

KIRKLEES COUNCIL

CONTRACT PROCEDURE
RULES

JUNE 2010

Version 10b

CONTRACT PROCEDURE RULES

DEFINITIONS

<u>Assets</u>	All property of the Council, and interests therein and including contractual rights, intellectual property rights, land easements and other property.
<u>“CPRs”</u>	These Contract Procedure Rules.
<u>Director</u>	The person responsible for the proper compliance with these Procedures whose name is included on a schedule approved by the Chief Executive. Except as indicated otherwise, a director may delegate authority to other persons to deliver their responsibilities.
<u>Disposal</u>	Sales, leases, licenses, grants of easements, franchises or other disposal of Council assets whether permanently or for a fixed period.
<u>EU Procurement Rules</u>	The rules on procurement for Supplies above the EU Threshold prescribed by the EU in Directives relating to works, supplies and services, as amended and supplemented by the European Court of Justice.
<u>EU Threshold/ (*)</u>	<p>The financial threshold from time to time at which the EU Procurement Rules are applicable to a Supply (currently works £3,927,260, supplies and services £156,442).</p> <p>In the text a * means the value will track the EU lower threshold; the value will be the EU lower threshold rounded to the nearest £10,000.</p>
<u>FPRs</u>	The Financial Procedure Rules.
<u>Grant</u>	A payment to a third party which is linked to outputs and outcomes which the council believes will be beneficial, but is not a contract for works, goods or services entered into by the council.
<u>Official Council Order</u>	A standard Corporate Order form for a supply for a value of less than £50,000.
<u>Framework Supplier</u>	A supplier (or group of Suppliers) with which the Council has agreed (following a competitive exercise) a framework of agreed standards and prices (Contract Procedure Rule 6).
<u>Procurement Strategy</u>	The Council’s Corporate Procurement Strategy, and an any associated Purchasing Policy and Codes of Practice

<u>Quotation:</u>	A written offer in relation to a Supply or Disposal of Assets making reference to a price and (where applicable) other information.
<u>SCMS</u>	The on line Supplier and Contract Management System used by the Council to operate E tenders and for the online management of suppliers and contracts and to advertise contracts.
<u>Service</u>	Any department, directorate or section responsible for delivering part of the Council's functions. It includes any subsidiary or semi independent organisation which will expect the Council to contract on its behalf.
<u>Specification:</u>	A written document detailing the manner of provision of the Supply, (for example type, quantity, quality, time, location, occasions), and the risks and obligations placed on the Supplier.
<u>Special Purpose Vehicle</u>	Companies (limited by shares, or otherwise) or any other legal entity, established by or in which the Council participates whether alone or with others to provide specific Supplies to the Council.
<u>Standing List</u>	A list of Suppliers prepared in accordance with Contract Procedure Rules 4.4 to 4.8.
<u>Supply</u>	The purchase, lease, hire or other procurement of any works, goods, or services, provided, or proposed to be provided, to the Council.
<u>Supplier</u>	Any person, partnership, company, or other organisation, which provides or offers to provide any Supply to the Council.
<u>“*”</u>	See “EU threshold”

CONTRACT PROCEDURE RULES

1. Compliance and Conduct of Officers and Members
2. Pre Contract Process Requirements
3. Value of Supplies
4. Quotation Process - Supplier Selection
5. Quotation Process - Receipt and Evaluation
6. Preferred Partner Suppliers
7. Exceptions
8. Use of supply consortia, internal suppliers and compulsory use of other suppliers
9. Negotiated Contracts
10. E-Commerce
11. Reporting
12. Contracts for Disposal
13. Contracts and Orders
14. Land and Property
15. Special Purpose Vehicles

CONTRACT PROCEDURE RULES

INTRODUCTION

These Contract Procedure Rules (CPRs) aim to promote the highest standard of probity, integrity, and impartiality in making a clear, understandable and fair selection of suppliers to the Council. Equally important is the delivery of Best Value through competitive procedures, and the avoidance of practices which may restrict, prevent or distort competition.

These processes cover the procurement of all Supplies (goods, works and services) and Disposal of Assets.

In implementing them, the overriding objectives are supported by the detailed rules, but these must be viewed with a degree of proportionality, recognising the value of and risk associated with the proposed action.

Procurement and disposals must be made within the Purchasing Policy, and other approved policies of the Council, and align with the duty of best value and the Council's Procurement Strategy.

They must be complied with strictly. They are minimum requirements. A more thorough procedure may be appropriate for particular Supplies.

EU Procurement Rules, which are often more onerous also apply to the procurement of all works, goods and many services exceeding the EU Threshold, and where there is a conflict between these CPRs and the European Directives, the European Directives prevail.

The Council's Financial Procedure Rules (FPRs) must also be complied with fully.

[1] COMPLIANCE AND CONDUCT OF OFFICERS AND MEMBERS

- 1.1 All Council employees, and any person or organisation working on behalf of the Council in arranging or managing a Supply, must comply with these CPRs, unless there is a specific decision of the Council or Cabinet, following consideration of a detailed written report setting out why these standard processes are inappropriate.
- 1.2 Each Director must ensure;
- (a) Compliance with these CPRs, using training, instruction and internal control processes;
 - (b) That records be kept to justify all decisions taken; and
 - (c) Appropriate supervision and performance management to ensure that decisions taken are subject to authorisation and quality control procedures.
- 1.3 Each Director may delegate actions to other officers, and should set a financial (or other) limit on the authority vested in individual officers to procure Supplies and keep appropriate records. Assistant Directors designated in these rules may also delegate authority to other officers and should establish the extent of authority vested to other individuals.
- 1.4 A contract may only be awarded where the Director has sufficient approved budget to meet the costs. For revenue contracts for services only the Director must be satisfied that there is likely to be sufficient ongoing funding to meet the contractual cost.
- 1.5 Subject to compliance with these CPRs and FPRs (and having appropriate delegated authority) a Director has authority to commence any procurement, subject to compliance with management processes designed to ensure that proposed projects meet the councils business needs, have appropriate arrangements for procurement and provide value for money.
- 1.6 A more prescriptive procurement regime must be followed where this is required by:
- EU Procurement Rules
 - UK domestic legislation
 - A grant funding organisation
- 1.7 Except where the Assistant Director Risk & Performance agrees otherwise, these CPRs apply in respect of any Supply obtained by another organisation, where the Council is providing a loan, or making a grant contribution of £50,000 or more.
- 1.8 Any officer or member of the Council and any person or organisation, when acting on the Council's behalf in relation to any contractual matter, directly or indirectly concerning the Council, must conduct themselves, such that the independence and integrity of these processes are maintained and seen to be maintained and there is compliance with the relevant officer or member Code of Conduct.

- 1.9 Failure to comply with these CPRs may result in disciplinary action against the officer(s) concerned.
- 1.10 The Assistant Director Physical Resources & Procurement, Solicitor to the Council and Assistant Director Risk & Performance may issue Guidance Notes to aid the interpretation of these CPRs. Any dispute concerning interpretation of these CPRs must be referred to the Assistant Director Risk & Performance who, in consultation with the Assistant Director Legal & Governance, may provide clarification and determination.
- 1.11 The Chief Executive may reassign the duties delegated in these Procedure Rules to the Assistant Director Physical Resources & Procurement, Assistant Director Risk & Performance and Assistant Director Legal & Governance, except that the post holders to whom these duties are assigned must hold general competencies in respect of;
- public sector procurement; duties reassigned from Assistant Director Physical Resources & Procurement,
 - finance; duties reassigned from Assistant Director Risk & Performance
 - law; duties reassigned from Assistant Director Legal & Governance,
- and these duties cannot be assigned to the same person.

[2] PRE CONTRACT PROCESS REQUIREMENTS

- 2.1 The Director must ensure:-
- * the procurement is justified by a business case and aligns with the Procurement Strategy.
 - * the procurement is likely to be within budgetary provision.
 - * the process can be adequately resourced.
 - * a procurement risk assessment has been carried out.
 - * the appointment of an officer to carry out supervision of the resultant contract(s) in accordance with FPR 21.8.
- 2.2 Before commencing any process to obtain any Supply having an estimated cost exceeding £50,000, the Director must consult with the Assistant Director Physical Resources & Procurement and (unless the Supply is to be obtained using an approved standard form of contract or process already agreed) the Assistant Director Legal & Governance.
- 2.3 The Director must provide to the Assistant Director Physical Resources & Procurement information necessary to enable the Council to comply with EU Procurement Rules. The Assistant Director Physical Resources & Procurement is responsible for ensuring the appropriate placing of notices in the Official Journal of the European Union (OJEU). Such notices may only be placed by officers authorised to do so by the Assistant Director Physical Resources & Procurement.
- 2.4 The Director must ensure that:-
- (1) each Supplier is technically competent.
 - (2) the Assistant Director Risk & Performance is satisfied regarding the financial standing of a proposed Supplier for any contract exceeding £ 150,000*.

- (3) there is compliance with any requirements or agreements regarding the use of in-house service suppliers, consortia and other suppliers whose usage is compulsory. (CPR 8)
 - (4) a schedule of evaluation criteria, appropriately prioritised is prepared, including as appropriate initial cost, operating and end of life costs, technical merit, quality, environmental impact, equality, and any other relevant consideration. (These criteria must not include non economically advantageous considerations).(see also 2.9)
 - (5) all procurement activity must comply with, as applicable, the Council's "Project Management Handbook" and "Framework for Successful Projects"
 - (6) Supplies of a similar type are procured together, and that orders are not split or aggregated for the purpose of avoiding the requirements of these Procedure Rules, EU Procurement Rules or any domestic legislation.
- 2.5 The Director must ensure the preparation of appropriate specifications, costs/pricing and other contract documentation. For all contracts exceeding £50,000, the Director must use approved standard documentation, or consult with the Assistant Director Legal & Governance who will prepare documentation appropriate for the contract.
- 2.6 The Director must ensure that an estimate of the full cost of the Supply is prepared. The value should be estimated by reference to the gross value of the contract (including installation and supplier maintenance, and any income gained by all Suppliers involved in the agreement). Where the contract is for more than one year the contract value is determined by multiplying the expected annual value by the initial contract term (including any option period). If a term is not specified, 4 years must be used. Any grant funding must be included in calculating the contract value. VAT is excluded.
- 2.7 These CPRs apply equally to the outright purchase, contract hire, lease, rental or any other form of procurement. Contract hire, lease and rental agreements require the specific advance approval of Assistant Director Accountancy.
- 2.8 Pre tender consultation with Suppliers must not prejudice any potential Supplier, and no technical advice may be sought or accepted from any Supplier in relation to the preparation of any Specification or contract documentation where this may distort competition, provide any unfair advantage or prejudice the equal treatment of all potential Suppliers.
- 2.9 In preparing a specification, the Director should consider how the procurement activity might meet the Council's wider policy and strategy but subject always to ensuring full compliance with EU and UK procurement legislation. Approaches to procurement must consider a whole life approach to commissioning, management and operation, and sustainability issues, as a part of design, specification and assessment (see also 2.4(4)).

