

Mae'r ddogfen hon ar gael yn Gymraeg hefyd



CONTENTS

SECTION 17

- 17.1 [Financial Regulations](#)
- 17.2 [Financial Regulations for Schools with Delegated Budgets](#)

SECTION 18

- 18.1 [Contract Procedure Rules](#)

SECTION 17

SECTION 17.1 – FINANCIAL REGULATIONS

Introduction

To conduct its business efficiently, a local authority needs to ensure that it has sound financial management policies in place and that they are strictly adhered to. Part of this process is the establishment of Financial Regulations that set out the financial policies of the Authority. A modern Council should also be committed to innovation, within the regulatory framework, providing that the necessary risk assessment and approval safeguards are in place.

These Regulations, in conjunction with Financial Codes of Practice, Contract Procedure Rules, the Scheme of Delegation, Overview and Scrutiny Committees and Codes of Conduct of both employees and Members, provide a framework within which the Council conducts the business of Local Government.

Status of Financial Regulations

Financial Regulations are a part of the Council's Constitution and provide the framework for managing the Council's financial affairs. They apply to every Member and officer of the Council and anyone acting on its behalf, including partnerships, and failure to comply with Financial Regulations may result in disciplinary action.

The regulations identify the financial responsibilities of the Council, Cabinet, the Committee responsible for Corporate Governance (the Audit Committee), Overview and Scrutiny Committee Members, the Chief Executive, the Monitoring Officer (Head of Law and Governance), the Section 151 Officer (Strategic Director Finance and Efficiencies), other Strategic Directors, Heads of Service and other appropriate officers.

Cabinet Members and Heads of Service should maintain a written record where decision making has been delegated to members of their staff, including seconded staff. Where decisions have been delegated or devolved to other responsible officers, such as school governors, references to the Head of Service in the regulations should be read as referring to them.

All Members and staff have a general responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of these resources is legal, is properly authorised, provides value for money and achieves best value.

The Section 151 Officer is responsible for maintaining a continuous review of the Financial Regulations and submitting any additions or changes necessary to the Council for approval.

The Section 151 Officer is also responsible for reporting, where appropriate, breaches of the Financial Regulations to the Council and/or to Cabinet Members.

Breaches will be investigated. Any breach of Financial Regulations may give rise to formal disciplinary action or action under competency procedures.

Strategic Directors and Heads of Service are responsible for ensuring that all staff in their Departments are aware of the existence and content of the Council's Financial Regulations and other internal regulatory documents and that they comply with them.

They must also ensure that an adequate number of copies are available for reference within their Departments or that staff are able to access them via electronic means.

Reference to the Section 151 Officer and Heads of Service are subject to arrangements for deputising and Departmental schemes of delegation. Heads of Service must ensure that there is an effective scheme of delegation within all Departments.

These Financial Regulations also apply to any Trust Funds administered by the Council. The Trust Funds are not assets of the Council and are not, therefore, included within the Council's Balance Sheet.

The Section 151 Officer is responsible for issuing advice and guidance to underpin the Financial Regulations that Members, officers and others, including partnerships, acting on behalf of the Council are required to follow.

CONTENTS

1. FINANCIAL MANAGEMENT & ADMINISTRATION
2. ACCOUNTING POLICIES
3. ACCOUNTING RECORDS & PROCEDURES
 - ACCOUNTING RECORDS
 - ACCOUNTING PROCEDURES
4. RESOURCE PLANNING
 - IMPROVEMENT PLAN & PERFORMANCE INFORMATION
 - BUDGETING PREPARATION
 - RESOURCE ALLOCATION
5. BUDGET MONITORING & CONTROL
6. VIREMENT & YEAR END BALANCES
 - VIREMENT
 - TREATMENT OF YEAR-END BALANCES
7. MAINTENANCE OF RESERVES
8. CAPITAL PROGRAMME & EXPENDITURE
9. RISK MANAGEMENT
10. INSURANCE
11. INTERNAL CONTROL
12. AUDIT REQUIREMENTS
 - INTERNAL AUDIT
 - EXTERNAL AUDIT
13. PREVENTING FRAUD AND CORRUPTION
14. ASSETS
 - SECURITY OF ASSETS
 - INVENTORIES
 - STOCKS AND STORES
 - ASSET DISPOSAL
 - INTELLECTUAL PROPERTY
15. TREASURY MANAGEMENT

