital project has changed substantially from that envisaged when the Capital Estimates were approved.

In these cases, fresh approval will be sought from the Cabinet before the project proceeds, which approval will be given only if the capital expenditure can be contained within the overall capital allocation or if additional funding is identified.

Control of Capital Expenditure

No expenditure will be incurred without the approval of the Cabinet except as authorised by the Council's Scheme of Delegation to Officers and the Standing Orders Relating to Contracts.

No capital expenditure chargeable to the Capital Account will be incurred unless the expenditure is provided for in the Capital Estimates and 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. The Capital Programme and Assets Group (CPAG) will ensure that projects comply with the definition of capital expenditure.

The approval of the Cabinet will be required before a new capital project outwith the financial plan is introduced into the Capital Estimates. Such approval will be given only if the expenditure can be contained within the capital allocation for that year or if additional funding is identified.

If it becomes apparent after the start of a capital project that it will be considerably over or under spent, or if the phased expenditure for the current year is likely to vary significantly, it will be the duty of the appropriate Head of Service to report such variation immediately to the Capital Programme and Assets Group (CPAG). CPAG 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 on the action taken will be submitted to the Cabinet.

It will be the duty of the Head of Finance to report regularly and timeously to the Cabinet with statements comparing actual financial performance with the respective Capital Estimates.

It will be the duty of the appropriate Head of Service to ensure that any required legal or statutory approvals have been obtained before the commencement of a capital project.

Code of Financial Practice 2 – Revenue Finance

Revenue Estimates

Finance will determine the procedure for the preparation of the Revenue Estimates and will report to the Cabinet on the financial guidelines to be considered for the Revenue Estimates.

Each Head of Service will, in conjunction with the Head of Finance, prepare Revenue Estimates in respect of their Service in accordance with a timetable set by the Head of Finance.

The Revenue Estimates will be submitted to the Council for approval with a recommendation as to:-

- the proposed expenditure and income for the financial year ahead;
- the Council Tax to be levied and the level of bad debt provision to be applied;
- the council house rent level to be applied.

Control of Revenue Expenditure

No expenditure will be incurred without the approval of the Cabinet except as authorised by the approved Revenue Estimates, Scheme of Delegation to Officers and the Standing Orders relating to Contracts.

No expenditure chargeable to a revenue account will be incurred unless it has been included in the Revenue Estimates, except:-

- where a supplementary estimate has been approved by the Cabinet;
- in emergency situations in terms of the Scheme of Delegation to Officers;
- as provided for by the rules on Virement below.

It will be the duty of the Head of Finance to furnish regularly and timeously to all Heads of Service budgetary control statements on the Revenue Account comparing actual performance with the respective Estimates.

It will be the duty of the Head of Service concerned to ensure that items of expenditure in the Revenue Estimates of their Service are not overspent and that the income and expenditure of their Service conform to the requirements of this Code of Practice and their delegated powers under the Scheme of Delegation to Officers.

Heads of Service will also provide the Head of Finance with whatever assistance and information considered necessary to ensure the effectiveness of the budgetary control system.

It will be the duty of the Head of Finance to provide reports to Cabinet on the current financial position of the Council in accordance with the agreed reporting schedule, or more frequently if it is considered appropriate.

Virement

Virement will be permitted only in the following circumstances:-

- A deficit under those subjective headings of expenditure and income and objective headings as defined in Appendix 1 may be balanced by a transfer from another head of

expenditure or income on which there is a surplus where the deficit has arisen due to circumstances which could not have been foreseen and the transfer would not involve a change of policy of the Council. Where a net saving could be achieved by overspending under one head of expenditure without changing the policy of the Council, a transfer may be made from a head of expenditure or income which is in surplus.

- Virement will not create an additional overall budget liability. One-off savings or additional income should not be used to support recurring expenditure or to create future commitments including full-year effects of decisions made part way through a year.
- All transfers will be authorised by the appropriate Chief Officer concerned and Financial Services. Where the amount transferred from a budget heading is over £100,000 (either as a single transfer or the sum of transfers within a financial year) or where the transfer of any amount would affect the execution of existing Council policy the approval of the Cabinet will be required. Lower amounts will be authorised within Finance as follows:
 - Finance Manager up to £20,000
 - Senior Manager (Financial Services) £20,001 to £50,000
 - Head of Finance £50,001 to £100,000

Where it appears that the actual amount of any item of income or expenditure may vary significantly from that appearing in the Revenue Estimates, it will be the duty of the Executive Director or Head of Service concerned, in conjunction with the Head of Finance, to report the details of the variance and any remedial action required to the Cabinet as soon as possible after the variance has become apparent.