2.10 The potential for collaboration with other public bodies must be considered when planning a procurement exercise.

[3] VALUE OF SUPPLIES

3.1 For Supplies involving an estimated value of below £200, any method of selection of a Supplier is permitted.

3.2 For Supplies involving an estimated value of between £200 and £15,000, any reasonable means to select the Supplier is permitted, Reasons must be kept to justify the decision taken.

3.3 For Supplies involving an estimated value above £15,000, one of the following processes will apply.

- ◆ Quotations - Supplier Selection (CPR 4)
- Receipt and Evaluation (CPR 5)
- ◆ Framework Suppliers (CPR 6)
- ◆ Exemptions (CPR 7)
- ◆ Internal, Consortia & Compulsory (CPR 8)
- ◆ Negotiated Contracts (CPR 9)

3.4 The Cabinet will determine the procedures leading to the award of any contract which a Director believes cannot be satisfactorily placed in accordance with the processes described in these CPRs.

3.5 These CPRs also apply to the selection of any nominated or named sub contractor, product or manufacturer whose use by a Supplier is a requirement of a contract specification.

[4] QUOTATIONS: SUPPLIER SELECTION

4.1 Quotations can be obtained:-

- a) By inviting Quotations from selected potential Suppliers (4.2 to 4.10)
- b) By open Quotation (4.9 & 4.10 (a))

4.2 Unless otherwise agreed with the Assistant Director Risk & Performance in consultation with the Assistant Director Legal & Governance, a Director must invite at least the following number of Suppliers to submit a written Quotation:

Estimated Value of Contract	Minimum Number
£15,000 to £50,000	3
£50,000 up to EU Threshold or £150000*	4
Above EU Threshold or £150,000* (whichever is lower)	5

The Suppliers must have indicated that they are willing to submit a Quotation. The selection of any potential Supplier to submit a Quotation must be on the basis of a consistent, fair, justifiable and rational method, approved by the Assistant Director Physical Resources & Procurement.

If it is not possible to identify the number of willing prospective suppliers indicated above, the Director must retain a record of the efforts made and reasons why (if known) an appropriate number of suppliers could not be identified.

- 4.3 The selected potential Suppliers will be chosen to submit quotations as follows.

Estimated Value of Contract	Standing List Exists	Selection of Supplier to Quote	
Above EU Threshold	All cases	Advertise on SCMS and OJEU- and in other media if appropriate	
Up to EU Threshold	Yes	From Standing List	4.4 to 4.8
Works above £350,000	No	Advertise on SCMS & other selection	4.9 to 4.10
Goods & Services £15,000 to £150,000	No	Advertise on SCMS & other selection	4.9 to 4.10
All other cases	No	Database or advertisement	4.9 to 4.10

Standing Lists: Creation and Usage

- 4.4 The Assistant Director Physical Resources & Procurement will determine for which types of Supply Council-wide Standing Lists will be kept. The Assistant Director Physical Resources & Procurement will be responsible for creation and maintenance of lists which will be used Council-wide by any Director requiring Supplies of that type.
- 4.5 Standing Lists will be created by the selection of Suppliers to be included from those responding to advertisements placed on at least the SCMS web site and one appropriate printed newspaper or journal. Standing Lists will remain valid for five years from creation. During that period the list will remain open to the addition of further Suppliers meeting the appropriate admission requirements. Lists must be renewed every 5 years.
- 4.6 Admission to the list should be on the basis of a rational, justifiable evaluation, of information submitted by prospective Suppliers relating to technical, financial and another relevant matters determined by the Assistant Director Physical Resources & Procurement . A written record of the evaluation of each prospective Supplier should be kept.

- 4.7 The Assistant Director Physical Resources & Procurement (in consultation with the Assistant Director Legal & Governance) may delete a Supplier from a Standing List only where there is appropriate written evidence justifying the action.
- 4.8 If there are insufficient Suppliers on a Standing List, or too few are willing to submit Quotations, (i.e. less than the numbers set out in 4.2), prospective suppliers for contracts exceeding £150,000* must be selected in accordance with 4.9 to 4.10.
- 4.9 If an open Standing List is not maintained and the estimated value exceeds £15,000 the Director must advertise for suppliers on the SCMS system and either
- a) if the estimated value exceeds £150,000* advertise for Suppliers in at least one newspaper or journal, or select Suppliers using a database approved by the Assistant Director Risk & Performance, or
 - b) if the estimated value is between £15,000 and £150,000* a Head of Service may also use any reasonable means to identify other appropriate suppliers.

In some circumstances, the Assistant Director Physical Resources & Procurement may determine that it is not necessary for procurements of value below £50,000 to be advertised on the SCMS where it appears unlikely that there will be interest from suppliers based in other EU Member States.

- 4.10 Considering both the identified and SCMS notified suppliers, the Director will decide if:
- a) all respondents are to be invited to submit a Quotation, or
 - b) all respondents be subject to an equal systems of evaluation to select the most appropriate suppliers to submit quotations.(per 4.6)

[5] QUOTATIONS: RECEIPT AND EVALUATION

- 5.1 A written Specification detailing the Council's expectations and requirements, and the contract conditions must be prepared. The documentation must include a clear pricing document and details of what other information is to be returned as part of the Quotation. It must set out the criteria which the Council will use to evaluate the Quotations. Subject to legislative compliance, this may include factors which demonstrably aim to achieve the Council's policy.

Invitations must state clearly the place, date and time of return. Quotations must be returned to;-

Estimated Value	Returned to
£15,000 to £49,999	Service
£50,000 and above	Assistant Director Legal & Governance

5.2 Quotations must be returned either in a sealed envelope inscribed with the words. "Quotation for" and contain no other wording or marking to identify the sender or these may be returned using approved electronic means.

Reference should also be made to CPR 10 (E-Commerce) where appropriate.

Receipt and Opening of Quotations

5.3 All of the written Quotations must be kept securely, unopened. If any Quotation bears any name or identifying mark of the Supplier, this should be removed or obliterated. All those received by the appointed time will be opened at one time by:

<u>Returned to</u>	Representative (at least)
Service	Two persons nominated by the Director who are independent of the process
Decision Support Unit	Independent persons nominated by the Assistant Director Legal & Governance and Assistant Director Risk & Performance

5.4 All Quotations must be opened at the same time, (including any submitted to any website) and the Director, or Assistant Director Legal & Governance (as appropriate) responsible will maintain a written record of the:-

1. nature of the Supply
2. name of each Supplier submitting a Quotation and the date/time of receipt
3. name of Suppliers failing to submit prices/proposal
4. prices from each Supplier
5. names of the persons present at the opening
6. date and time of opening of Quotations
7. any reason for rejecting any Quotation

and each person present at the opening will initial each Quotation document, alongside the submitted price.

Electronic quotations must be opened and recorded in accordance with the procedures established by the Assistant Director Physical Resources & Procurement and the Assistant Director Risk & Performance. E-mail quotations are not permitted, except where approved by the Assistant Director Physical Resources & Procurement.

All quotations received must be recorded in a database created for the purpose by the Assistant Director Physical Resources & Procurement (or

by such other means as approved by the Assistant Director Risk & Performance).

Late Quotations

- 5.5 Where there is evidence of reasonable efforts to submit a Quotation on time, it may be accepted when it is late, provided that the other Quotations have not been opened at the time of its delivery and the Supplier has gained no advantage as a consequence of the late submission. Any decision to accept a late quotation will be made by the Assistant Director Physical Resources & Procurement following approval by the Assistant Director Risk & Performance. Special arrangements apply to late electronic quotations as agreed between the Assistant Director Physical Resources & Procurement and the Assistant Director Risk & Performance.

Qualified Quotations

- 5.6 Suppliers must always be required to submit a compliant Quotation. Any variant Quotations which seek to change the Specification or other Contract documentation may be accepted by the Director, only after approval by the Assistant Director Risk & Performance.

Evaluation

- 5.7 The Director will carry out an evaluation of the Quotations received against the pre-set evaluation criteria (CPR 5.1) and keep a written record of the analysis and outcome and will consider the overall financial (and service delivery) impacts on the Council as a whole.

Award

- 5.8 If the amount of the Quotation proposed for acceptance is below £50,000, the Director may accept any Quotation, even if it is not the lowest cost (or largest income) and issue an official Council Order (and or other appropriate documentation) to the chosen Supplier. The order documentation to be used must be agreed by the Assistant Director Legal & Governance. The Director must clearly justify (in writing) the reasons for selection of a Supplier who has not submitted the lowest cost Quotation.
- 5.9 For Quotations of £50,000 or above;
- a) If after evaluation it is proposed to select the lowest cost Supplier, the Director will instruct the Assistant Director Legal & Governance to accept the Quotation and issue a contract.
 - b) If the proposal is to select a Supplier other than the one submitting the lowest cost Quotation, the Director must advise the Assistant Director Risk & Performance of the recommended Quotation, and the reasons for choice. When the Assistant Director Risk & Performance indicates satisfaction with the proposal to accept this Quotation, the Director may instruct the Assistant Director Legal & Governance to accept the Quotation and issue a contract.
 - c) The Assistant Director Legal & Governance must ensure that, where required by EU regulations, appropriate notices of intention to

award a contract to a particular supplier, or group of suppliers, are issued, and the necessary standstill period observed, prior to formal acceptance of the contract.

[6] FRAMEWORK SUPPLIERS

- 6.1 The Assistant Director Physical Resources & Procurement may determine that Supplies of a particular type are to be obtained from Framework Suppliers, and the standards to be established in the framework contracts. One or more Framework Suppliers may be selected for any type of Supply.
- 6.2 Framework Suppliers will be chosen by a competitive process in accordance with these rules, and be subject to advice from the Assistant Director Physical Resources & Procurement, Assistant Director Risk & Performance and the Assistant Director Legal & Governance.
- 6.3 All accepted offers will be in the form of a framework contract detailing the method by which the Council will call off Supplies during the duration of the contract and stating that there will be under no obligation to order any Supplies of any type from a Supplier. The Assistant Director Physical Resources & Procurement will ensure that the use of framework suppliers provides value for money, considering all procurement costs and alternative approaches.
- 6.5 The Assistant Director Physical Resources & Procurement will maintain a list of all Framework Supplier arrangements.

[7] EXCEPTIONS

<There are substantial restrictions on the use of exceptions to competition where EU Procurement Rules apply>

- 7.1 The following are exempted from the competitive requirements:
- a) Named products needed to be compatible with an existing installation, and available from only one Supplier.
 - b) Education or social care to meet an individual client need, requiring specialist provision, or necessary to accord with the Council's statutory obligations.
 - c) Grants awarded by the Council in accordance with an approved scheme.
 - d) The commissioning, or purchase of a work of art or similar.
 - e) Unique or specialist Supplies available from only one Supplier (this exception does not automatically justify the purchase of branded suppliers).
 - f) Items purchased or sold by public auction (in accordance with arrangements agreed by the Assistant Director Risk & Performance).
 - g) The selection of a Supplier whose usage is a condition of a grant funding approval.

