

10. ACCOUNTING

10.1 GENERAL

All accounting procedures and records of the Council and its officers shall be determined by the Head of Finance, and all accounts and accounting records of the Council shall be compiled by the Head of Finance or under their direction .

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

- a Duties of providing information regarding sums due to or from the Council and of calculating, checking and recording these sums, shall be separated as completely as possible from the duty of collecting or disbursing them.
- b Officers charged with the duty of examining and checking the accounts of cash transactions shall not themselves be engaged in any of these transactions.
- c Each Chief Officer shall ensure observance by his or her department of year end instructions issued by the Head of Finance to properly determine the accurate accounting of expenditure and income in the proper financial year.

10.2 HEAD OF FINANCE RESPONSIBILITIES

The Head of Finance shall be responsible for the compilation of all accounts and accounting records of the Council, including the annual accounts in accordance with the latest Accounting Code of Practice.

The Head of Finance shall submit to the Council, not later than 30 June of each year, or such other date as may be prescribed by regulation or statute, an Abstract of Accounts for the previous financial year.

The Head of Finance shall, in consultation with the Director of Corporate Services, ensure that the audited copy of the abstract, together with the audit report, is laid before a meeting of the Council held not later than two months after receipt of certification.

The Head of Finance shall be responsible for providing all information required to allow members to be satisfied with the accuracy and adequacy of accounts and other financial statements.

10.3 RESPONSIBILITY OF COUNCILLORS FOR FINANCE MATTERS

In addition to the responsibilities of the Head of Finance and the Director of Corporate Services, the Councillors sitting on the Corporate Services Committee shall oversee the provision of financial information and ensure they are provided with all information from the Head of Finance which they feel is necessary to ensure that they are satisfied with the accuracy and adequacy of accounts and other financial statements. Appropriate training shall be provided to enable Councillors to fulfil this responsibility.

10.4 ASSET REGISTER

The Head of Finance shall maintain an Asset Register which shall record the assets of the Council and which shall support the Capital Accounting Framework. An asset for this purpose will include:

- land (both operational and non-operational);
- buildings (both operational and non-operational);
- infrastructural assets;
- major items of equipment (subject to a de minimis level of £5,000);
- vehicles; and

ANGUS COUNCIL FINANCIAL REGULATIONS

- any assets which have become surplus to requirements.

Chief Officers are responsible for ensuring that the Head of Finance is supplied with all the information necessary to maintain the Register. Such information should be supplied within one month of any transaction taking place, and will normally include:

- details (description of asset, monetary value, funding, date of transaction), of each and every asset acquisition or disposal;
- details of all major activities which could reasonably be expected to materially affect the value of an existing asset (eg improvements, partial demolition); and
- details of all assets which have become surplus to requirements.

10.5 FUNDS

The Head of Finance shall have the authority to set up, apply and maintain in accordance with Schedule 3 of the Local Government (Scotland) Act 1975 -

- a A Loans Fund relative to which they
 - i may borrow such sums as may be required to cover authorised capital or revenue expenditure as incurred, on short-term or long-term within the appropriate statutory limits, and according to the Treasury Management in the Public Services Code of Practice 2001, and the Statement of Recommended Local Authority Accounting Practice for the Calculation and Allocation of Interest on Revenue Balances.
 - ii shall have authority to make/receive premature repayment of any loan subject to payment by/to the Council of an appropriate penalty and administration charge.
- b A Capital Fund - known in Angus Council as the Local Capital Fund (LCF).
- c A Renewal and Repair Fund to be used for the purpose of defraying expenditure to be incurred from time to time in repairing, maintaining, replacing and renewing any buildings, works, equipment or articles belonging to the Council other than mobile vehicles or plant, and, in particular expenditure of a non-recurring or extraordinary nature on
 - i works or supplies approved and contracted for in any previous year.
 - ii approved works or supplies relevant to its purpose, other than those relating to mobile vehicles and plant.
 - iii relevant works or supplies necessitated by some contingency and authorised after a full report to the appropriate Committee and a recommendation to the Strategic Policy Committee.

There shall be paid into the Fund such amounts as shall be determined by the Council or the Corporate Services Committee, having regard to -

- i declared Departmental Revenue Budget underspends, prevailing at the end of the financial year, approved by the Head of Finance in consultation with the Chief Executive, the Director of Corporate Services and relevant Chief Officers.
- ii any balance brought forward from the previous year.
- iii the estimated expenditure on the items approved to be met from the Fund.
- iv any income expected to be raised by the Fund.

ANGUS COUNCIL FINANCIAL REGULATIONS

- v provision for contingencies requiring expenditure from the Fund.

Estimates of the state of the Fund and proposals for its application in the coming year shall be included in the annual estimates or such other reports to Committees as appropriate.