All reports presented to Cabinet by Executive Directors or Heads of Service must specifically identify the extent of any financial implications, having firstly consulted with the Head of Finance on these financial implications. Any such implications must be clearly stated in the reports to Cabinet, identifying the following:

- costs and income in the current and future financial years;
- the impact on capital and revenue spending;
- the extent of budget provision and, if none, how and from where it is proposed that such financial resources be obtained.

The rules concerning budget virement within those areas of the Education Directorate that fall within the Council's Devolved School Management (DSM) scheme (see Appendix 1) are separately defined by the DSM policy.

Code of Financial Practice 3 – Control of Income

Determination of Charges

Each Head of Service will review not less than annually the charges for goods and services provided by their Service and, except where the charge is fixed externally, or unless otherwise provided for in the Scheme of Delegation to Officers, will submit proposals thereof for the consideration of the Council.

To preserve the real value of such income, increases recommended to Council should have regard to the cost of providing the service, the current rate of inflation and the impact of any change in the rate of value added tax.

Accounting Arrangements

The Head of Finance will make adequate financial and accounting arrangements to ensure the proper recording and collection of all monies due to the Council.

All official forms and books for the expenditure and collection of monies will be in a form approved by the Head of Finance and will be ordered, controlled and issued to Services by the Head of Finance or under arrangements approved by the Head of Finance.

Notification of Income to Finance

All debtors' accounts for income due to the Council will be rendered by, or under arrangements approved by, the Head of Finance.

Treatment of Monies Collected

All monies received on behalf of the Council in any Service will be recorded and deposited with the Head of Finance or the Council's Bankers in accordance with arrangements made with the Head of Finance.

Receipts will be issued for all monies collected and the receipt should indicate the method of payment, i.e. cash, cheque, credit or debit card. All **cash** receipts exceeding £3,000 must be accompanied by adequate personal identification which confirms the identity of the person making the payment and should be notified to the Senior Manager (Audit, Fraud, Safety, Risk and Insurance) in accordance with the Council's policy in relation to money laundering.

Heads of Service will be responsible for ensuring adequate custody and control of all cash held within their Service. Cash held should not exceed the maximum limits for cash holdings agreed with the Head of Finance.

Where a service identifies any cash shortage of more than £50 between transactions recorded and physical cash banked, contact must be made with the Internal Audit section in accordance with the Council's Defalcation Procedures.

No deduction will be made from such monies unless specifically authorised by the Head of Finance (e.g. income refunds, library refunds).

Cash discount will not be offered to any debtor.

Personal Cheques

Personal cheques will not be cashed from monies collected on behalf of the Council.

Transfers of Cash, Cheques and other Cash equivalents

All transfers of responsibility for cash, cheques or other cash equivalents from one member of staff to another will be evidenced in the records of the Services concerned by the signature of the receiving officer.

Where the monetary amount transferred is not physically verified upon transfer, staff must ensure that the reason for non-verification is recorded (e.g. sealed bank bag with serial number noted, locked cash box, signed cheque or bank withdrawal slip).

Write-offs

Sums due to the Council will not be written-off without the prior written approval of the Head of Finance. The Debt Recovery team, Sheriff Officers and Legal Services will, after all recovery action has been exhausted, recommend a debt is written off to the Head of Finance on an annual basis.

Services will be notified of the amounts written off and a full list of accounts will be available upon request.

Sums written-off will be written back to the service account to which the income was originally credited when the invoice was raised.

Grant Income

The Head of Finance will be advised timeously of all relevant information so that applications for grants due to the Council may be submitted or certified. All applications for grant funding will require to be notified to the Head of Finance prior to submission to the funding body.

All remittance advices in relation to grants received are to be addressed directly to the Head of Finance.

Code of Financial Practice 4a – Treasury Management

Treasury Policy Statement and Practices

The Council has adopted the key recommendations of the CIPFA document ‘Treasury Management in Public Services: Code of Practice’ (the Code) as described in section 4 of that Code. Accordingly, the Council will create and maintain, as the cornerstones for effective treasury management:

- an ‘Annual Treasury Management and Investment Strategy’ identifying policies regarding treasury management and the objective of these, and;
- suitable Treasury Management Practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

The content of the Strategy and TMPs will follow the recommendations contained in sections 6 and 7 of the Treasury Management 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 Head of Finance will provide reports on the Council’s treasury management policies, practices and activities. This will include, as a minimum, the annual strategy and plan in advance of the year to Council, a mid-year progress report to Cabinet and an annual report to Council, in the form prescribed in the Council’s TMPs. Performance in relation to the treasury management and prudential indicators will be reported to Cabinet as part of the Revenue and Capital Monitoring arrangements throughout the year.