- h) Where the Assistant Director Physical Resources & Procurement agrees that for the purposes of standardisation, or otherwise, the Council will obtain particular Supplies from named Suppliers, selected following a process compliant with these CPRs.
- i) Where the Assistant Director Physical Resources & Procurement does not believe that genuine competition can be obtained.
- j) Counsel, provided that the Assistant Director Legal & Governance takes steps to ensure that value for money is being obtained.
- k) A Supply required so urgently, (not due to any action, or inaction of the Council) as to prevent the compliance with these CPRs, with the prior agreement of the Assistant Director Risk & Performance.
- l) The selection of a Supplier on the instruction of a third party, providing the whole of the funding is met by the third party.
- m) Use of Office of Government Commerce and the other public authority framework contracts with prior agreement of the Assistant Director Physical Resources & Procurement.

7.2 The Director must make a written record of the justification for the selection of the Supplier. The Director must obtain the approval of the Assistant Director Physical Resources & Procurement before exercising the decision to apply an exception in respect of a supply valued in excess of £50,000.

[8] USE OF SUPPLY CONSORTIA, INTERNAL SUPPLIERS AND COMPULSORY USE OF OTHER SUPPLIERS

- 8.1 Supplies may be obtained without competition from a consortium of which the Council is a member. The Assistant Director Physical Resources & Procurement may authorise membership of a UK government sponsored supply consortium or the use of another local authority as a supplier (either directly, or through its procurement contracts) without competition (although subject to EU procurement rules). Membership of all other consortia requires the approval of Cabinet. The consortium must have followed clear written procurement policies and practices (e.g. its own contract procedure rules, or those of a named local authority), be compliant with relevant EU rules and these processes must be subject to an internal review process.
- 8.2 In respect of defined categories of goods, works and services the Assistant Director Physical Resources & Procurement may determine (following a competitive process) that the use of one (or more) Suppliers is compulsory.
- 8.3 Supplies must be obtained from other Council Services (which are capable of supplying them directly) without competition except where the Council has determined that Supplies of a particular kind will be subject to a competitive process.
- 8.4 The Assistant Director Physical Resources & Procurement will maintain a list of approved consortia and Council "trading services".

- 8.5 Any decision to outsource an activity currently delivered by a Council Service exceeding £100,000 per annum in value must be approved by Cabinet. This does not apply to services provided in schools or to individual construction or design tasks awarded on an ad hoc basis where the continued employment of existing staff is not affected.

[9] NEGOTIATED CONTRACTS

< There are substantial restrictions on the use of negotiated contracts where EU Procurement Rules apply >

Occasions for Use

9.1 There may be occasions where

- (a) The Director and Assistant Director Physical Resources & Procurement agree that the usual arrangements for Supply are inappropriate and a Supply may be negotiated with a particular Supplier.
- (b) Following receipt of Quotations for the Supply the Director and the Assistant Director Physical Resources & Procurement agree that it is appropriate to seek to reduce the overall cost, or change other terms of the Supply by negotiation with one or more Suppliers which have submitted Quotations.
- (c) It is appropriate for the Director and Assistant Director Physical Resources & Procurement to agree to the negotiation of a repeat, continuation or serial contract with an existing Supplier, by reference to the original Quotation for the Supply.

Note in the above, in order to achieve internal check, the Assistant Director Physical Resources & Procurement alone cannot reach such decisions. Where the Assistant Director Physical Resources & Procurement is acting in the capacity also as Director, there must be consultation with the Assistant Director Risk & Performance.

Process

9.2 Negotiations must be undertaken by at least two Council Officers at least one of whom must be independent of the process and included on a list of approved negotiators kept by the Assistant Director Physical Resources & Procurement.

Legal Issues

9.3 The Assistant Director Legal & Governance must be consulted in advance of any negotiation in respect of any contract estimated to exceed £50,000.

Award

9.4 When the terms for a negotiated Supply have been provisionally agreed the Director may accept it if the value is below £50,000 and issue an official Council order and or appropriate documentation to the Supplier. Above this amount, the Director must advise the Assistant Director Risk &

Performance of the proposed terms of the negotiated Supply including its cost and the reason for choice. When the Assistant Director Risk & Performance indicates that he is satisfied with the arrangement, the Director may then instruct the Assistant Director Legal & Governance to accept the arrangement and issue a contract.

Recording

- 9.5 The Director must keep a written record of the reasons for using a negotiated procedure, the methodology and outcomes of the negotiation.

[10] E-COMMERCE

- 10.1 The internet may be used as a means of obtaining comparative pricing for all Supplies with an estimated value below £15,000.
- 10.2 Quotation documentation may be distributed to any prospective Supplier by electronic means (e.g. E-mail or disk). However any Supplier so wishing will be entitled to receive a paper copy of all Quotation documentation (except where purchasing in accordance with EU rules related to “Dynamic Purchasing Systems”, where it is only permissible to establish a systems, and award contracts electronically) This is sometimes known as an e auction.
- 10.3 When the Assistant Director Physical Resources & Procurement determines, in consultation with the Director, that the Council will accept E- Quotations in respect of a supply, all E-Quotations in excess of £15,000 must be submitted formally through the SCMS system, and these will be managed and opened in accordance with the recorded processes and systems of the website. Quotations so received will be recorded in accordance with CPR 5.4. Records of electronic tenders will be recorded (additionally) on a write once only disk, which will be signed and dated by those present at the opening of the quotations and retained by the Assistant Director Risk & Performance.
- 10.4 Any Supplier is entitled to submit all Quotations and other documentation on paper-based media in accordance with the process declared at CPR 5.1 to 5.4 .
- 10.5 The use of or participation in internet auctions is permitted, with the written agreement of the Assistant Director Risk & Performance , and subject to supervision by the Assistant Director Physical Resources & Procurement.

[11] REPORTING.

- 11.1 Directors must keep detailed written records of all stages and all actions taken in reaching conclusions leading to the selection of a particular Supplier or Disposal of an Asset, and provide to the Assistant Director of Physical Resources and Procurement ,when requested;
- (a) Details of all contracts awarded for Supplies of £50,000 or above following a competitive process, including the name of the Supplier and amount of the Quotation and if the chosen supplier was not the cheapest, then the same information in relation to unsuccessful Suppliers, and the reason why the successful Supplier was chosen.

- (b) Details of all contracts awarded for Supplies of £50,000 or above, which result from negotiation including the reason for negotiation and the name of the successful Supplier and value of the contract.
 - (c) Details of all contracts awarded for supplies of £15,000 or above which a Director considered to be exempt from the competitive requirements by virtue of CPR 7.1, including the reason for the exemption.
- 11.3 The Assistant Director Physical Resources & Procurement will produce an annual procurement report, for consideration by the Corporate Governance & Audit Committee.

[12] CONTRACTS FOR DISPOSAL

- 12.1 The procedure for the Disposal of Assets (other than those set out in 12.2) is;
- a) Assets valued at below £200 may be disposed of by any means.
 - b) Assets valued at between £200 and up to £15,000 must be disposed of by a method chosen by the Director and a written justification of the choice retained.
 - c) Assets valued between £15,000 and up to £50,000 must involve either a Quotation process involving at least 3 prospective purchasers or public auction.
 - d) Assets valued at £50,000 or above must be disposed of only following public advertisement by either Quotation or public auction.

In respect of (c) and (d) above the availability should also be advertised on the SCMS.

- 12.2 Notwithstanding 12.1;
- a) The Assistant Director Physical Resources & Procurement (and any other Director authorised so to do) will arrange the sale of interests in land and property erected on it (including leases, licences and easements) by other means set out in delegated authority from the Council as amended from time to time.
 - b) Where land and any property erected on it, is sold by Quotation or at a public auction, the Assistant Director Physical Resources & Procurement must submit a sealed minimum valuation prepared on a professional basis for consideration alongside the Quotations or bids submitted. The Director is not empowered to accept the Quotations or bids if the amounts concerned are less than the amount contained in the sealed valuation.
- 12.3 Directors must ensure compliance with corporate asset disposal arrangements approved by the Assistant Director Physical Resources & Procurement, including the offering of surplus assets for use by other Services.

- 12.4 Leased assets (excluding land and property) must be disposed of only in accordance with the instruction of the lessor.
- 12.5 Written records must be maintained of all actions taken regarding the Disposal of Assets.

[13] CONTRACTS & ORDERS

13.1 The procurement of all supplies (and the provision of supplies to outside bodies) up to £50,000 can be made by the Director or officers authorized by the Director either :-

- (a) By the issue of an official electronic Council order; or
- (b) By the issue under signature of a written Council order; or
- (c) In accordance with other procurement arrangements agreed with the Assistant Director Physical Resources & Procurement; or
- (d) By a contract approved by the Assistant Director Legal & Governance.

If the Director and Assistant Director Legal & Governance agree that it is appropriate for the contract to be sealed (or if it is required by law), the contract will be executed by the Assistant Director Legal & Governance.

13.2 The procurement of all supplies (and the provision of supplies to outside bodies) of £50,000 and above must be made by a contract, in writing, issued by the Assistant Director Legal & Governance.

Every contract must be either:-

- a) Made under the common seal of the council, attested by one officer,
or
- b) Signed by two officers

who are Legal Officers nominated by the Assistant Director Legal & Governance, except where clause 13.4 below applies.

13.3 Every contract must set out:

- a) Details of the Supply to be made or Asset to be disposed of;
- b) The price or prices to be paid or received and/or the amounts and frequency or the method of calculation of contract payments with a statement of discounts or other deductions;
- c) The time(s) within which the contract is to be performed; and
- d) Such other matters as the Assistant Director Legal & Governance considers to be necessary.

13.4 The Assistant Director Legal & Governance (or nominee) may authorise other nominated officers to sign specific or specialist contracts for Supplies of £50,000 or above. Two authorised officers must sign each such contract.

- 13.5 In respect of any contract valued at less than £50,000 where a Director believes that an official Council Order may be inappropriate they must consult the Assistant Director Legal & Governance
- 13.6 Supplier standard Contracts must not be signed by any officer except when agreed by the Assistant Director Legal & Governance.
- 13.7 All contracts in excess of £250,000 will be bonded in the sum of 10% of the Quotation value, except where the Assistant Director Legal & Governance and Assistant Director Risk & Performance agree either:
- a) A bond is not necessary; or
 - b) A different value (or percentage) is appropriate; and or
 - c) A parent company guarantee or other form of surety can be accepted instead.
- 13.8 The Assistant Director Legal & Governance may release any bond held by the Council, on request from the Assistant Director Physical Resources & Procurement.
- 13.9 A Director, in consultation with the relevant Executive Member, and the Assistant Director Legal & Governance, has the power to terminate any contract in the event of any breach of contract justifying termination, where in the opinion of these officers no other remedy is appropriate. The reason for termination and any consequences must be reported to the next meeting of the Cabinet.
- 13.10 The Assistant Director Legal & Governance is entitled to sign any other contract, not covered otherwise by these CPRs, or another delegation agreement , to procure or sell any item, subject to this being approved by the Council.