The Council operates six such Funds, as follows:

- Property;
- Roads ;
- Information Technology ;
- Print Unit ;
- Parks & Cemeteries; and
- Vehicles & Plant.

Policy Statements are in place for the guidance of Chief Officers seeking to utilise the Funds.

- d An Insurance Fund - in accordance with Schedule 13 of the Local Government etc (Scotland) Act 1994. The Fund should be used for the purposes of and maintained in accordance with the Local Authority Funds for Insured and Self-Insured Risks - Best Practice Guidance (June 1995) endorsed by LAA(S)AC.

Council/Head of Finance Responsibilities in relation to the Insurance Fund:-

- i to maintain accurate records of its past loss and claims experience for the risks that the Fund is designed to cover.
- ii to ensure that these records will be capable of identifying the total value of losses due to any specific risk for any particular insured or financial period.
- iii in order to establish a reliable base from which premia can be calculated, commensurate with claims and performance, it is recommended that claims experience for a minimum of three preceding years should be taken into consideration.
- iv the Council will assess its likely funding needs prior to the commencement of each insured or financial period, paying due attention to its past claims experience and to any on-going loss reduction or control projects that have been initiated.
- v the Fund should be protected against deterioration in loss experienced by the purchase of insurance cover, for the risks covered by the Fund, above the Council's stop loss insurance or the level considered by the Council to be its catastrophe threshold.
- vi the Council will obtain a regular independent valuation of the cumulative value of its Fund relative to its known claims, outstanding liabilities and projection of incidents incurred but not yet reported. Such a valuation should be undertaken no less than triennially and certified by a member of either the Institute of Actuaries or the Faculty of Actuaries.
- vii the Council will not plan for a deficit balance on the Fund. If a cash deficit arises then this will be made good by an immediate charge on the Council's General Fund and/or Housing Revenue Account (requiring approval of the Scottish Government). If an actuarial deficit arises then this will be made good by an increase in the premia from either the point in time at which the deficit is identified should funds be available or the beginning of the year after which the valuation took place and extending not longer than 3 years.
- viii the Insurance Funds will be invested in accordance with the Council's overall investment procedures and as permitted by paragraph 22 (3) of Schedule 3 of the Local Government (Scotland) Act 1975.

- e A Car Parking Reserve – in accordance with s.55 of the Road Traffic Regulation Act 1984. The uses to which the balance on the Car Park Reserve can be put are strictly defined by s.55. The principal uses are:-
- i meeting the cost of the provision and maintenance of off-street car parks
 - ii if the provision of further off-street car parking is unnecessary or undesirable the Council could elect to use the balance on the reserve for:
 - meeting the costs incurred in public transport services; or
 - road improvement projects.
- f Arbroath Harbour Contingency – the Council maintains the Arbroath Harbour Contingency for the purpose of defraying expenditure that may require to be incurred from time to time in undertaking works of repair, maintenance, replacement or renewal at the Arbroath Harbour. A contribution is made annually to the Contingency of 6% of the income on the Arbroath Harbour Trading Account.
- g Devolved School Management Reserve Funds – the Council has adopted a scheme of Devolved School Management (DSM) that devolves a significant proportion of the Education budget to individual schools.

Although no minimum balance exists, the Contingency has historically only been accessed for undertaking works of an emergency nature.

Within the framework of the scheme, each participating school can carry forward up to 10% of the devolved budget for use in the following financial year. This is achieved through making contributions to General Fund balances at the financial year-end that are earmarked for the purposes of Devolved School Management.

Any other Funds, Reserves or Contingencies shall only be established with the approval of the Corporate Services Committee.

10.6 CHIEF OFFICERS' RESPONSIBILITIES

- Each Chief Officer shall be required to appoint a Designated Officer who shall provide all necessary information requested by the Head of Finance to enable the compilation of the Abstract of Accounts.

This will include information on stocks, debtors, creditors, petty cash imprests and any other areas deemed necessary by the Head of Finance in order to fulfil their duties.

Each Chief Officer shall be responsible for assisting, where necessary and reasonable, staff of the Council's appointed external auditors insofar as they may require access to records (computer or otherwise), working papers and other documents.

Each Chief Officer shall also be responsible for providing information so as to allow the accurate, timeous and informative preparation of the Council's Annual Report and Accounts.

In consultation with the Head of Finance, each Chief Officer responsible for the administration of a particular Fund shall be responsible for the preparation and review (in accordance with paragraph 10.7 below) of a Policy Statement for that Fund.

For the purposes outlined above, Designated Officer is defined at paragraph [1.10](#).

10.7 PERIODIC REVIEWS OF FUNDS

To ensure the continuing relevance and adequacy of the Funds, the Head of Finance, in conjunction with the Chief Officer responsible for each Fund, shall undertake periodic reviews of these Funds.

**For clarification or any queries in respect of this section please contact
Gillian Woodcock on extension 6170**