Borrowing and Leasing

All borrowing arrangements of the Council for the purpose of its functions will be made by the Head of Finance and the arrangements made will be reported regularly to the Cabinet in accordance with the Council’s treasury management strategy.

All borrowings on behalf of the Council will be affected in the name of the Council. The Head of Finance, or officers authorised by the Head of Finance, will sign all loan documents unless statute or other legal requirements provide that other signatures are required.

Registrar of Stocks, Bonds and Mortgages

The Head of Finance will be the Registrar of Stocks, Bonds and Mortgages and will maintain records of all borrowing of money by the Council.

Leasing

No leasing of equipment or other capital assets will be undertaken without the prior approval of the Head of Finance.

Investments and Trust Funds

North Ayrshire Council funds will be invested in the name of the Council or in the name of nominees approved by the Cabinet.

Surplus funds will only be invested in financial institutions listed in the Treasury Management Strategy statement.

All Trust Funds will, wherever possible, be held in the name of the Council.

All officers acting as trustees by virtue of their official position will deposit all securities, bank books and documents (other than title deeds to heritable property) and articles of value relating to any trust with the Head of Finance unless the relevant trust deed otherwise provides.

Control of Charitable Funds and Common Good funds

The Head of Finance will ensure the proper and safe custody and control of all charitable funds held by the Council and that all expenditure is in accordance with the conditions of the Fund.

Code of Financial Practice 4b – Banking

Banking Arrangements

The Head of Finance is responsible for appointing the Council's Bankers. This should be carried out in accordance with the Council's tendering procedures.

All arrangements with the Council's Bankers concerning the Council's bank accounts, the issue of cheques and all other banking services will be made by the Head of Finance.

The Head of Finance will be an authorised signatory for all the Council's bank accounts.

Official bank accounts bearing the Council's name will be opened or closed only by the Head of Finance.

All monies received will be paid into the Council's bank accounts daily or at such other intervals as may be approved by the Head of Finance and will be accounted for in accordance with arrangements made with the Head of Finance.

All arrangements for the ordering, controlling and signing of cheques on behalf of the Council will be made by the Head of Finance.

Code of Financial Practice 5 – Imprests

Provision of Imprests

The Council uses Corporate Procurement Cards for the provision of imprests.

Procurement Cards

The Council has a Corporate Procurement Card (P-Card) system in place, this provides an enhanced service which incorporates electronic monitoring and approval of spend. Procurement cards offers a more transparent alternative to petty cash, offering benefits for staff in service areas as well as prompt payment for suppliers. Replacing the use of cash with the use of cards will reduce the amount of petty cash required.

P-cards are issued subject to the discretion of the Head of Finance.

P-cards are in the name of North Ayrshire Council, but individual Cardholders names are held within the records system. Each card has a limit (inclusive of VAT) for a single transaction as well as a cumulative monthly limit.

Individual P-cards will be set up for specific categories of spend relevant to the individual cardholder and service area.

P-Cards can also, for pre-approved individuals, be used to withdraw petty cash up to a pre agreed limit.

No cash should be withdrawn where a purchase can be made by raising a Purchase Order or using the P-card online, instore or over the telephone.

All P-Card transactions must be reviewed and approved via Secure Data Online (SDOL). Access to the SDOL is via unique usernames and passwords and separation of duties between the cardholder and the approver is controlled and monitored.

Accounting Arrangements for Imprest

Due to bank charges it is recommended that cash withdrawals should be £100 or greater.

Cardholders must maintain a petty cash spreadsheet showing all sums of money withdrawn and expenditure incurred. The balance on the spreadsheet should reflect the balance of money on hand at all times.

Cardholders and approvers must ensure that cash transactions are reviewed and approved regularly within SDOL.

In normal circumstances, if the amount of cash on hand requires replenished, the previous cash withdrawal should be reconciled within SDOL prior to the next withdrawal.

The Procurement Team monitor the use of the P-cards to ensure that cardholders are compliant with the Procurement Card – Policy and Procedures.