[14] LAND & PROPERTY

- 14.1 Procurement of land and property will be by the means described in these rules. However it is acknowledged that the unique nature of property transactions sometimes requires procurement by other means, in accordance with the powers delegated to the Assistant Director Physical Resources & Procurement. The Assistant Director Physical Resources & Procurement must be consulted in respect of property purchase, lease or licence of any value.

[15] SPECIAL PURPOSE VEHICLES

- 15.1 A Special Purpose Vehicle (as a limited liability company or otherwise) to be wholly or partially owned or controlled by the Council, will only be formed or joined on the approval of the Cabinet, following a detailed evaluation by the Assistant Director Legal & Governance and Director of Finance & Performance. This does not apply to any purchase of shares or similar for the purpose of investment.

KIRKLEES COUNCIL

FINANCIAL PROCEDURE RULES

MAY 2010

Financial Procedure Rules

Introduction

These Financial Procedure Rules set out the framework which the Council will use in managing its financial affairs. They set out levels of responsibility and give authority to the Cabinet, Members and Officers and are intended to promote good practice in the use of public funds.

A guide to the Financial Procedure Rules will be published on the Intranet to help users understand and implement good financial management. Users should contact the Director of Finance & Performance or his staff if assistance or clarification is needed.

Contents

1. Financial Governance
2. Revenue Budget Preparation and Management Revenue Budget
3. Capital Investment Plan Preparation and Management
4. Financial Systems, Procedures and Grants
5. Internal Audit
6. Insurance
7. Assets
8. Security
9. Treasury Management
10. Banking Arrangements, Cheque Signing and Imprest Accounts
11. Income
12. Payment of Invoices
13. Payment Cards
14. Salaries, Wages and Pensions
15. Travel, Subsistence and other Allowances
16. Taxation
17. Gifts and Hospitality
18. Working with Clients and Contractors
19. Unofficial and Voluntary Funds
20. Financial Control of Partnerships, Joint Ventures, Associated Organisations and Similar Arrangements.
21. Purchasing of Works, Goods and Services

Financial Procedure Rules
Definitions

Activity Budget	A standard sub division of a Service Budget
Asset	An item belonging to the Council. Can include contractual rights to receive or provide a service or use property.
Associated Organisation	An organisation in which the Council has a majority or substantial shareholding, or exercises substantial influence through its funding of the organisation.
Business Case	A written document, setting out the reasons for a project, including analysis of options, risks and resources needed.
Cabinet Member	A single member of the Cabinet.
Director	The person responsible for the proper compliance with these procedures whose name is included on a schedule approved by the Chief Executive.
Irregularity	An unexpected or inappropriate event or behaviour
Medium Term Financial Plan	Three year Revenue Budget Plan and Capital Investment Plan
Officer	An employee of the Council or other person contracted to carry out functions where these Financial Procedure Rules apply.
Partnership	Any organisation with which the Council has a formal or informal agreement to act together.
Programme Area	A group of projects having a similar purpose in the Capital Investment Plan
Project	A single scheme included separately in the Capital Investment Plan, or as a part of a programme area.
Rollover	A mechanism for transferring budgets between financial year.
Service Budget	The budget associated with each Service Plan
Service Plan	A statement of objectives plans, performance measures and the use of resources for a Service.
Virement	The transfer of resources from one budget to another

1. FINANCIAL GOVERNANCE

- 1.1 The Council has a statutory duty to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has responsibility for the administration of those affairs. The Council has resolved that the Director of Finance & Performance is the responsible officer.
- 1.2 The Council will approve Financial Procedure Rules to be used by all members and officers.
- 1.3 The Corporate Governance & Audit Committee is responsible for approving the Council's Annual Statement of Accounts
- 1.4 The Cabinet is responsible for ensuring that the Financial Procedure Rules are followed across the Council. The Cabinet is also responsible for reviewing the Financial Procedure Rules at least every three years and for making recommendations for any changes to the Council.
- 1.5 The Cabinet is responsible for approving the Council's risk management policy statement and strategy and for reviewing the effectiveness of risk management arrangements.
- 1.6 The Director of Finance & Performance is responsible for the proper administration of the Council's financial affairs, and particularly for:-
 - a) providing financial advice and information to members and officers;
 - b) setting standards for good financial management and monitoring compliance with those standards;
 - c) advising on the key financial controls necessary to secure sound financial management;
 - d) ensuring that proper systems of internal control are operated;
 - e) co-ordinating the preparation of the Revenue Budget and the Capital Investment Plan;
 - f) determining the accounting policies and financial procedures and records for the Council;
 - g) preparing the annual financial statements in accordance with the relevant accounting standards and codes of practice;
 - h) treasury management activities;
 - i) preparing a risk management policy statement and promoting it throughout the Council;
 - j) maintaining an effective internal audit function;
 - k) ensuring proper professional practices are maintained within the finance function; and
 - l) managing the Council's taxation affairs.
- 1.7 The Director of Finance & Performance must report to the Council if :-
 - a) a decision has been made, or is about to be made, which involves the incurring of expenditure which is unlawful; or
 - b) there has been, or is about to be, an unlawful action resulting in a financial loss to the Council.

- 1.8 The Director of Finance & Performance may issue any instruction intended to fulfil these responsibilities and is entitled to any information or explanations as he/she may require.
- 1.9 Directors must ensure that financial systems and procedures used in their service area are adequate to record and control all transactions and to achieve adequate levels of internal check and control.
- 1.10 Directors must make arrangements to ensure that all Officers involved in financial matters are aware of, and competent in the use of, these Financial Procedure Rules. The extent of delegated authority to officers must be recorded.
- 1.11 Directors must ensure that the financial implications of all proposals have been agreed with the Director of Finance & Performance and reported to Cabinet.
- 1.12 Where, as a result of legislation or decision of the Council, part of the Council's functions are delivered by an associated organisation including any partnerships of which the council is a member or participant, funded partly or wholly by the Council, the organisation must submit for approval by the Council its own arrangements for corporate governance. These arrangements will incorporate the spirit of the Council's Financial Procedure Rules, and will include the Council's right of access to financial information about the associated organisation.
- 1.13 Schools with delegated budgets are subject to, and must comply with, the 'Kirklees Scheme for Financing Schools', which has tailored these Financial Procedure Rules for use in those Schools.
- 1.14 A reference in the Financial Procedure Rules:-
- a) to a Director includes where appropriate the Chief Executive.
 - b) to the Cabinet includes Cabinet committees;
 - c) to the Director of Finance & Performance includes his or her nominees; and
 - d) to an officer means any employee of the Council, or other persons contracted to carry out functions where these Financial Procedure Rules apply.

2. **REVENUE BUDGET PREPARATION AND MANAGEMENT**

Responsibilities

- 2.1 The Council is responsible for determining the Council's Medium Term Financial Plan comprising Three year Revenue Budget Plan and Capital Investment Plan and setting the levels of Council Tax.
- 2.2 The Cabinet is responsible for recommending to the Council a Medium Term Financial Plan comprising Three year Revenue Budget Plan and Capital Investment Plan and for implementing it when determined.

Budget Preparation

- 2.3 The Cabinet will submit to the October meeting of the Council each year a provisional budget strategy for the following three years, and Budget Planning Totals for all services and central budgets.
- 2.4 The Cabinet will make arrangements to consult with the public on the budget options being considered.
- 2.5 Directors will by 31st December produce draft service plans and budgets in accordance with the Budget Planning Totals. These draft plans will explain the service changes proposed to be made, taking into account performance targets and the resources allocated.
- 2.6 The Cabinet will consider these proposals in detail and make its recommendations to the Council at least 14 days before the date set for the meeting of the Council which will determine the budget.
- 2.7 The Director of Finance & Performance is responsible for providing financial information on all the draft service plans including any amendments put forward as part of the Councils budget process and on the extent of change in service levels or efficiency in the proposals.
- 2.8 The Director of Finance & Performance will advise the Cabinet and the Council on the overall budget, the levels of Council Tax, the use of reserves and the need for contingency budgets, and on the risks involved in the forecasts of spending levels and income.

Budget Management

- 2.9 The Cabinet is responsible for implementing Service and Corporate Plans within the resources allocated in the Revenue Budget. The Cabinet will provide summary monitoring information to the Council at least twice per year.
- 2.10 Virement is the transfer of resources from one budget heading to another.
- 2.11 The Cabinet is authorised to transfer resources of up to £100,000 between activity budgets and also greater amounts subject only to the maximum amount of virement on any one activity not exceeding 10% of the original budget, or £1m, whichever is the smaller.

- 2.12 Directors, in consultation with executive members, are authorised to transfer resources within a service budget subject only to the maximum amount of virement on any one activity not exceeding 5% or £100,000, whichever is the smaller. Virement which is associated with a change in the level of service from that set out in the service plan must be approved by the Cabinet.
- 2.13
- 2.14 Directors are authorised to transfer resources within an activity budget without limit providing the service plan for the activity is not changed in a material way. The receipt and use of grants not included in the service plan will usually be a material charge.
- 2.15 Virement is specifically not allowed where the transfer of resources is from budgets for capital charges and statutory taxes and levies.
- 2.16 All virement will be recorded in a way prescribed by the Director of Finance & Performance, who will arrange for virements to be incorporated into subsequent financial monitoring reported to the Cabinet
- 2.17 Directors are authorised to incur any expenditure included in the approved revenue budget for the Service, as amended by any virement including obtaining and accepting quotations and providing grants and loans, subject to other requirements of CPRs and FPRs.
- 2.18 Directors are responsible for managing budgets within their delegated authority. They must take action to avoid overspending budgets and report any difficulties to the Director of Finance & Performance.
- 2.19 Directors should delegate authority to commit budgets to the appropriate level of management, make arrangements to set out clearly the extent of authority of managers, and review the performance of managers in managing these budgets.
- 2.20 Directors must prepare regular reports on budget management, and report to the Director of Finance & Performance . These reports must be in a format and to a timetable prescribed by the Director of Finance & Performance.
- a) Where a Director is reporting a projected overspending of more than £200,000 and 1% of the service budget, or in all cases an overspending of more than £500,000, Director must prepare a report to Cabinet setting out the reasons for the overspending and options for eliminating or reducing the overspending.
- b) When a Director reports under FRP 2.20a, the Cabinet is responsible for determining an action plan.
- c) the Cabinet is responsible for monitoring the implementation of the action plan, and for taking such further steps as are necessary to align activity with resources.

- 2.21 The Director of Finance & Performance will report to the Cabinet on the overall management of the Revenue Budget at least four times per year.
- 2.22 The Director of Finance & Performance is accountable for all contingency budgets, which will be managed in the same way as service and activity budgets.
- 2.23 Where, as a result of a mistake or error by an officer, the Council becomes liable for any charges, penalties or additional expenses, such costs will be met by the Service in which the error is made.