16. BANKING & IMPREST (PETTY CASH) ACCOUNTS
 - BANKING
 - IMPREST (PETTY CASH) ACCOUNTS
17. STAFFING
18. FINANCIAL SYSTEMS & PROCEDURES
19. INCOME
20. ORDERING AND PAYING FOR GOODS AND SERVICES
21. EMPLOYEE SALARIES & SUPERANNUATION
22. TRAVELLING, SUBSISTENCE AND ALLOWANCES
23. TAXATION
24. TRADING ACCOUNTS AND BUSINESS UNITS
25. UNOFFICIAL FUNDS
26. WRITE OFFS
 - WRITING OFF BAD DEBTS
 - WRITING OFF OVERPAYMENTS
 - WRITING OFF ASSETS
27. PROTECTION OF PERSONAL PROPERTY
28. PARTNERSHIPS
29. EXTERNAL FUNDING
30. WORK FOR THIRD PARTIES

1. Financial Management & Administration

Purpose: All staff, Members and anybody acting on behalf of the Council have a duty to abide by the highest standards of probity in dealing with financial issues. This is facilitated by ensuring that everyone is clear about the standards to which they are working and the controls that are in place to ensure that these standards are met.

- 1.1 The Cabinet is responsible for making recommendations to the Council on the allocation of the resources of the Council and for controlling the available financial resources through the preparation of the annual budget.
- 1.2 The Section 151 Officer shall, for the purposes of Section 151 of the Local Government Act 1972, be responsible for ensuring the proper administration of the Council's financial affairs, and the supervision of all aspects of financial management undertaken by all Departments of the Council.
- 1.3 The Section 151 Officer has statutory duties in relation to the financial administration and stewardship of the Council. This statutory responsibility cannot be overridden. The statutory duties arise from:
 - a) Section 151 of the Local Government Act 1972
 - b) The Local Government Finance Act 1988
 - c) The Local Government and Housing Act 1989
 - d) Accounts and Audit (Wales) Regulations 2014
 - e) The Local Government Act 2003
- 1.4 The Section 151 Officer is responsible for:
 - a) the proper administration of the Council's financial affairs;
 - b) setting and monitoring compliance with financial management standards;
 - c) reporting on the robustness of estimates and adequacy of financial and controlled reserves for the purposes of making budgetary calculations.
- 1.5 Sections 114 and 114A of the Local Government Finance Act 1988 require the Section 151 Officer to report to the Council, Cabinet and external auditor if the Council or one of its officers:
 - a) has made, or is about to make, a decision which involves incurring unlawful expenditure;

- b) has taken, or is about to take, an unlawful action which has resulted or would result in a loss or deficiency to the Council;
 - c) is about to make an unlawful entry in the Council's accounts.
- 1.6 Any such report is to be sent to all Members of the Council and the external auditor. Once a report is made, the Council (or Cabinet regarding executive functions) is required to hold a meeting within 21 days to consider it.
- 1.7 Section 114A of the 1988 Act also requires :
 - a) the Section 151 Officer to nominate a properly qualified member of staff to deputise should he or she be unable to perform the duties under Section 114 personally;
 - b) the Authority to provide the Section 151 Officer with sufficient staff, accommodation and other resources – including legal advice where this is necessary – to carry out the duties under Section 114A and Section 151 of the Local Government Act 1972.
- 1.8 The Section 151 Officer, as financial adviser to the Council, shall each year prepare a report to the Cabinet regarding the level of resources proposed for utilisation in each financial year, and shall keep Cabinet informed with respect to the Council's finances and financial performance.
- 1.9 The Wellbeing of Future Generations Act came into force in April 2016. This puts into law the requirement of public bodies to consider the long-term impact of decisions, alongside current requirements and needs. Financial planning and decision making should ensure that proper regard is given to the requirements of the Act and in particular, proper consideration of the long term impact of financial decisions, including the payback period and whole life costs of investment decisions, properly impact assessed budget proposals and long term debt and investment (treasury management) strategies. The principles of prudence, affordability and sustainability should underpin financial planning and decision making.
- 1.10 The Section 151 Officer shall periodically inform Cabinet and Scrutiny Committees of the Council of the financial outcome of their activities, supplemented by reports by the Heads of Service concerned, as appropriate.
- 1.11 The Section 151 Officer is responsible for recommending such changes to Financial Regulations to the Council as he considers necessary and desirable for the proper administration of the finances of the Council.
- 1.12 The Committee responsible for Corporate Governance shall be responsible to the Council for monitoring that appropriate control systems are in place to ensure the proper observance of the Council's Financial Regulations.