Closure of Accounts

Where a cash or card facility is no longer required it will be withdrawn by the GPC Card Administrator within the Corporate Procurement Unit.

Guidance

Detailed Guidance is given via the 2 documents detailed below:

- 1) Procurement Card (PCard) – Policy and Procedure Reference Guide
- 2) Procurement Card (PCard) – Imprest Petty Cash Reference Guide

Both documents are available on the intranet.

Code of Financial Practice 6 – Tax Management

Value Added Tax (VAT)

The Head of Finance will ensure that:

- transactions follow the relevant statutory requirements and rules;
- the Council's liability for paying tax is kept as low as possible;
- the rate of 'tax flow' (i.e. the recovery of tax which is due to the Council) is kept as high as possible, and;
- guidance is issued to employees involved in processing tax-related transactions.

Heads of Service must ensure that guidance is sought from the Head of Finance on the VAT implications of any new or unusual transactions before committing the Council.

Income Tax

The Head of People and ICT will ensure that income tax is deducted where appropriate from payments to employees and remitted to HM Revenue and Customs timeously.

Heads of Service must ensure that guidance is sought from the Head of People and ICT on the tax implications of any new employee initiatives before committing the Council.

Returns of income tax deducted will be made to HM Revenue and Customs in accordance with statutory deadlines and employees will be issued with a P60 showing the amount of income tax they have paid by 31st May each year.

Code of Financial Practice 7 – Insurance and Risk Management

Insurance

The Head of Finance will make appropriate Insurance arrangements for all aspects of the Council's activities and will arrange the negotiation of all insurance claims by the Council, in consultation with other officers where necessary. Delegated authority has been granted to the Head of Finance to negotiate and settle liability claims.

Executive Directors or Heads of Service must not admit liability or give any indication that the Council may make an offer of settlement.

Executive Directors and Heads of Service will give prompt notification to the Head of Finance of all new or increased risks, properties or vehicles which should be covered by insurance and of any alteration affecting existing insurances.

Notification of Claims

Executive Directors and Heads of Service will notify the Insurance section immediately of any loss, liability or damage or any event likely to lead to an insurance claim. Thereafter the Insurance section will be responsible for advising the insurance company concerned.

Review of Insurance Portfolio

The Head of Finance will annually review all insurance covers in consultation with Executive Directors and Heads of Services as appropriate. All Insurance policies will be subject to tendering procedures every 5 years.

Responsibility for Security

Each Executive Director and Head of Service will be responsible for maintaining proper security, custody and control at all times of all plant, buildings, materials, stores, furniture, equipment and cash etc. under their control. Services will notify the Insurance section immediately of circumstances resulting in financial loss or circumstances likely to result in a claim against the Council's insurance policy.

Limits to Cash Holdings

Executive Directors and Heads of Service will notify the Insurance section of safes used to hold cash. The Insurance section will notify Services of the insured cash limits that should not be exceeded. In exceptional circumstances where cash limits are likely to be exceeded guidance should be obtained from the Insurance Section.

Safe Keys

Keys to safes and similar receptacles holding cash or valuable documents will not be left in premises overnight. Safe keys will be carried by the responsible person at all times and the loss of safe keys will be reported immediately to Internal Audit. Services will maintain a log of all such key holders and transfers of keys in order that a clear audit trail is always available of which member of staff had responsibility for safe keys at any particular time.

Risk Management

The Risk Management Strategy contains the framework to be adopted to ensure risk is properly identified and controlled within the authority.

Identification of Risk

The Head of Finance will be responsible for the co-ordination of a Strategic Risk Register. All Executive Directors and Heads of Service will be responsible for ensuring that suitable arrangements for the identification, recording and monitoring of risks are established within their Service.

Security of Pre-printed and Pre-signed cheques

The Head of Finance will ensure that secure arrangements are made for the preparation and holding of pre-printed / pre-signed cheques, stock certificates, bonds and other financial documents.

Security / Retention of Documentation

Each Executive Director and Head of Service will be responsible for maintaining proper security, custody and control of all documents within their Directorate. All documents and records will be retained for the minimum prescribed duration as set out in the Council's Master Retention Schedule.

IT Security

Each Executive Director and Head of Service will be responsible for ensuring that all staff within their Service comply with the Council's ICT Acceptable Use Policy and associated documents.