Rollover

- 2.24 Rollover is a mechanism for transferring budget provisions from one year to the next, or vice versa.
- 2.25 The Council is responsible for determining changes to the Council's Revenue Budget arising from the rollover process.
- 2.26 The Cabinet is responsible for recommending changes to the Revenue Budget arising from the rollover process.
- 2.27 In the rollover process, there will be a presumption that underspendings of up to 5% or £20,000 whichever is the larger of an activity budget will be allowed to be carried forward and that all overspendings will be recovered in the following financial year.

The Council, in determining the Revenue Budget for a particular year, will also determine the arrangements for rollover for that year.

- 2.28 After the end of each financial year, the Director of Finance & Performance will report to the Cabinet and the Council on the financial performance of each service and of the Council as a whole.

3. CAPITAL INVESTMENT PLAN PREPARATION AND MANAGEMENT

Responsibilities

- 3.1 The Council is responsible for determining the Council's Capital Investment Plan.
- 3.2 The Cabinet is responsible for recommending to the Council a multi-year Capital Investment Plan and for implementing it when determined.
- 3.3 All capital investment must be made in recognition of the CIPFA 'Prudential Code for Capital Expenditure', and take account of inter alia, affordability, prudence and financial sustainability, value for money, stewardship, organisational objectives, and practicality. In order to achieve this, Directors must prepare a business case in respect of each project (or programme), (see 3.20), and the Director of Finance & Performance must confirm the reliability

of the capital plan (by risk assessment and sensitivity analysis) and assess and report to Cabinet on the revenue effects of the capital plan (financing, additional running costs, savings and income). The Cabinet must approve the overall capital programme (see 3.6 - 3.8), and the prudential indicators and limits (see 9.5).

Capital Investment Plan Preparation

- 3.4 The Director of Finance & Performance will advise the Cabinet and the Council on the overall Capital Investment Plan and levels of funding available.
- 3.5 In accordance with a timetable prepared by the director of Finance & Performance, Directors will prepare draft investment plans in accordance with the planning totals.
- 3.6 The Cabinet will consider these proposals in detail and make its recommendations to the Council at the same time as the proposed Revenue Budget (see FPR 2.6).
- 3.7 The Council will determine allocations to projects and programme areas.
- 3.8 The Cabinet will determine the subsequent allocations of resources from programme areas to projects.
- 3.9 Directors are responsible for providing details of all projects in a format prescribed by the Director of Finance & Performance.

Plan Management

- 3.11 The Cabinet is responsible for implementing the Capital Investment Plan within the resources allocated. The Cabinet will provide summary monitoring information to the Council at least twice year.
- 3.12 The Cabinet is authorised to transfer resources between programme areas, subject only to the maximum amount of virement in any one year on any programme not exceeding 10% or £500,000, whichever is the smaller. Where the 10% is less than £100,000, virement of £100,000 will be allowed. The 10% limit does not apply to transfers from the Capital Contingency.
- 3.13 The Cabinet is authorised to transfer resources within a programme area without restrictions.
- 3.14 The Cabinet may delegate its authority under Financial Procedure Rules 3.12 and 3.13 to individual Cabinet members, to Area Committees to officers, or, in the case of the Housing Investment Plan, to the Board of Kirklees Neighbourhood Housing Limited. The Cabinet is required to determine arrangements for delegation, which may differ between service areas.¹

¹ The Cabinet may delegate to Directors its authority to exercise virement within a programme area, provided that: -

- 3.15 All virement will be recorded in a way prescribed by the Director of Finance & Performance, who will arrange for virements to be reported to the Cabinet.
- 3.16 Directors are responsible for managing programmes and projects. They must take action to avoid overspending the amounts provided in the Capital Investment Plan and report any difficulties to the Director of Finance & Performance.
- 3.17 Directors must prepare regular reports on the progress of projects in a format and to a timetable prescribed by the Director of Finance & Performance.
- 3.18 The Director of Finance & Performance will report to the Cabinet on the overall management of the Capital Investment Plan at least four times per year.
- 3.19 The inclusion of a project within the Capital Plan confers authority to proceed with planning applications and the completion of feasibility studies and option appraisals.
- 3.20 Executive Management Group may establish a Board to oversee investment in capital programmes and projects (and revenue projects as approved by EMG). This Board will consider business cases and has authority to give instruction to Directors and provide advice to Cabinet in relation to delivery of investment. Directors must prepare a business case which refers to service objectives, asset stewardship, affordability, financial sustainability (including costs of financing, additional running costs, operational savings, and additional income attributable to the project), practicality, option appraisal, and a risk assessment and sensitivity analysis for the project, before proceeding to detailed project design or land acquisition. The business case should be prepared in a format prescribed by the Director of Finance & Performance and must be approved by the Cabinet. The Cabinet will in some instances decide that the business case should be prepared for a whole programme area, or a group of projects. The Cabinet may delegate its authority to approve business cases to individual Cabinet members, and to Area Committees.
- 3.21 Once a business case is approved, Directors are authorised to proceed to detailed design and to commit to contracts providing: -
- a) that the total costs of a project including tenders or quotations, fees etc, are estimated to be less than or equal to the amount approved in the business case and the Capital Investment Plan; or

-
- a) the spending on the whole programme area being contained within the resources allocated;
- b) the virement of additional resources into or from a project being less than the tolerance levels set out in Financial Procedure Rule 3.21, or £25,000 whichever is the larger; and
- (c) Directors report retrospectively to Cabinet on the use of this authority as part of the quarterly monitoring on the Capital Plan.

- b) that where the total costs of a project exceed the amount approved in the business case and the Capital Plan and the excess is within agreed tolerance levels, the appropriate virement has been approved;
- c) all necessary external approvals, if any, have been obtained;
- d) the incurring of the expenditure has been authorised by the Director of Finance & Performance; and
- e) that any contracts over £50,000 have been signed by the Assistant Director Legal & Governance

3.22 The tolerance levels set out in Financial Procedure Rule 3.21 will be calculated by taking the square root of the Capital Investment Plan provision for the project, expressed in £ thousands.

3.23 The Director of Finance & Performance will authorise the incurring of the full project costs provided he/she is satisfied that the approval will not give rise to any further expenditure not provided for in either the Capital Investment Plan or the Revenue Budget.

3.24 After the completion of a project, the Director must prepare reports to the Cabinet setting out the outcomes from the project and whether these matched the planned outcomes set out in the business cases. The Director of Finance & Performance will establish procedures for post implementation reviews of capital and other projects (exceeding £250,000) to assess the outcome of the project, and the extent to which these achieved the planned outcomes set out in the business case. These will be considered by the Board established for the purposes of project management (3.20), and reported in summary to Cabinet at least once per annum.

4. FINANCIAL SYSTEMS, PROCEDURES AND GRANTS

4.1 The Director of Finance & Performance is responsible for the operation of the Councils accounting systems, the form of accounts and the supporting financial records. Any changes to the existing financial systems or the establishment of new systems must be approved by the Director of Finance & Performance.

4.2 Any changes to financial procedures to meet the specific needs of a Service must be agreed between the Director and the Director of Finance & Performance .

4.3 Directors must ensure that officers understand and are competent to undertake their financial responsibilities and receive relevant financial training that has been approved by the Director of Finance & Performance .

- 4.4 Directors are responsible for the proper operation of financial processes in their own departments and must ensure that all financial, costing, and other statistical information is recorded fully and accurately.
- 4.5 Directors must ensure that financial documents are retained in accordance with the Council's approved retention schedule.
- 4.6 As far as practicable, Directors must make arrangements for the separation of duties between the carrying out of transactions and the examining and checking of transactions.
- 4.7 Directors in consultation with Cabinet Members, may apply for grants from any funding body, providing the proposed activity is consistent with the approved service plan and Council policy.
- 4.8 Directors must ensure a detailed business case is prepared, in consultation with the Director of Finance & Performance, in respect of any grant offer. Any material grant conditions must be agreed with the Assistant Director Legal & Governance
- 4.9 Directors are authorised to accept any offer of grant and subsequent grant conditions up to a maximum of £100,000, or 5% of the gross revenue budget (capital plan where the grant funding is for capital purposes) for the activity, whichever is the higher.
- 4.10 The Director of Finance & Performance in consultation with the Assistant Director Legal & Governance and the appropriate Director is authorised to apply for, and or approve the acceptance of grants in all other circumstances.
- 4.11 Grant claims, financial returns and submissions must be completed by the relevant Director and passed where a Government Department or the Director of Finance & Performance so requires, via the Director of Finance & Performance to the relevant government department, agency or organisation.

5. **INTERNAL AUDIT**

Responsibility & Authority

- 5.1 The Director of Finance & Performance must arrange and direct a continuous internal audit, which is an independent review of the accounting, financial and other operations of the Council.
- 5.2 The Assistant Director Risk & Performance(as Head of Internal Audit) will report directly to the Chief Executive, the Chair of the Corporate Governance & Audit Committee or the External Auditor in any circumstance where the functions and responsibilities of the Director of Finance & Performance are being reviewed.
- 5.3 The Director of Finance & Performance has authority to:-
 - (a) Enter at all times any Council premises or land or location from which

Council services are provided;

- (b) have access to all property, records, documents and correspondence relating to all activities of the Council;
- (c) require and receive explanations concerning any matter; and
- (d) Require any employee of the Council, without prior notice, to produce cash, stores or any other property for which they are responsible.

Reporting

5.4 The Director of Finance & Performance must report upon:-

- a) the risks inherent in and associated with each system;
- b) the soundness, adequacy and application of the financial and other management controls and systems within each Service;
- c) the extent of compliance with, and the financial effects of, established policies, plans and procedures;
- d) the extent to which the organisation's assets and interests are accounted for and safeguarded from losses of all kinds arising from fraud, other offences, waste, extravagance and inefficient administration, poor value for money and other cause;
- e) the suitability, accuracy and reliability of financial and other management data within the organisation; and
- f) value for money aspects of service provision.

5.5 In respect of any audit report or communication issued, the Director must reply within 6 weeks indicating the action proposed or taken, by whom and including target dates. Where a draft report is issued for initial comments a reply must be made within 2 weeks of issue.

5.6 The Director of Finance & Performance will provide a written summary of the activities of the Internal Audit function to the Executive Management Group, Cabinet and Corporate Governance & Audit Committee at least four times per year and an Annual Report produced for consideration by Executive Management Group, Cabinet and Corporate Governance & Audit Committee, including an audit opinion on the adequacy and effectiveness of the Council's risk management systems and internal control environment.

The Director of Finance & Performance will review the system of internal audit on an annual basis and report the outcome to the Corporate Governance & Audit Committee.

Investigations and Suspected Fraud or Corruption

- 5.7 The Chief Executive and Directors must ensure that all Members and employees are:-
- a) aware of the Council's Anti-Fraud and Anti Corruption Strategy;
 - b) aware of the Whistleblowing Strategy; and
 - c) operating in a way that maximises internal check against inappropriate behaviour.

The Director of Finance & Performance is responsible for the development and maintenance of the Anti-Fraud & Anti -Corruption Strategy and Whistleblowing Strategy and for directing the Council's efforts in fraud investigation.