- 1.13 Every Strategic Director and Head of Service of the Council shall consult with, and obtain the agreement of, the Section 151 Officer if there should exist any doubt whatsoever whether an item of expenditure may be lawful. Strategic Directors and Heads of Service shall also inform the Section 151 Officer if there should exist any doubt whatsoever whether an item of expenditure may result in expenditure exceeding the available budget.
- 1.14 All staff and elected Members have a duty to abide by the highest standards of probity in dealing with financial issues. This is facilitated by ensuring that everyone is clear about the standards to which they are working and the controls in place to ensure that these standards are met.
- 1.15 Strategic Directors and Heads of Service shall be required to bring the Council's Financial Regulations to the attention of all staff within their Department. Any employees who fail to observe Financial Regulations may be subject to disciplinary action.
- 1.16 Each Head of Service is responsible for the accountability and control of their staff and the security, custody and control of all other resources relating to his/her Department.
- 1.17 No officer may make a financial provision or financial commitment unless there is funding in place to support the expenditure.
- 1.18 Heads of Service must satisfy the Section 151 Officer that every proposal to incur expenditure to be submitted to any committee affecting the Council's finances is:
- a) Lawful;
 - b) Can be met from within the existing budget allocations of the Department concerned or it is proposed within a report how expenditure would be funded.
- 1.19 Every report to committee shall contain confirmation that such consultation has taken place and that the relevant Accountant acting on behalf of the Section 151 Officer is satisfied that the report contains a clear statement of the financial impact and how this will be funded (if appropriate).
- 1.20 Each financial year, or as often as the Cabinet may require, every Head of Service shall prepare, in consultation with the Section 151 Officer and within the agreed strategy, estimates of income and expenditure of a revenue and capital nature.

- 1.21 It is the responsibility of Heads of Service to ensure that budget estimates reflecting agreed service plans are submitted to the Members of the Cabinet and that these estimates are prepared in line with guidance issued by the Cabinet.
- 1.22 Heads of Service shall ensure that appropriate and adequate supporting information is provided, including any reasons for increased or decreased estimated income or expenditure.

2. Accounting Policies

Purpose: Appropriate accounting policies must be in place to allow for the preparation of the Council's statement of accounts, in accordance with proper practices as set out in the format required by the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (CIPFA/LASAAC), for each financial year ending 31 March.

General

- 2.1 The Section 151 Officer is responsible for selecting accounting policies and ensuring that they are lawful and applied consistently. All accounting procedures and records of the Council and its officers shall therefore be in a form approved by the Section 151 Officer.

Key Controls

- 2.2 Systems of internal control must be in place to ensure that financial transactions are lawful.
- 2.3 Proper accounting records must be maintained.
- 2.4 Financial statements must be prepared which present fairly the financial position of the Council and its expenditure and income.

Responsibilities of the Section 151 Officer

- 2.5 To select suitable accounting policies and to apply them consistently.
- 2.6 To make judgements and estimates that are reasonable and prudent.
- 2.7 To comply with the CIPFA Code of Practice.
- 2.8 To sign and date the statement of accounts, stating that it presents fairly the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31 March.
- 2.9 To draw up the timetable for final accounts preparation and to advise staff and external auditors accordingly.
- 2.10 The Section 151 Officer should ensure that the accounting policies are set out in the annual statement of accounts that is prepared at 31 March each year, and covers such items as:
- a) all material reserves and provisions
 - b) tangible fixed assets
 - c) intangible assets
 - d) capital receipts
 - e) grants
 - f) interest charges
 - g) the redemption of debt
 - h) leases, covenants and similar schemes
 - i) long-term contracts such as PFI schemes and others

- j) significant estimates included in debtors and creditors
- k) stocks and work in progress
- l) overheads
- m) pensions
- n) financial relationships with companies
- o) other investments.

Responsibilities of Strategic Directors and Heads of Service

- 2.11 To comply with accounting guidance provided by the Section 151 Officer and to supply the Section 151 Officer with information when required.

3. Accounting Records & Procedures

Purpose: Maintaining proper accounting records is one of the ways in which the Council discharges its responsibility for stewardship of public resources. The Council has a statutory responsibility to prepare its annual accounts to present fairly its operations during the year. These are subject to external audit. This audit provides assurance that the accounts are prepared properly, that proper accounting practices have been followed and that quality arrangements have been made for securing economy, efficiency, effectiveness and quality in the use of the Council's resources.

General

- 3.1 The Section 151 Officer will determine the accounting procedures and records for the Council and arrange for the compilation of all accounts and accounting records under his or her direction.

Accounting Records

Key Controls

- 3.2 The duties of providing information about sums due to or from the Council and calculating, checking and recording these sums will be separated from the duty of collecting or disbursing them.
- 3.3 Employees with the duty of examining or checking the accounts of cash transactions must not themselves be engaged in these transactions.

Responsibilities

- 3.4 The Section 151 Officer will make proper arrangements for the audit of the Council's accounts in accordance with the Accounts and Audit (Wales) Regulations 2014 and ensure that all claims for funds including grants are made by the due date.
- 3.5 The Section 151 Officer will prepare and publish the audited accounts of the Council for each financial year, in accordance with the statutory timetable and with the requirement for the Audit Committee to approve the Statement of Accounts before 30 September.
- 3.6 The annual Statement of Accounts shall be produced in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (CIPFA/LASAAC).