Each Executive Director and Head of Service will also consult the Head of People & ICT and Senior Manager (ICT) in any case where security of IT systems is thought to be defective or where it is considered that special security arrangements may be required.

Code of Financial Practice 8 – Salaries and Wages

Information regarding Payroll Amendments

Each Head of Service will notify the Head of People and ICT timeously of all matters affecting the payment of salaries, wages and other emoluments, in particular:

- appointments, resignations, dismissals, suspensions, secondments and transfers;
- changes in remuneration (other than normal increments), agreements of general application and changes in terms and conditions of service;
- absences from duty for sickness or other reason apart from approved paid leave;
- information necessary to maintain records of service for superannuation, income tax and social security purposes.

Arrangements for Payments

The payment of all salaries, wages and other emoluments to all employees of the Council will be made by the Head of People and ICT.

Form and Certification of Records

All pay documents will be in a form prescribed or approved by the Head of People and ICT.

All timesheets will be completed and signed (manually or electronically) by the employee themselves confirming the accuracy of the claim except in cases of illiteracy when a supervisor may complete them, suitably endorsing the timesheets to this effect. Timesheets will not be completed, authorised or passed for payment in advance of work being undertaken.

All pay documents will be certified in manuscript, electronically via HR21 or by email by an approved authorised signatory on behalf of the appropriate Head of Service. Signature stamps will not be used for this purpose.

Details of Officers authorised to certify such documents (name, designation and email address) will be sent to the Head of People & ICT by Heads of Service. The relevant Head of Service will be responsible for advising any changes. Where a Service is responsible for its own information processing, the names of officers authorised to certify pay documents will be provided to the appropriate input staff. In addition, an annual review of such authorisations will be carried out by each Service to ensure that the list of names submitted to the Head of People and ICT is complete and up to date.

No officer authorised to certify such documents will certify their own claim. Personal claims must be certified by a separate authorised signatory.

Off-payroll Working (IR35)

It is the responsibility of all budget holders to identify all worker and contractor relationships, which are not administered through North Ayrshire's Payroll arrangements, and ensure that appropriate consideration is given to the nature of the relationship, including the completion and issue of Status Determination Statements where appropriate.

Guidance on the assessment of potential off payroll working relationships is available from the Head of People and ICT and all completed Status Determination Statements must be retained by the Service for a minimum of 6 years plus current.

Any relationship which is assessed as being within the scope of IR35 must be reported to the Head of People and ICT to allow arrangements for all payments to be included within standard arrangements for the deduction of appropriate tax and national insurance contributions.

Code of Financial Practice 9 – Expenses

Arrangements for Claims

The Head of People and ICT will be responsible for the regulation, administration and payment of claims for expenses and allowances to members and employees of the Council.

Employees' Claims

All claims for payment of travelling allowances, subsistence allowances, car allowances and incidental expenses, duly certified in manuscript on the appropriate official form provided by the Head of People and ICT or processed electronically via the expenses module on HR21 self-service system must be submitted to Employee Services on a regular basis.

Claims will not be paid from imprest accounts. All such expenses will be paid via the Payroll System except in extraordinary circumstances, in which case the approval of the Head of People and ICT will be required for an alternative method of payment.

Claims for travelling and subsistence allowances must be accompanied by the appropriate receipts. Claims for car allowances must be accompanied by a VAT receipt for fuel, dated prior to the first journey. Where claims are processed via HR21 receipts must be retained by the Service in accordance with retention details outlined within the HR21 user guide.

In signing an expense claim form or submitting via HR21, employees are confirming that they have a valid driving licence and appropriate insurance arrangements in place to cover their vehicle for business use. Heads of Service must ensure that driving licences and insurance documents are inspected on an annual basis and details recorded on the Council's integrated HR and payroll database.

Certification of Employees' Claims

The Head of each Service will arrange for the certification in manuscript or approval via HR21 by an officer of their Service of all claim forms. The certification by or on behalf of the Head of Service will be taken to mean that the certifying officer is satisfied that the journeys were authorised, the expenditure was wholly, exclusively and necessarily incurred in the course of the employment of the claimant and that any allowances are properly payable. Claims must not be submitted for approval or approved in advance on the expense being incurred.

Details of Officers authorised to certify such documents (name, designation and email address) will be sent to the Head of People & ICT by Heads of Service. The relevant Head of Service will be responsible for advising any changes. In addition, an annual review of such authorisations will be carried out by each Service to ensure that the list of names submitted to the Head of People and ICT is complete and up to date.