- 5.8 It is the duty of any officer who suspects or becomes aware of any matter which may involve loss or irregularity concerning cash, stores or other property of the Council or any suspected irregularity in the operations or exercise of the functions of the Council to immediately advise the Director. The Director concerned must immediately notify the Director of Finance & Performance who may take action by way of investigation and report.

- 5.9 Where, following investigation, the Director of Finance & Performance considers that there are reasonable grounds for suspecting that a loss has occurred as a result of misappropriation, irregular expenditure or fraud, consultations will be held with the Director on the relevant courses of action, including the possibility of police involvement and the invoking of any internal disciplinary procedure in accordance with the relevant conditions of service. (Claimant fraud in respect of Housing and Council Tax Benefit and Discounts (where the claimant is not an employee or Member of the Council) is investigated by the Revenues and Benefits Service).

6. **INSURANCE**

- 6.1 The Director of Finance & Performance , in consultation with Directors is responsible for assessing insurable risks and for arranging all insurance cover, including the management and control of the insurance fund. He/she will control all claims and maintain records of them.
- 6.2 Directors must promptly notify the Director of Finance & Performance in writing of all new risks or assets to be insured and of any alterations affecting existing insurances. All insurances held must be reviewed on an annual basis.
- 6.3 In the event of any insurance claim or occurrence Directors must:-
- a) not admit liability where this may prejudice the outcome of any settlement;
 - b) promptly notify the Director of Finance & Performance , in writing, of any loss, liability, damage or any event likely to lead to a claim; and

- c) inform the Police in the case of loss or malicious damage to Council property.
- 6.4 Directors must consult the Director of Finance & Performance and the Assistant Director Legal & Governance as to the terms of any indemnity the Council is required to give.
- 6.5 The Director of Finance & Performance will determine the extent of insurance cover which must be provided for in any external contract for the supply of goods, works or services. The Director of Finance & Performance, in consultation with the Director and Assistant Director Legal & Governance, may reduce the cover requirements in respect of specific contracts.

7. **ASSETS**

- 7.1 Directors are responsible for the care and custody of all current and fixed assets of the relevant service (including stocks, stores, inventory items and all other items used for the Council's purposes, including property). These items must only be used for the authorised purposes of the Council.
- 7.2 Directors must ensure that contingency plans exist for the security of assets and the continuity of service in the event of any disaster, significant event, or system failure.

Disposal of Assets

- 7.3 Surplus or obsolete goods, materials and inventory items are to be disposed of by agreed transfer to another Service, competitive sale or public auction in accordance with Contract Procedure Rules, except when the Cabinet instructs otherwise.
- 7.4 Leased items should only be disposed of in accordance with instructions of the lessor.

Stores

- 7.5 Directors must keep records of all stock held, and certify the value for accounting purpose at 31 March of each year. The Director of Finance & Performance will determine which items will be subject to stock accounting, the methods of recording and valuation.
- 7.6 Directors must arrange periodical or continuous checks of stock. This should be by persons independent of the management of the stock. These arrangements must ensure that all items of stock are checked at least once per year. The Director of Finance & Performance will be notified of any discrepancies revealed by periodic checks, and is authorised to amend records accordingly.
- 7.7 Stock holdings should be kept at minimum levels consistent with normal

working practices

Inventories

- 7.8 Directors are responsible for ensuring that detailed inventories of all land, buildings, equipment, furniture, fittings, vehicles, plant and machinery are compiled and kept up-to-date. New inventory items must be entered promptly and redundant items deleted and disposed of in accordance with Financial Procedure Rule 7.3. The form of inventory and the type of assets recorded thereon will be determined by the Director of Finance & Performance after consultation with the appropriate Director.
- 7.9 The inventory should include:-
- a) the nature, type, model , serial number, location, quantity, value, date of acquisition;
 - b) all items of, or collection of similar items valued at, more than £100;
 - c) Items of a lesser value which are portable and attractive; and
 - d) evidence to indicate an annual inspection has been carried out.
- 7.10 When Council assets are loaned to employees, other Council services or other organisations, the Head of Service must record the reason for the loan, date/periods and name of the receiver.
- 7.11 Inventory items must be security marked, stamped or engraved with the Council's name.
- 7.12 Each Director is responsible for ensuring that an annual check is made of all items on the inventory and must notify the Director of Finance & Performance of any discrepancies revealed by these checks.

Fixed Assets Register

- 7.13 The Director of Finance & Performance must ensure that a Register of Fixed Assets is maintained.
- 7.14 Each Director must immediately notify the Director of Finance & Performance of the acquisition of any asset having a value of £10,000 or more.
- 7.15 Each Director must immediately notify the Director of Finance & Performance of the disposal (or transfer to another Service) of any asset (or part of any asset) which is included on the Register of Fixed Assets.
- 7.16 In respect of any item acquired by lease the inventory must be marked with the name of the leasing company and the date of expiry of the lease agreement. When requested by the leasing company the item must be suitably marked as the property of that company.

Land and Property Assets

- 7.17 The Assistant Director Physical Resources & Procurement must maintain a detailed record of all land and property owned by the Council (except dwellings provided for general letting) and is responsible for the security and custody of all title deeds and must maintain a suitable register.
- 7.18 The disposal of land and property is dealt with additionally in Contract Procedure Rules.

7.19 Information Assets

Directors are responsible for ensuring that inventories of all information assets are compiled and kept up-to-date. New inventory items must be entered promptly and redundant items deleted and disposed of in accordance with the Council's Information Security Policy Records Management Policy and the appropriate Retention and Disposal Schedule. The form of inventory and the type of assets recorded thereon will be determined by the Director of Corporate Services

8. **SECURITY**

Security of Assets

- 8.1 Directors are responsible for maintaining proper security at all times for all buildings, stocks, stores, furniture, equipment, cash and any other assets for which they are responsible. The Director of Finance & Performance must be consulted to establish adequate security arrangements.
- 8.2 All keys to safes and other places containing money, goods or other valuables are to be the responsibility of specified officers who must retain possession of such keys at all times.

A register of keys and their holders must be maintained by each Director. The loss of any key must be reported immediately to the Director who must record details of the circumstances of the loss, and take such action as is necessary to protect the property of the Council.

- 8.3 Maximum limits for cash holdings in each separate establishment are to be agreed with the Director of Finance & Performance, and must not be exceeded without permission.

Security of Information

- 8.4 Directors must maintain proper security, privacy and use of information held in computers, portable storage devices and all other recording systems under their control.

Directors must ensure that:-

- a) all employees are aware of and comply with the Council's Information Security and Records Management policies;
- b) all sensitive information is protected from unauthorised disclosure;
- c) the accuracy and completeness of information and software is safeguarded;
- d) software and other intellectual property is used only in accordance with licensing agreements;
- e) Data Protection legislation is complied with;
- f) the Freedom of Information Act is complied with;
- g) proper controls to system and physical access are in place; and
- h) the Council's intellectual property rights are protected.

Security of Property Relating to Clients and Customers

- 8.5 Directors must provide detailed written instructions on the collection, custody, investment, recording, safekeeping and disposal of customer/clients' property (including instructions on the disposal of property of deceased clients) for all staff whose duty is to administer, in any way, the property of clients. Due care should be exercised in the management of a customer or clients' money in order to maximise the benefits to the customer/client.
- 8.6 The Council is responsible for taking reasonable care of all items of property found by staff or members of the public on Council premises until the items are reclaimed or disposed of. Each Director must nominate officers who are responsible for the custody of lost property and keep a register of such property received, detailing the item, date, time, name and address of finder and how and to whom the property is returned or disposed of.
- 8.7 Directors may seek Cabinet authority on how lost property will be dealt with. Otherwise, if the lost property is not claimed within three months it vests in the Council. The Director will then determine if the item is of value for use by the Council, and arrange for its use for this purpose. All other items are to be disposed of by sale in accordance with Contract Procedure Rules.

9. **TREASURY MANAGEMENT**

Policies and Strategies

- 9.1 The Council has adopted the key recommendations of the Code of Practice for Treasury Management in the Public Services, published by the Chartered Institute of Public Finance and Accountancy.
- 9.2 The Council is responsible for adopting a treasury management policy statement, setting out the policies and objectives of its treasury management activities, and treasury management practices, setting out how those policies and objectives will be achieved and how treasury management will be managed and controlled.
- 9.3 The Cabinet is responsible for the implementation and monitoring of the treasury management policies and practices.
- 9.4 The Director of Finance & Performance is responsible for the execution and administration of treasury management decisions in accordance with the policy statement and agreed practices.
- 9.5 The Director of Finance & Performance will report to the Council before each financial year recommending a treasury management strategy and plan, and subsequently an annual report after the end of the year. This will include the planned and actual performance in respect of the prudential indicators and limits

Administration

- 9.6 All money under the management of the Council is to be aggregated for the purposes of treasury management and will be controlled by the Director of Finance & Performance.
- 9.7 Investments other than bearer securities are to be in the name of the Council or nominee approved by the Cabinet. All borrowings are to be in the name of the Council.
- 9.8 The Director of Finance & Performance will select the Council's Registrar of stocks, bonds and mortgages and must maintain records of all borrowings by the Council.
- 9.9 A suitable register must be maintained in respect of all investments, securities, bearer securities and borrowings.
- 9.10 The Director of Finance & Performance will arrange all loans and leases including operating leases.

Trust Funds

- 9.11 All trust funds are to be, wherever possible, in the name of the Council. Officers acting as trustees by virtue of their official position must deposit all documents of title relating to the trust with the Solicitor to the Council (unless the Trust Deed otherwise directs) who must maintain a register of all such documents deposited.

10. BANKING ARRANGEMENTS, CHEQUE SIGNING AND IMPREST ACCOUNTS

Banking Arrangements

- 10.1 All of the Council's banking arrangements are to be approved by the Director of Finance & Performance, who is authorised to operate such bank accounts as he or she considers appropriate.
- 10.2 Bank accounts must not be opened without the approval of the Director of Finance & Performance. Where a bank account is opened, the account name must describe the purpose of the account. All new accounts should be named in the format 'KC, XYZ Unit Account'.

Cheques and Electronic Payments

- 10.3 Payments to suppliers and employees will be made by electronic means unless there are good reasons to use a different method.
- 10.4 All cheques are to be ordered only in accordance with arrangements approved by the Director of Finance & Performance, who is to ensure their safe custody. Cheques drawn on the Council's main bank accounts must

either bear the facsimile signature of the Director of Finance & Performance or be signed in manuscript by him/her or other authorised officers. All alterations and amendments are to be signed in manuscript by the Director of Finance & Performance, or other authorised officers.

10.5 Banking arrangements made for authorisation of payments to be made or received under electronic transfer are to be in a form approved by the Director of Finance & Performance.

10.6 Directors must maintain a register of all officers authorised to sign cheques and other bank documents together with specimen signatures.

Imprest Accounts

10.7 Directors will determine what amount is appropriate for an individual imprest subject to any limit set by the Director of Finance & Performance, and keep a record of every imprest issued, including the name of the imprest holder, amount and location.