Accounting Procedures

Key Controls

- 3.7 Cabinet Members, finance staff and budget managers should operate within

the required accounting standards and timetables.

- 3.8 Staff in Departmental Finance Units must comply with the "Protocol for Departmental Finance Units".
- 3.9 All of the Council's transactions, material commitments and contracts and other essential accounting information should be recorded completely, accurately and on a timely basis.
- 3.10 Procedures should be in place to enable accounting records to be reconstituted in the event of systems failure.
- 3.11 Reconciliation procedures should be carried out to ensure transactions are correctly recorded.
- 3.12 Prime documents should be retained in accordance with legislative and other requirements, including Contract Procedure Rule 53 and the document retention schedule located on the intranet. For most financial records this will be 6 years plus the current year.

Responsibilities of Heads of Service

- 3.13 To consult and obtain the approval of the Section 151 Officer before making any changes to accounting records and procedures.
- 3.14 To comply with the principles outlined in paragraphs 3.2 and 3.3 above when allocating accounting duties.
- 3.15 To maintain adequate records to provide a management trail leading from the source of income/expenditure through to the accounting statements.
- 3.16 To supply information required to enable the statement of accounts to be completed in accordance with guidelines issued by the Section 151 Officer.

4. Resource Planning

Improvement Plan & Performance Information

Purpose: Each local authority has a statutory responsibility to publish various performance plans, crime reduction strategies, community care plans, etc. The purpose of performance plans is to explain overall priorities and objectives, current performance, and proposals for further improvement. The Council is required to publish annually an Outcome Agreement, summarising its performance and position in relation to best value. The Outcome Agreement is a key element in the Council's programme of engaging with the public. External audit is required to report on whether the Council has complied with statutory requirements in respect of the preparation and publication of the Outcome Agreement.

General

- 4.1 The Leader of the Council is responsible for proposing the Outcome Agreement to the Cabinet for consideration before its submission to the Council for approval.

Key Controls

- 4.2 The Outcome Agreement and any statutory performance information should be produced on time, in the form required and be consistent from one period to the next.
- 4.3 All performance information must be accurate, complete and up to date and include improvement targets which are meaningful, realistic and challenging.

Responsibilities

- 4.4 The Section 151 Officer will contribute to the development of corporate and service targets and objectives and performance information.
- 4.5 The Chief Executive will ensure that systems are in place to measure activity and collect accurate information for use as performance indicators and ensure that performance information is monitored sufficiently frequently to allow corrective action to be taken if targets are not likely to be met.
- 4.6 Heads of Service will produce accurate, complete and up to date performance information.

Budgeting Preparation

Purpose: The format of the budget determines the level of detail to which financial control and management will be exercised. The format shapes how the rules around virement operate, and sets the level at which funds may be reallocated within budgets. The revenue budget must be constructed so as to ensure that resource allocation properly reflects the service plans and priorities of the Council. Budgets (spending plans) are needed so that the Council can plan, authorise, monitor and control the way money is allocated and spent. It is illegal for an Authority to budget for a deficit.

Key Controls

- 4.7 The Section 151 Officer will ensure that a programme of capital expenditure and estimates of income and expenditure on the revenue account for such future period(s) is submitted to the Cabinet and Council in such form and by such date(s) as required. These will be prepared in accordance with the Prudential Framework for local authority capital investment (the Prudential Code), recommended for adoption by the Local Authority Associations and the Audit Commission, together with published best practices in accounting codes of practice and the Code of Practice for Treasury Management, as published by CIPFA.
- 4.8 In line with the Budget & Policy Framework Procedure Rules, (Constitution Part 4), the Cabinet, on receipt of the report of the overall service programme and policy budget that has been studied by the relevant scrutiny committee, shall consider the aggregate effect of these programmes and policies upon the Council's financial resources. Following consultation on any proposed amendments, they shall be submitted to the Council for approval with a recommendation of the Council Tax for the ensuing financial year.
- 4.9 At least three days before the meeting of the Council at which such matters will be considered, each Member shall be provided with a copy of the proposed programme of capital expenditure and estimates of income and expenditure on the revenue account.
- 4.10 The general format of the budget will be approved by the Council and proposed by the Cabinet on the advice of the Section 151 Officer. The draft budget should include allocation to different services and projects, proposed taxation levels and contingency funds.
- 4.11 The use of released provisions or additional external funding shall constitute a change to the approved budget and require appropriate approval.

Responsibilities

- 4.12 The Section 151 Officer is responsible for ensuring that a revenue budget is prepared on an annual basis and a general revenue plan on a three-yearly basis for consideration by the Cabinet, before submission to the Council.

The Council may amend the budget or ask the Cabinet to reconsider it before approving it.