No officer authorised to certify such claims will certify their personal claim. Personal claims must be certified by a separate authorised signatory.

Cash Advances

Cash advances will only be made in exceptional circumstances when other means of payment is not available.

The Head of each Service will arrange for the certification in manuscript by an officer of their Service of all cash advances. The certification by or on behalf of the Head of Service will be taken to mean that the certifying officer is satisfied that the cash advance is necessary in the course of the claimant's employment and that no other means of meeting the anticipated expenses is available.

Officers authorised to certify cash advances will not certify a cash advance to themselves.

All requests for cash advances, duly certified in manuscript on the appropriate official form provided by the Head of Finance, will be submitted to the Head of Finance for payment.

The officer to whom an advance is given will be fully accountable for the advance.

Immediately after the event for which the cash advance is given the accountable officer, using the appropriate official form, will prepare a detailed statement of expenses incurred, with supporting receipts and invoices, which reconciles to the amount of the cash advance. The reconciliation, duly certified in manuscript by an officer authorised by the Head of Service to certify claims for expenses and allowances, will be submitted to the Head of Finance along with the remaining unspent cash balance.

Elected Members' Allowances

Members' Allowances will be paid in accordance with the Council's approved Scheme of Members' Allowances and national regulations.

Payments to Elected Members who are entitled to claim allowances will be made by the Head of People and ICT on receipt of the prescribed form properly completed and certified in manuscript or by email. Claims will be checked by Democratic Services prior to submission for payment.

Claims will be submitted promptly, and on a regular basis, and in any case claims applicable to a financial year will be submitted within one month after 31st March in that year.

The Head of Democratic Services will maintain a record of members allowances, showing the name of the recipient and the amount and nature of the payments. This record will be available for public inspection and will be published on the Council website not later than June 1st each year.

Code of Financial Practice 10 – Procurement of Goods and Services and Payment of Accounts

Official Orders

All orders for goods, services and works must be processed and approved through one of the Council's eProcurement systems and any exceptions are detailed in the [No PO No Pay Policy](#). The Council will only make payments to suppliers and contractors where their invoice (whether paper or, preferably, electronic) contains a valid purchase order (PO) number, unless a pre-agreed exception applies – see section 6 of the No Po No Pay Policy.

The following key controls relate directly to this Policy:

- official orders are raised for all works, goods and services supplied to the Council;
- ensure that all spend is authorised before goods, services or works are provided;
- goods, works and services received are checked to ensure they are in accordance with the order.

Each order will conform to the Council's Standing Orders relating to Contracts to demonstrate best value.

Authorisation of Orders and Acceptances

Orders and acceptances of tenders or offers will be authorised either electronically or in writing only by officers certified to do so by the Head of Service of the ordering Service and in accordance with the Council's Standing Orders Relating to Contracts. Signature stamps will not be used for this purpose. Each Service will maintain a current list of officers so authorised.

Limits regarding the level and type of expenditure to which authorising officers can commit the Council will be formalised and maintained by each Head of Service and will be recorded on the list of authorised officers, which will be held by the Head of Finance.

Checks on Goods, Materials and Services Received

It will be the duty of the Head of each Service that places an order to ensure that all goods, materials and services received following the placing of such orders are as ordered in respect of price, quality and quantity.

Where goods have been ordered using the e Procurement system, the receipt of goods will also be recorded against the appropriate order on the system.

Method of Payment

Apart from payments from imprest accounts (petty cash payments) the normal method of payment of money due from the Council will be by BACS, cheque, Procurement card or other instrument drawn on the Council's bank account(s) by the Head of Finance or any person or persons authorised by the Head of Finance.

The Council's preferred method of payment will be by BACS.

Certification for Payment

A list of authorised signatories (including their financial limit) for certifying the payment of accounts will be supplied and certified by all Heads of Service to the Head of Finance.

Additions and deletions will be notified to the Head of Finance as they occur. Heads of Service will review the lists annually and confirm to the Head of Finance that this has been done.

There is no need to batch invoices as each invoice will be dealt with individually. Heads of Service must ensure that Authorised Signatories only sign invoices within their financial limits.

Once the invoice has been appropriately certified in accordance with the checks below, the Head of Service or other authorised officer intimated to the Head of Finance will pass it without delay to the Accounts Payable team to ensure any offer of cash discount for early payment is received and that financial penalties for late payment are avoided.