10.8 Any imprest holder (or sub imprest - see 10.10) must at any time account for the total imprest if requested to do so by the Director of Finance & Performance and keep adequate records in a form approved by the Director of Finance & Performance and supported by valid (VAT) receipts. On ceasing to be responsible for an imprest account the officer must account promptly to the Director for the amount advanced.

10.9 Payments from imprest accounts are to be limited to minor items of expenditure and to any other items approved by the Director of Finance & Performance .

10.10 Where deemed appropriate by an imprest account holder a sub-imprest may be provided to another officer for which the main imprest account holder must obtain and retain an acknowledgement. In all cases where this occurs the main imprest holder must notify the Director.

11. INCOME

11.1 Directors have authority in consultation with the Director of Finance & Performance to amend fees and charges within the scope of a scheme approved by the Cabinet. The fees and charges must be reviewed at least once per annum and be reported to Cabinet.

11.2 The methods of collecting, recording and banking of all income due to the Council are to be approved by the Director of Finance & Performance

11.3 The Director of Finance & Performance must be notified, in accordance with practices agreed with the relevant Director, of all income due to the Council and of contracts, leases and other agreements and arrangements entered into which involve the receipt of money by the Council.

- 11.4 Directors must ensure that to the maximum extent possible income is collected by electronic means. This means that positive action should be taken to promote the use of customer payment by direct debit at the point of order for one off items, and continuous debit arrangements for on going services provision. Directors must ensure full compliance with all practices necessary to fully protect the banking data of the councils customers.

Collection and Banking of Income

- 11.5 Directors must make appropriate arrangements for the control and issue of all receipt forms, books, tickets, ticket machines or other acknowledgements for money.
- 11.6 All income received by the Council must be acknowledged by the issue of an official receipt or by another approved method indicating payment has been received. In order to ensure compliance with relevant money laundering regulations, the Council must not accept any cash payment in excess of £10,000 (15,000 euros) in respect of one single transaction on one occasion.
- 11.7 All money received by an officer on behalf of the Council must either be paid to the Director of Finance & Performance,, or to the Council's bank account as the Director of Finance & Performance may determine, at intervals taking account of the security of the premises. No deductions are to be made from such monies unless specifically authorised by the Director of Finance & Performance . Personal cheques must not be cashed out of monies held on behalf of the Council. Refunds must be made through the payments system.
- 11.8 Arrangements for opening incoming mail must ensure that any money so received is immediately recorded.
- 11.9 Every transfer of official money from one officer to another must be evidenced in the records of the Services concerned by the signature of the receiving officer.

Cash discrepancies

- 11.10 Each Director must maintain a detailed record of all cash surpluses and deficiencies in a manner approved by the Director of Finance & Performance, and these must be recorded in the Council's accounts.
- 11.11 The Director must investigate any apparent patterns of discrepancies
- 11.12 Where such discrepancies are in excess of £100 individually, or in total within any period of 1 month, the Director concerned must immediately investigate and notify the Director of Finance & Performance who may undertake such investigations as he/she deems appropriate.

Debtors

- 11.13 Wherever possible, payment should be obtained in advance, or at the time of provision of a service, goods, letting or works. Where credit is given,

Directors must ensure that the credit status of each customer is satisfactory. Directors are responsible for issuing debtor accounts in a form approved by the Director of Finance & Performance immediately a debt falls due. Each Director, in conjunction with the Director of Finance & Performance must maintain adequate records to ensure that all credit income due to the Council is promptly recovered.

- 11.14 Directors must regularly consider debts due and ensure adequate year end provisions for bad and doubtful debts. Directors are authorised to write off all individual bad debts subject to the approval of the Director of Finance & Performance. A report on the details of all debts written off under delegated authority must be prepared and formally noted by the Director in consultation with the Cabinet Member. The Director of Finance & Performance must prepare a consolidated report of all debts written off for consideration by the Cabinet and the Corporate Affairs Scrutiny Panel. Directors must ensure that appropriate accounting entries are made following write off actions.
- 11.15 The 'writing off' of a debt does not absolve a Director of the responsibility to collect such debts, and the position in relation to such debtors is to be monitored by the Director.

12. **PAYMENT OF INVOICES**

The Council is currently implementing an automated "procure and payment system". 12.3 to 12.4 apply to transactions that are made using paper invoices, or other means. All payments should be made by electronic transfer except where there are substantial overriding reasons for alternative means of payment.

- 12.1 Directors must ensure that all valid invoices are paid within 30 days of receipt.
- 12.2 The Director of Finance & Performance will determine the method and frequency of payment from one of the Council's main bank accounts, except for:-
- petty cash and other imprest accounts
 - delegated bank accounts approved by the Director of Finance & Performance.

Automated Payments

- 12.3 When an invoice is matched through the automated procurement and payment system, it will be paid automatically.
- 12.4 Any invoices rejected by the automated system must be subject to thorough checking by the Director to determine the reason for variance, and the cause recorded.

Certification & Processing (paper records)

- 12.5 Directors must approve a schedule of officers authorised to certify invoices, and supply their names and specimen signatures to the Director of Finance & Performance. The schedule must be reviewed at least once per year.
- 12.6 All invoices must be certified in manuscript, unless an alternative method is expressly authorised by the Director of Finance & Performance.
- 12.7 By certifying an account for payment the authorised officer indicates that satisfactory checks have been carried out to ensure that:-
- (a) The work, goods or services to which the account relates have been received or carried out, examined and approved;
 - (b) Prices, extensions, calculations, discounts, other allowances and tax are correct;
 - (c) There is a proper tax invoice when appropriate;
 - (d) The relevant expenditure has been properly incurred, is within budget, and is charged to the appropriate budget;
 - (e) Entries have been made in asset registers, inventories, stores and other records as appropriate; and
 - (f) The account has not previously been paid.

Where errors on an invoice are detected manual adjustments which reduce the total payment are permissible, provided that this does not change the total amount of VAT payable. In all cases where the amount due increases, or changes the amount of VAT, a replacement invoice and/or credit note must be obtained before payment is made.

- 12.8 The Director must where possible achieve an adequate level of internal check. At least two officers should be involved. The officer certifying the account for payment should not be the same officer who received or checked the items, goods, works or services.

No officer may certify any invoice involving payment to himself or herself.

- 12.9 All forms of account submitted for payment to a supplier or contractor other than on the original invoice must be accompanied by a special certification stating that the original invoice has not been paid and will not be paid subsequently. The certificate must be signed by an officer authorised to certify accounts for payment.
- 12.10 The Director of Finance & Performance may withhold payment of any invoice where there is evidence to suggest that it is not in order.

Advance Payments

- 12.11 Where a supplier or contractor requires payment prior to the despatch of goods or the provision of services, an official order signed by a duly authorised officer and clearly marked that payment is to be made before receipt of the goods or services must be completed. A proforma invoice or supplier's order form detailing fully the goods/service to be obtained must be approved by an officer authorised to certify invoices and retained as a record of the payment made.
- 12.12 All discounts available from a supplier are to be taken as a deduction against the cost of goods purchased and must appear on the invoice. Where a supplier provides any free item, or discount is available in the form of goods these are the property of the Council, as are loyalty or bonus points or other rewards earned.

Payment by Direct Debit/Standing Order

- 12.13 The Director (or Designated Finance Officer) must approve all requests for creation of a Direct Debit mandate, and supply to the Director of Finance & Performance such information as is deemed necessary (eg codes, cost centre(s) to be charged, a copy of a recent bill, showing signatory certification, for the account in question). If the payment method is Standing Order, the requestor must also specify the frequency of payment and, where appropriate, a termination date.
- 12.14 The Director must inform the Director of Finance & Performance when any payment is to be terminated.
- 12.15 Services must retain all statements relating to accounts paid by Direct Debit /Standing Order for current plus three previous financial years in order to substantiate the authorities claim for VAT on these accounts.

13. PAYMENT CARDS

- 13.1 All arrangements regarding payment and procurement cards must be approved by the Director of Finance & Performance .
- 13.2 Directors in conjunction with the Director of Finance & Performance will determine the credit limit for individual payment and procurement cards.
- 13.3 Each cardholder will ensure safe custody of the card and not exceed their monthly limit.
- 13.4 Cards may be used only in accordance with the approved scheme and for legitimate expenses incurred by the cardholder in the course of official Council business.

They must not be used:-

- a) to circumvent the procedures for the ordering of and payment for,

goods and services under these regulations; or

b) to purchase items for the private or personal use of cardholders.

13.5 Each cardholder must ensure that all expenditure incurred is supported by adequate records and in respect of payment cards, a VAT receipt is obtained to support all expenditure.

14. **SALARIES, WAGES AND PENSIONS**

- 14.1 All payments of salaries, wages, pensions, compensations, gratuities, allowances and other emoluments to current or former employees are to be made by the Director of Corporate Services in accordance with information supplied by the Director. All payroll transactions must be processed through the Council's payroll system.
- 14.2 Directors must ensure that appointments of all employees are in accordance with the appropriate Conditions of Service of the Council or any approved scheme of delegation, and within the approved budgets, grades and rates of pay. Any variations of terms and conditions must be in accordance with arrangements approved by the Cabinet.

Records

- 14.3 Directors must maintain adequate records to notify the Assistant Director Support Services of all appointments, resignations, dismissals, and retirements together with changes in pay rates, bonuses due, overtime worked and other matters affecting remuneration, and provide all information to ensure that the correct adjustments are made in respect of absences, pensions, income tax, national insurance, sickness and maternity pay and any other additions, to or deductions from pay. Directors must also advise the Assistant Director Support Services of any employee benefit in kind to enable reporting for taxation purposes.
- 14.4 All officers must complete a time record of actual times of attendance at work, except where a time clock is used. These records should be signed by the officer as a correct statement. It is the responsibility of each manager to check time records of officers for which that manager has responsibility.
- 14.5 Time records and other pay documents must be maintained in a manner approved by the Director of Finance & Performance and be certified by the Director or other authorised officers. A record of all authorised officers must be maintained together with specimen signatures, a copy of which will be sent to the Assistant Director Support Services.

Overpayments

- 14.6 The Assistant Director Support Services is authorised to write-off any net overpayment of salary/wage where death-in-service of an employee occurs, except where the Council holds a statutory obligation to recover such overpayments. All other overpayments of pay must be treated for the purposes of recovery and write off in accordance with Financial Procedure Rule 11.

15. **TRAVEL, SUBSISTENCE AND OTHER ALLOWANCES**

- 15.1 Payment of all claims must be in accordance with Schemes of Conditions of Service adopted in respect of the employee to which the payment relates, and will be paid through the councils payroll system, or otherwise as agreed by the Director of Finance & Performance
- 15.2 All claims for payment of car allowances, subsistence allowances, travelling and incidental expenses, must be made on a form approved by the Director of Finance & Performance. The form must provide for certification in manuscript by the Director or authorised officer. The names and specimen signatures of officers authorised to sign such expense claims must be supplied to the Assistant Director Support Services, and these authorisations must be reviewed at least annually by the Director
- 15.3 The certification of a claim by or on behalf of a Director is taken to mean that the certifying officer is satisfied that the journeys were authorised, the expenses properly and necessarily incurred and that the allowances are properly payable by the Council. Expense claims should normally be submitted on a quarterly basis.