- 4.13 The Cabinet is responsible for issuing guidance on the general content of the budget in consultation with the Section 151 Officer as soon as possible following approval by the Council.
- 4.14 It is the responsibility of Heads of Service to ensure that budget estimates, reflecting agreed service plans, are submitted to the Cabinet and that these estimates are prepared in line with guidance issued by the Cabinet and comply with Part 4 Budget & Policy Framework Procedure Rules of the Constitution.

Resource Allocation

Purpose: A mismatch often exists between available resources and required resources. A common scenario is that available resources are not adequate to fulfil need/desire. It is therefore imperative that needs/desires are carefully prioritised and that resources are fairly allocated, in order to fulfil all legal responsibilities. Resources may include staff, money, property, equipment, goods and materials.

Key Controls

- 4.15 Resources must be acquired in accordance with the law and using an approved authorisation process.
- 4.16 Resources should only be used for the purpose intended, to achieve the approved policies and objectives intended, and be properly accounted for.
- 4.17 Resources should be held securely.
- 4.18 Resources should be used with the minimum level of waste, inefficiency or loss for other reasons.

Responsibilities

- 4.19 The Section 151 Officer will advise on methods available for the funding of resources, such as grants from Central Government and borrowing requirements and manage the allocation of resources to budget managers.
- 4.20 Heads of Service and budget managers should operate within budget limits and use the resources allocated in the most efficient, effective and economic way.
- 4.21 Heads of Service should also identify opportunities to minimise or eliminate resource requirements or consumption without having a detrimental effect on service delivery.
- 4.22 Heads of Service should identify opportunities to generate efficiency gains and report these to the Section 151 Officer.

5. Budget Monitoring & Control

Purpose: Budget management ensures that once the Council has approved the budget, resources allocated are used for their intended purposes and are properly accounted for. Budgetary control is a continuous process, enabling the Council to review and adjust its budget targets during the financial year. It also provides the mechanism that calls to account managers responsible for defined elements of the budget.

By continuously identifying and explaining variances against budgetary targets, the Council can identify changes in trends and resource requirements at the earliest opportunity. The Council itself operates within an annual budget limit, approved when setting the overall budget. To ensure that the Council in total does not overspend, each Department is required to manage its own expenditure within the budget allocated to it.

For the purposes of budgetary control by managers, a budget will normally be the planned income and expenditure for a service area or cost centre; however, budgetary control may take place at a more detailed level if this is required by the Head of Service's scheme of delegation.

General

- 5.1 The approval of the revenue budget or capital programme by the Council shall constitute authority to incur such expenditure.
- 5.2 However, nothing in these Financial Regulations shall prevent expenditure being incurred in accordance with the emergency powers in the Constitution which is urgent or essential to meet any immediate needs created by a sudden emergency, or which is referable to Section 138 of the Local Government Act, 1972 subject to their action being reported as soon as practicable to the Council.
- 5.3 The Cabinet is responsible for periodically keeping the Council informed as to the state of the Council's finances.
- 5.4 It shall be the duty of Cabinet to keep under review the financial performance of each Department and service during the budget period.
- 5.5 The Section 151 Officer is responsible for providing appropriate financial information to enable budgets to be monitored effectively. The Section 151 Officer must monitor and control expenditure against the total budget allocations and report to the Strategic Leadership Team (SLT) and Cabinet on the overall position on a regular basis.

- 5.6 It is the responsibility of Heads of Service to control income and expenditure within their area and to monitor performance, taking account of financial information provided by the Section 151 Officer. They should report on variances within their own areas to the Section 151 Officer and then to Cabinet. They should also take any action necessary to avoid exceeding their budget allocation and alert the Section 151 Officer to any problems.
- 5.7 The Cabinet, following agreement with the Section 151 Officer, should issue annual guidelines on the preparation of the budget to Members and Heads of Service following initial indications of revenue funding levels from the Welsh Government. The guidelines should take account of:
- a) legal requirements
 - b) medium-term planning prospects
 - c) available resources
 - d) spending pressures
 - e) budget timetables and the budget cycle
 - f) best value and other relevant government guidelines
 - g) other internal policy documents
 - h) cross-cutting issues (where relevant).

Key Controls

- 5.8 Budget managers should be responsible only for income and expenditure that they can influence.
- 5.9 There must be a nominated budget manager for each cost centre heading.
- 5.10 Budget managers should accept accountability for their budgets and the level of service to be delivered and understand their financial responsibilities.
- 5.11 Budget managers should follow an approved certification process for all expenditure.
- 5.12 Income and expenditure must be properly recorded and accounted for.
- 5.13 Performance levels/levels of service should be monitored in conjunction with the budget, and necessary action should be taken to align service outputs and budget.
- 5.14 Variances arising on budgets should be contained initially within the service budget or failing that within the Departmental budget.