Invoices relating to non-electronic orders

The Head of each Service which incurs expenditure will arrange for the certification either in manuscript or electronically by an authorised signatory of their Service that all accounts and invoices for payment comply with the following:

- the expenditure is on items or services which it is within the Council's legal powers to incur;
- the goods, materials, services or work to which the account relates have been received or carried out and have been examined and approved and are in accordance with the order and the Goods Received Note;
- the prices, extensions, calculations, trade discounts, other allowances, credits and tax are correct;
- the relevant expenditure has been properly incurred and is within the relevant estimate provision;
- appropriate entries have been made in the inventories or stores/stock records as required;
- the appropriate financial ledger code numbers are entered on the document for payment.

Corporate Procurement have designed an invoice stamp that should either:

- be ordered and used by Services when invoices are approved manually.
- be set up as a stamp within Adobe to allow for the electronic signing of individual invoices.

Services should not amend the stamp in any way or use any other stamp.

Corporate Procurement are working on an electronic invoice approval workflow process (for non- electronic orders) through the Integra system. When this has been tested and rolled out across Services the need for manually stamping and signing invoices will no longer be the preferred option.

Invoices relating to electronic orders

The eProcurement systems have controls in place to ensure that only Authorised Officers (as approved by their Head of Service) can approve orders and invoices. The eProcurement systems 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. Any invoices that are out with the pre-set tolerances, will automatically be sent via the Integra electronic invoice certification process to the order approver to either accept or reject. There is therefore no requirement to use the invoice stamp or manually sign/authorise invoices for orders that have been processed through the eProcurement systems.

Procurement Cards

Procurement Cards may be used by Services for high volume transactions, one-off low value purchases and/or internet purchases.

All applications for a Procurement Card require to be authorised by a Head of Service, Manager (Grade 14 and above) or Head Teacher.

All transactions are required to be approved on the procurement card system by an authorised approver. The system is administered by Corporate Procurement. It is the responsibility of all card holders and approvers to ensure transactions are approved promptly.

The Council's monthly statement is processed for payment by Corporate Procurement and all transactions made by individual Services will be journalled against the appropriate finance code.

Duplicate Invoices

Payment will not be made on duplicate, photocopied or faxed invoices unless the appropriate Head of Service or other authorised officer within the appropriate Service certifies in writing that the amounts have not previously been passed for payment.

Pro-forma Invoices

Payment will not normally be made on 'pro-forma' invoices that state 'this is not a VAT invoice'. In exceptional circumstances where such payments may be made, it will not be possible for the Council to recover VAT.

Amendments to Invoices

No changes will be made to tax invoices which must instead be returned to the creditor for amendment and reissue.

IR35 – Off Payrolling

The only exception to the above statement is where the Council needs to comply with Off-Payroll Working in the Public Sector known as IR35 (Intermediaries legislation). Where applicable the Council will amend the invoice to reflect a deduction of both PAYE and National Insurance Contributions.

It will be the duty of each Head of Service who approves the engagement of services to ensure that the employment status has been determined in line with the IR35 Reforms, Status Determination Statements are produced and issued for all PSC arrangements and that relevant documentation is retained and is accessible for audit purposes.

Code of Financial Practice 11 – Contracts for Supplies, Services and Works

Contracts Register

The Corporate Procurement Unit (CPU) will maintain a record of all contracts held over the value of £10,000 on the Council's Corporate Contract Register.

The Corporate Register includes the following information:

- Contract Award date
- Contract Title
- Successful contractor(s)
- Contract Estimated Value
- Contract Start & End dates (excluding optional extensions)
- Period of extension

The Corporate Register will be published on the Council's external website.

Variations to Capital Contracts

All instructions to contractors on project work will be issued by the responsible officer using the appropriate official variation order procedure or via a formal Architect's Instruction (AI)

If it becomes apparent after the start of a project that it will be over or under spent by 0.5% or more, or if the phased expenditure for the current year is likely to vary significantly, it will be the duty of the appropriate Head of Service to report such variation immediately to the appropriate Directorate Project Board and thereafter to the Capital Programme and Asset Group (CPAG). Thereafter, an update will be provided to Cabinet on the action taken.

Claims from Contractors

Claims from contractors in respect of matters not clearly within the terms of any existing contract will be referred to the appropriate Service Executive Director, Head of Democratic Services for consideration of the Council's liability and to the Head of Finance for consideration before a settlement is reached.

