



REPORT TO: MORAY COUNCIL ON 23 AUGUST 2023

SUBJECT: FINANCE POLICY REVIEWS

BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND FINANCE)

1. REASON FOR REPORT

1.1 To invite Council to approve changes to the Council's Financial Regulations, Authorisation Policy, Grant Funding Procedures and Anti Money Laundering Policy.

1.2 This report is submitted to Council in terms of Section II (16) of the Council's Scheme of Administration relating to the formulation, review and amendment of the Council's Constitutional Documents

2. RECOMMENDATION

2.1 It is recommended that Council is asked to consider the documents at (i) to (iv) and note that given their complexity, the following revised documents are open for comment by members until mid-September 2023 and will be further reviewed in the light of any comments received and brought back to the next meeting of Moray Council on 27 September for approval:

(i) the revised Financial Regulations set out in APPENDIX 1;

(ii) the revised Authorisation Policy set out in APPENDIX 2;

(iii) Grant Funding Procedures set out in APPENDIX 3; and

(iv) The Anti Money Laundering Policy set out in APPENDIX 4.

3. BACKGROUND

3.1 The Financial Regulations are part of the Council's constitutional documents and were last reviewed in January 2019. Amended text is in red, deleted text is scored through. Most of the amendments relate to Committee titles, service names and Chief Officer job titles. Substantive amendments are listed in paragraphs 3.2 to 3.7 below.

- 3.2 Paragraph 1.3 of the Financial Regulations sets out the position regarding Moray Integration Joint Board (MIJB), and enables NHS Grampian employees to act as budget managers for aligned budgets, with the proviso that they are subject to Moray Council Financial regulations when so acting.
- 3.3 The provision for additional budget requests to be made to Corporate Committee is removed, to conform to the current Scheme of Administration.
- 3.4 Provision is made for additions to the capital plan to be considered outwith the normal timetable in cases of emergency or where otherwise time-critical (paragraph 2.21 of the Financial Regulations).
- 3.5 Detail regarding grant paid or applied for is removed from the Financial Regulations and a separate Grant Funding Procedures submitted for approval at **APPENDIX 3**.
- 3.6 The ability for service committees to approve new charges outwith the normal review of charges for services is clarified in paragraph 4.11 of the Financial Regulations. This reflects long standing practice.
- 3.7 Consideration of leases is added as a separate section to reflect forthcoming accounting requirements (IFRS 16).
- 3.8 The Authorisation Policy as also last reviewed in January 2019. Amended text is in red with any deletions scored through. Paragraph 1.1 of the Authorisation Policy now includes arrangements for MIJB. Other amendments are minor.
- 3.9 A new document – Grant Funding Procedures – sets out the conditions which should apply when awarding grants to individuals or external organisations and when Council services apply to external organisations for funding. These are largely a codification of previous financial regulations but seek to give greater detail and therefore greater clarity for budget managers.
- 3.10 A new requirement recommended is that grants of over £20,000 should be approved by Committee. This is for transparency and good governance regarding Council resources.
- 3.11 The Grant Funding Procedures also define the three main types of payment to third parties – under contract, by way of grant, benefits – for clarity.
- 3.12 The Anti Money Laundering Policy has been reviewed and updated to refer to the latest legislation. There are no substantive variations in the Council's statutory duties and no major amendments are proposed however the threshold above which the Council will not accept payment in cash is proposed to be reduced to £500.
- 3.13 Given the complexity of the revised documents in **Appendices 1-4** comments and questions are welcomed at committee and over the following three weeks after which the revised drafts will be finalised in light of comments and recommended for approval to council at its meeting on 27 September 2023.

This process has worked to good effect for key governance documents previously.

4. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

Effective governance arrangements are key to the development and delivery of the Council's stated priorities and plans.

(b) Policy and Legal

There are no policy and legal implications arising directly from this report. Financial Regulations have been updated to take account of the Public Subsidy Act 2020.

(c) Financial implications

There are no financial implications arising directly from this report.

(d) Risk Implications

The Financial Regulations, Authorisation Policy, Grant Funding Procedures and Anti Money Laundering Policy are all documents which provide guidance and clear parameters to budget mangers and thus regulate the risk to the Council of poor financial management.

(e) Staffing Implications

No staffing implications arise directly from this report. Any proposals to award or apply for grants which require additional staffing resource to administer will be the subject of specific reports to the appropriate committee.

(f) Property

No direct property implications arise directly from this report.

(g) Equalities/Socio Economic Impact

There are no equalities implications or socio-economic impact arising from this report.

(h) Climate Change and Biodiversity Impacts

There are no direct climate change or biodiversity implications arising from this report.

(i) Consultations

All Heads of Service have been consulted on the contents of the Financial Regulations, the Authorisation Policy and the Grant Funding Procedures.

5. CONCLUSION

5.1 Updated Financial Regulations, Authorisation Policy and Anti Money Laundering Policy are attached for consultation.

5.2 Grant funding procedures have been drafted to cover the award of grants and applications for grant funding and will also be subject to consultation.

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Background Papers:
Ref: SPMAN-1293228629-878