Responsibilities

5.15 The Section 151 Officer will establish an appropriate framework of budgetary management and control that ensures that:

- a) budget management is exercised within annual budget limits unless Council agrees otherwise;
- b) each Head of Service has available timely, relevant and accurate information on receipts and payments on each budget which is sufficiently detailed to enable managers to fulfil their budgetary responsibilities;
- c) expenditure is committed only against an approved budget head;
- d) all officers responsible for committing expenditure comply with relevant guidance, and these financial regulations;
- e) each cost centre has a single named manager, determined by the relevant Head of Service. As a general principle, budget responsibility should be aligned as closely as possible to the decision-making processes that commits expenditure;
- f) variances from approved budgets in the virement ranges in paragraph 6.4 are investigated and reported by budget managers in accordance with Financial Regulations.

5.16 Heads of Service should ensure that both revenue and capital spending remains within the service's overall budget limit, and that individual budget heads are not overspent, by monitoring the budget and taking appropriate corrective action where significant variations from the approved budget are forecast. Heads of Service should consult with the Section 151 Officer upon the systems and methods they adopt to ensure such control.

5.17 Where a Head of Service is unable to balance expenditure and resources within existing approved budgets under his or her control, the Section 151 Officer will submit reports to the Cabinet and to the Council, in consultation with the relevant Head of Service.

5.18 Prior approval by Cabinet must be given for new proposals (not already included in the service business plan), of whatever amount, that:

- a) create financial commitments in future years
- b) change existing policies, initiate new policies or cease existing policies
- c) change the timescale of an existing policy
- d) materially extend or reduce the Council's services.

- 5.19 A report on new proposals should explain the full financial implications, following consultation with the Section 151 Officer. Unless the Council or Cabinet has agreed otherwise, Heads of Service must plan to contain the financial implications of such proposals within their budget limit.
- 5.20 Heads of Service should refer to Contract Procedure Rule 48 with regard to any variation in revenue contract costs.
- 5.21 Heads of Service should prepare and submit reports to the Strategic Leadership Team (SLT) and Cabinet on completion of all revenue contracts where expenditure exceeds the available budget. The report should be produced taking account of the virement rules in Section 6 of these financial regulations.

6. Virement & Year End Balances

Virement

Purpose: The scheme of virement is intended to enable the Cabinet, Heads of Service and their staff to manage budgets with a degree of flexibility within the overall policy framework determined by the Council, and therefore to optimise the use of resources.

Responsibilities

- 6.1 The Council is responsible for agreeing the procedures for virement of expenditure between budget headings and budget lines ('headings' being cost centres and 'lines' being items of expenditure within cost centres).
- 6.2 The Section 151 Officer is responsible for proposing and administering the scheme of virement. Contingency funds are not included in the scheme of virement and may only be used if approved by Cabinet.

Key Controls

- 6.3 Virement can only be approved if:
- a) the proposed expenditure is not contrary to Council policy
 - b) it is not contrary to approved Service Business Plans
 - c) the future revenue burden on the service is not materially increased
- 6.4 All virement should follow the process set out in the following table:

Amount	Within Service	Between Services
Up to £50k.	Head of Service.	Head of Service. Section 151 Officer.
	Head of Service. Section 151 Officer. Business Group Strategic Director.	Head of Service. Section 151 Officer. Business Group Strategic Director.
Greater than £100k, up to £500k.	Cabinet	Cabinet
Greater than £500k	Council	Council

The meaning of “Within Service” is the cash limited budget approved by Members. A “Service” may cover more than one cost centre, and there may be more than one service under the control of a Head of Service. The meaning of “Between Services” is one Head of Service managing more than one service.

Treatment of year-end Balances

- 6.5 Appropriate accounting procedures must be in operation to ensure that carried-forward totals are correct and comply with Council policy.

Responsibilities

- 6.6 The Council is responsible for agreeing procedures for carrying forward under and overspends on budget headings, as proposed by Cabinet.
- 6.7 The Section 151 Officer will administer the scheme of carry-forward balances within the procedures approved by the Council and will report all overspendings and underspendings on all service estimates carried forward to the Cabinet and to the Council.

Key Controls

- 6.8 Any overspending on service estimates in total on budgets under the control of the Head of Service will normally be addressed in the financial year in which the overspend occurs and will have no effect on the following year’s budget.
- 6.9 Net underspendings on service estimates under the control of the Head of Service may be carried forward if a commitment exists which cannot be paid or accrued in the current financial year, but the liability falls in the following financial year.
- 6.10 Net underspendings on service estimates under the control of the Head of Service under all other circumstances may only be carried forward subject to reporting to Cabinet the source of underspending or additional income and the proposed application of those resources.
- 6.11 All trading account surpluses shall be retained for the benefit of the Council and their application shall require the approval of the Cabinet, unless there are statutory restrictions to the contrary.
- 6.12 Schools’ balances shall be available for carry-forward to support the expenditure of the school concerned. Where an unplanned deficit occurs, the Governing body shall prepare a detailed financial recovery plan for consideration by the Cabinet member concerned, following evaluation by the Chief Education Officer and the Section 151 Officer. A school’s Governing body will normally be expected to agree a plan with the Cabinet Member concerned to recover the deficit within a defined period.