Delay of Contract

Where completion of a contract is delayed it will be the duty of the responsible officer in consultation with the Head of Democratic Services to take appropriate action in respect of any claim for liquidate or other damages.

Interim Payment

Interim payments to contractors will be certified by the authorised officers responsible for the control and supervision of the work.

Procurement Guidance/Procedures

All matters relating to contracts should be conducted in accordance with the following Council Documents and other guidance that may be issued by the Council's Corporate Procurement Unit and Head of Democratic Services.

- Standing Orders Relating to Contracts
- North Ayrshire Council Procurement Manual
- Appropriate terms and conditions relating to the specific contract
- [HR Policy & Procedure: Engaging Agency Workers and Personal Service Companies](#)

Code of Financial Practice 12 – Assets

Asset Registers

Detailed registers of the Council’s assets will be maintained as follows:

- Housing properties – Head of Housing & Public Protection
- Other properties – Head of Sustainability, Transport & Corporate Property
- Fleet – Head of Sustainability, Transport & Corporate Property
- Open spaces - Head of Neighbourhood Services
- Roads - Head of Neighbourhood Services
- ICT – Head of People and ICT

Title Deeds

The Head of Democratic Services will have custody of all title deeds under secure arrangements.

Capital Accounting Register

The Head of Finance will maintain a register of all assets owned by the Council recording for each one the type of asset, asset value, asset life and depreciation policy. The information recorded in the fixed asset register will be subject to a de minimis asset value to be determined from time to time by the Head of Finance. The details contained within the fixed asset register will be reconciled annually with the asset registers.

Code of Financial Practice 13 – Stores and Inventories

Custody of Stores and Stocktaking

Arrangements made by Heads of Service for costing and stock control systems will be subject to the approval of the Head of Finance.

The care, custody and level of stores and equipment in any Service will be the responsibility of the appropriate Head of Service who will ensure that:

- stocktaking is carried out at regular intervals.
- 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 Delegated Functions.

All stock write-offs will be notified to the Head of Finance.

Heads of Service will supply the Head of Finance with a certificate within timescales laid down that states the financial value of stocks held at the year-end.

Inventories

Each Head of Service will ensure that inventories will be maintained at locations used by their staff.

Inventories will be maintained in accordance with the inventory procedures issued by Internal Audit.

Appendix 1 – Definition of Subjective and Objective Expenditure and Income Heads

Subjective Expenditure Heads

- Employee Costs
- Property Costs
- Supplies and Services
- Transport and Plant Costs
- Administration Costs
- Other Agencies & Bodies
- Transfer Payments
- Other Expenditure
- Capital Financing Costs

Subjective Income Heads

- Grants, Subsidies and Contributions
- Sales, Fees and Charges
- Other Income

Objective Expenditure Heads

- Corporate Services
 - Chief Executive
 - Democratic Services
 - Legal & Licensing
 - Policy, Performance & Elections
 - Communications
 - Civil Contingencies
 - Committee Services
 - Member Services
 - Information Governance
 - Ayrshire Area Support Team
 - Financial Services
 - Change Programme
 - Audit, Fraud, Safety & Insurance
 - Corporate Procurement
 - Financial Services
 - Revenues
 - Transformation
 - People and ICT
 - Employee Services
 - Human Resources and Organisational Development
 - ICT
 - Business Support
 - Customer Services

Objective Expenditure Heads (continued)

- Education
 - Early Years Education**
 - Primary Education**
 - Secondary Education**
 - Additional Support Needs**
 - Central Education
 - Pupil Equity Fund
 - Attainment Challenge
 - Facilities Management

- Place
 - Neighbourhood Services
 - Roads
 - Streetscene
 - Waste Resources
 - Economic Development, Growth & Regeneration
 - Economic Policy
 - Employability and Skills
 - Regeneration
 - Business
 - Growth & Investment
 - Sustainability, Transport and Corporate Property
 - Property Management & Investment
 - Housing Assets & Investment
 - Property Maintenance
 - Property Running Costs
 - Energy & Sustainability
 - Internal Transport

- Communities & Housing
 - Housing & Public Protection
 - Building Services
 - Works Scoping and Quality Assurance
 - Property Governance
 - Planning Services
 - Protective Services
 - Other Housing
 - Connected Communities

- Health and Social Care
 - All

- Other Corporate Items
 - Joint Boards
 - Other Corporate Costs
 - Financing Charges

** Virement within these objective heads in Education will be subject to the conditions of the Council's approved Scheme of Delegation to Schools.