16 **TAXATION**

- 16.1 The Director of Finance & Performance is responsible for advising the Council on all taxation issues that affect the Council.
- 16.2 Each Director must ensure taxation is treated correctly and consult with the Director of Finance & Performance in the event of any uncertainty as to any taxation treatment.
- 16.3 The Director of Finance & Performance will lead and co-ordinate discussion or negotiations with the HM Revenue and Customs about any taxation matter.
- 16.4 The Director of Finance & Performance will complete all of the Council's tax returns.

17. **GIFTS AND HOSPITALITY**

- 17.1 Officers must ensure that it is apparent that no cause could reasonably arise for adverse criticism or suggestion of improper influence about the acceptance of any gift or hospitality. Directors must maintain a central record of all gifts, invitations and hospitality offered and received, including items of token value.
- 17.2 The receipt of personal gifts should be discouraged, but if an officer, during the course of, or as a result of, official duties, receives any personal gift, other than one of only token value (less than £10), the matter must be reported to the Director who will decide if the item is to be returned or forwarded to some charitable cause, and the Director must inform the donor what has happened to the gift and explain the reason why gifts should not be sent in the future.

- 17.3 Directors and other officers with the permission of the Director may accept invitations to events and associated hospitality of any value where this relates to a function promoted by an organisation with which the Council has formal links and attendance constitutes a demonstration of faith in that organisation. A Director may approve similar attendance by a companion where this is appropriate.
- 17.4 Hospitality must only be given or accepted where it is on a scale appropriate to the circumstances, reasonably incidental to the occasion, not extravagant and justifiable as in the public interest. The circumstances and the type of hospitality are to be recorded in the central record maintained by the Director concerned.

18. **WORKING WITH CLIENTS AND CONTRACTORS**

- 18.1 Officers who, in accordance with their conditions of service, are permitted to carry out private or other paid work must not do so during Council time, and must not use any Council premises, resources or facilities for the execution of such work. No stationery or publicity material is to indicate that the person is a Council employee nor should the address or any telephone number of the Council be stated. Officers must declare to their Director in writing the nature and duration of such private work.
- 18.2 Officers must declare to their Director any circumstance where they believe that they may have a pecuniary or non-pecuniary interest in any proposed supply contract, grant award or other transaction for which they have involvement or responsibility.
- 18.3 Officers must not work for any current or prospective supplier or contractor to the Council.
- 18.4 All intellectual property created by employees in the course of their duties is, and remains, the property of the Council. The copyright or equivalent of any material cannot be sold without the permission of Cabinet. Any article, book or similar material for publication, prepared in council time, is the property of the Council. Any article, book or similar material for publication prepared by an employee (relating to their official duties) requires the written approval of the Director prior to publication.

19. **UNOFFICIAL AND VOLUNTARY FUNDS**

These regulations relate to funds administered by officers of the Council, the accounts of which are not included in the Authority's accounts.

- 19.1 Any proposed unofficial funds require the prior approval of the Director concerned who must maintain a record of all such funds and ensure that officers are appointed to administer each fund.

- 19.2 A separate bank account must be maintained for each fund (in the name of the fund) and fund monies must be kept separate from Council monies.
- 19.3 Directors must ensure that they receive a copy of the accounts of each fund and a certificate in the prescribed form from the auditors or independent examiners of each fund that has to be audited or independently examined. Such accounts are to be prepared annually, and at the completion of the purpose for which the fund was set up.
- 19.4 The Director of Finance & Performance is to have access to any records relating to such funds, and be immediately informed of any irregularities which arise in connection with them.

20. FINANCIAL CONTROL OF PARTNERSHIPS, JOINT VENTURES ASSOCIATED ORGANISATIONS AND SIMILAR ARRANGEMENTS

Working in Partnership with Associated Organisations

- 20.1 The Director of Finance & Performance is responsible for promoting and maintaining the same high standards of financial administration in partnerships that apply throughout the Council, or advising the Cabinet where he/she is aware that arrangements within a partnership are in conflict or are uncertain compared with the practices adopted by the Council.
- 20.2 The Director of Finance & Performance must ensure that the accounting arrangements to be adopted relating to partnerships and joint ventures are satisfactory, and must:-
- a) consider the overall corporate governance arrangements and legal issues when arranging contracts with the partner/joint venture or associated organisation.
 - b) ensure that the risks have been fully appraised before agreements are entered into with the partner/joint venture or associated organisation.
- 20.3 Directors must ensure that in all grant agreements, contribution to partnerships and where appropriate in agreed contracts for the supply of works, goods and services the Director of Finance & Performance has access to the accounts, records and all other documentation, and is entitled to seek explanations from Officers of the funded organisation regarding the deployment of the Council's funding payment.

Working for Other Organisations

- 20.4 Directors are responsible for ensuring that approval is obtained from the Director of Finance & Performance and the Assistant Director Legal & Governance Council before any negotiations commence in relation to the provision of works or services to other organisations expected to exceed £10,000.

- 20.5 The Cabinet is responsible for approving the contractual arrangements for any work for other organisations expected to exceed £100,000. The Director of Finance & Performance may agree contractual arrangements below this level.
- 20.6 Directors must ensure that any proposed arrangement to work for other organisations does not impact adversely upon the Services provided to or by the Council. All agreements, contracts or arrangements must be properly documented and appropriate information must be provided to the Director of Finance & Performance to enable a note to be entered into the Council Statement of Accounts concerning material items.

Grants and Loans to Other Organisations

- 20.7 Subject to compliance with the approved grant policies of the Council, a Director may issue any grant or loan up to £10,000 to any organisation in any one financial year.
- 20.8 Where a Director proposes to offer a loan to any organisation in excess of £10,000, he/she may do so only following:-
- a) a full financial appraisal of the organisation to which the loan is to be granted, by the Director of Finance & Performance;
 - b) a full financial appraisal of the project to which the loan relates, by the Director of Finance & Performance; and
 - c) the execution of a legal agreement approved by the Assistant Director Legal & Governance
- 20.9 Where a Director proposes to offer any grant in excess of £10,000 he/she may do so only;
- a) where this accords wholly within the approved grants policies of the Council; or
 - b) following a full financial appraisal by the Director of Finance & Performance of the accounts of the organisation and an analysis of the necessity or otherwise of the funding proposal to be made and on the execution of a legal agreement approved by the assistant Director Legal & Governance

21. PURCHASING OF WORKS, GOODS AND SERVICES

Orders

- 21.1 Before any official order is issued for goods, work or services, the Director or other authorised officer must ensure that:-
- (a) the goods works or services are necessary for the discharge of the responsibilities of the Council;

- (b) sufficient budget is available to fund the expenditure; and
 - (c) the Contract Procedure Rules (which apply to all purchasing decisions irrespective of value) have been complied with.
- 21.2 Directors are responsible for all orders issued. Electronic and paper orders must only be issued and if necessary signed in manuscript by officers authorised by the Director.
- 21.3 Directors must keep a list of who is authorised to sign order documentation or issue orders electronically and the extent of this authority. This list must be reviewed at least once per year.
- 21.4 Except where there is a formal contract, in which case work instructions and orders must conform with the provisions of the contract, official orders will be issued for all work, goods or services to be supplied to the Council, except for supplies of continuous services (such as gas), and statutory taxes, for petty cash purchases and other exceptions as the Director of Finance & Performance may approve. Orders must clearly indicate the nature and quantity of the work/services/items/supplies required, any related contract or agreed prices, discounts receivable and dates or periods of delivery.
- 21.5 Verbal orders must be kept to a minimum and be confirmed either the same or next working day by written orders which must be marked as a confirmatory order.
- 21.6 Records of all non-computerised order books must be kept by the Director. Copies of orders must be retained. All copies of spoilt, incorrect or unissued orders must be appropriately marked and retained in any order book.
- 21.7 Order records whether computerised or manual must be used to record the receipt of the goods, works or services and all payments made in respect of an order. All Goods Received Notes must be retained.

Management of Suppliers

- 21.8 In respect of each order or contract for construction work, and any order or contract for services exceeding £15,000 the Director responsible must appoint an authorised officer, directly employed, or otherwise to carry out supervision of the contract.

Specification

- 21.9 In respect of each order or contract exceeding £15,000 the Director must prepare or agree a written brief stating the objective of the order or contract and the sources of funding to meet the estimated cost of the project and appoint an authorised officer.
- 21.10 Unless otherwise agreed with the Director of Finance & Performance, the

authorised officer must prepare a specification which will indicate relevant issues for the supply, (for example type, quantity, quality, time, location, occasions), and the risks and obligations placed on the supplier. Specifications should set outcomes or outputs, and be prepared on a generic basis and not include named products except where this can be justified on technical grounds. They should be prepared in a way which is likely to bring about the most economically advantageous solution whilst ensuring compliance with minimum statutory requirements and Council policy. The specification may only be altered on the basis of written instructions from the Director, who must justify the reason for change and sources of funding.

Variations

- 21.11 The authorised officer may, subject to the provisions of the contract, make any variations essential to the achievement of the objectives of the contract but must have regard to the budget provision. The authorised officer must not issue any variation likely to increase the approved cost of the project without the written agreement of the Director responsible, who must state the authority and source of financial provision for the additional expenditure.
- 21.12 Every variation must be immediately recorded in writing by the authorised officer.

Overspending

- 21.13 Any variation to a contract which results or will result in additional costs being incurred on a contract of more than 5% of the contract sum will be reported to the budget holding Director and Director of Finance & Performance as soon as practicable.

Recording of Contractual Payments

- 21.14 Directors must ensure that a Contract Register is kept which shows details of all payments made against any contract. Any payments on account to contractors against a formal contract are to be made only on an approved certificate issued and checked by the authorised officer which must be passed to the Director of Finance & Performance.
- 21.15 The certificate authorising final financial settlement of any contract will not be issued until the appropriate officer has produced a detailed statement of account and all necessary supporting documents, and these have been checked in accordance with arrangements approved by the Director of Finance & Performance, and the final payment agreed by the budget holding Director.

Claims

- 21.16 All claims (or prospective claims) from contractors for loss and expense will be considered by the authorised officer who will immediately advise the client Director and they will jointly consider methods for cost reduction to achieve the budgetary provision.

- 21.17 The budget holding Director and the Director of Finance & Performance must be consulted in respect of any claim (or prospective claim) from a contractor for loss and expense in excess of £10,000.
- 21.18 The Director will report in detail to the Cabinet if the financial consequences of the claim cannot be accommodated within the approved project budget.
- 21.19 Any claim from a contractor outside the terms of the contract, or under any statutory instrument or any claim for an exgratia payment will be jointly considered by the assistant Director Legal & Governance, Director of Finance & Performance and Director(s) of the appropriate Service(s) before any recommendation is made to the Cabinet.

Codes of Practice

- 21.20 All procurement must accord with the Contract Procedure Rules, Procurement Policy and all relevant Procedure Guidelines.