7. Maintenance Of Reserves

Purpose: The Local Authority must decide the level of general reserves it wishes to maintain before it can decide the level of Council Tax. Reserves are maintained as a matter of prudence. They enable the Authority to provide for unexpected events and thereby protect it from overspending, should such events occur. Reserves for specific purposes may also be maintained, such as the purchase or renewal of capital items. Reserves are treated differently from balances that may accrue during the year from unexpected activity or deviation from planned income or expenditure.

Responsibilities

- 7.1 It is the responsibility of the Section 151 Officer to advise the Cabinet and/or the Council on prudent levels of reserves for the Authority.

Key Controls

- 7.2 Reserves should be maintained in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (CIPFA/LASAAC) and agreed accounting policies.
- 7.3 For each reserve established, the purpose, usage and basis of transactions should be clearly identified.
- 7.4 The use of specific reserves as defined in 7.3 and the use of any general reserves will require the following approval:

Amount	
Up to £100k	Section 151 Officer
Greater than £100k, up to £500k	Cabinet
Greater than £500k	Council

- 7.5 Reserves may only be used for the purposes for which they were intended. Any deviation from this or re-allocation of reserves will require approval subject to the limits within paragraph 7.4 above.
- 7.6 Balances that may accrue during the year because of underspends on approved budgets will be subject to Financial Regulation 6 (Virement & Year End Balances).

8. Capital Programme & Expenditure

Purpose: Capital expenditure involves acquiring or enhancing fixed and intangible assets with a long-term value to the Council, such as land, buildings, major items of plant, equipment, computer programs or vehicles, and Revenue Expenditure Funded from Capital Under Statute. Capital assets shape the way services are delivered in the long term and create financial commitments for the future in the form of financing costs and revenue running costs. This means that capital expenditure should form part of an investment strategy and should be carefully prioritised in order to maximise the benefit of scarce resources. The long-term impact and sustainability of capital investment decisions should be considered as part of the Council's obligations under the Wellbeing of Future Generations Act.

General

- 8.1 The Capital Programme Manager (Strategic Director Finance and Efficiencies) is responsible for ensuring that a 3 year indicative rolling capital programme and a detailed annual capital programme are prepared on an annual basis for consideration by Cabinet before submission to the Council. This process shall be in line with Part 4 of the Constitution (Budget & Policy Framework Procedure Rules). The annual approved capital programme shall be shown gross, fixed in budget terms and based on year-end outturn prices.
- 8.2 The definition of "capital" will be determined by the Section 151 Officer, having regard to government regulations and accounting requirements.
- 8.3 No expenditure shall be incurred on any capital project in the current financial year unless provision exists in the approved Capital Programme. Any project not so complying, which therefore requires additional capital funding, shall be the subject of a report to Cabinet, which shall include the capital and revenue implications.
- 8.4 The Capital Programme will be approved by Council and updated regularly. Any variation to the approved expenditure, the approved outputs of the project or the timescale must be reported to the Capital Programme Manager, Cabinet and Council as follows:

Amount	
Up to £100k	Capital Programme Manager
Greater than £100k, up to £500k	Cabinet
Greater than £500k	Council

Key Controls

- 8.5 There must be specific approval by the Council for the programme of capital expenditure.
- 8.6 All bids for capital expenditure must, in addition to the requirements of these Financial Regulations, conform with the Business Planning Framework.
- 8.7 A scheme and estimate, produced by a suitably qualified person including project plan, progress targets, risk analysis and associated revenue expenditure should be prepared for each capital project for consideration by the Capital Programme Manager and Capital Selection Panel, and approval by Cabinet and Council.
- 8.8 Proposals for improvements and alterations to buildings must be approved by the appropriate Head of Service.
- 8.9 An Asset Management Plan should be in place for each service, to underpin the Corporate Asset Management Plan.
- 8.10 Accountability for each capital project must be formally accepted by a named manager who will be responsible for the management of the project, the Senior Responsible Owner.
- 8.11 Capital projects may only proceed when there is adequate provision in the Capital Programme.
- 8.12 Adequate records must be maintained for all capital contracts.
- 8.13 Capital projects should be continually monitored by the Senior Responsible Owner (8.10) to assess progress, in conjunction with expenditure and comparison with approved budget. The Senior Responsible Owner should immediately inform the Project Board and the Capital Programme Manager if a capital project is likely to exceed the approved budget.

Responsibilities

- 8.14 Heads of Service will submit Capital Business Cases via the Business Planning Framework for consideration for inclusion in the Capital Programme. Business Cases will be assessed and prioritised having due consideration of the Authority's Strategic Objectives and Corporate Plan, by a selection process involving Cabinet and Finance and Resources Overview and Scrutiny Committees. Cabinet will make recommendations on the capital estimates and on any associated financing requirements to the Council. Approval via the Business Planning Framework is required where a Head of Service proposes to bid for additional capital grant not anticipated in the capital programme. Also, this approval will be required where a Head of Service proposes to fund additional capital spend from borrowing not anticipated in the capital programme. This is because the extra borrowing may create future commitments to financing costs.
- 8.15 The Senior Responsible Owner will prepare and submit reports to the Capital Programme Monitoring Group on capital expenditure and available resources compared with the approved estimates.

Responsibilities of Heads of Service

- 8.16 To ensure that the requirements of the Capital Planning & Project Management Procedures are followed.
- 8.17 To refer to Contract Procedure Rule 48 with regard to any variation in contract costs.
- 8.18 To prepare and submit reports to the Improvement Board on completion of all projects, reviewing costs and outcomes against budget.
- 8.19 To prepare and submit reports, in consultation with the Section 151 Officer, to the Capital Programme Manager, Improvement Board and Cabinet as appropriate where project costs have increased above those quoted when the scheme was approved.
- 8.20 To ensure that credit arrangements, such as finance lease agreements, are not entered into without the prior approval of the Capital Programme Manager and, if applicable, approval of the scheme through the Capital Programme.
- 8.21 To seek the approval of the Capital Programme Manager, , and Cabinet and Council for any proposal for additional capital funding to support expenditure that has not been included in the current year's Capital Programme based on the limits identified in paragraph 8.4 above.

- 8.22 Under exceptional circumstances, with the support of SLT, a capital scheme may be included in the capital programme in advance of the approval process outline above. This may for example include emergency works, or schemes for which funding may be lost if delays occur due to the normal approval processes.

9. Risk Management

Purpose: All organisations, whether private or public sector, face risks to people, property and continued operations. Risk is the chance or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event. Risk management is the planned and systematic approach to the identification, evaluation and control of risk. Its objectives are to secure the assets of the organisation and to ensure the continued financial and organisational well-being of the organisation. In essence it is, therefore, an integral part of good business practice. Risk management is concerned with evaluating the measures an organisation already has in place to manage identified risks and then recommending the action the organisation needs to take to control these risks effectively.

Responsibilities

- 9.1 The Committee responsible for Corporate Governance is responsible for approving the Council's Risk Management Policy Statement and Strategy and for reviewing the effectiveness of risk management. The Cabinet is responsible for ensuring that proper insurance exists where appropriate.
- 9.2 The Chief Executive is responsible for approving the Council's Risk Management Policy Statement and for promoting and embedding it throughout the Council. The Section 151 Officer is responsible for advising the Cabinet on financial risk, while the Head of Legal Services will advise on legal risks. The Section 151 Officer will advise the Cabinet on proper insurance cover where appropriate.
- 9.3 Heads of Service should manage risk effectively, complete the Service Risk Register, and ensure that there are regular reviews of risk within their Departments, and in particular that Annual Risk Assessments are undertaken as part of the Corporate Performance Review.
- 9.4 The Council's Risk Management Strategy outlines roles and responsibilities associated with the Risk Management Strategy.

Key Controls

- 9.5 Procedures must be in place to identify, assess, prevent or contain material known risks, and ensure that these procedures are operating effectively throughout the Council.
- 9.6 A monitoring process should be in place to review regularly the effectiveness of risk reduction strategies and the operation of these controls. The risk management process should be conducted on a continuing basis.
- 9.7 Managers and their staff should know that they are responsible for managing relevant risks and be provided with relevant information on risk management initiatives.
- 9.8 Provision should be made for losses that might result from the risks that

remain.

- 9.9 Procedures should be in place to investigate claims within required timescales.
- 9.10 Acceptable levels of risk should be determined and insured against where appropriate.
- 9.11 Business continuity plans for implementation in the event of disaster that results in significant loss or damage to its resources must be in place.

10. Insurance

Purpose: The Council must have adequate insurance to mitigate the effects of identified risks. This regulation clarifies roles and responsibilities and separates the duty of making claims and arranging claims.

Responsibilities

- 10.1 The Section 151 Officer shall arrange all required insurance cover and make suitable arrangements for the negotiation of claims in consultation with other officers if deemed appropriate.
- 10.2 The Section 151 Officer shall ensure that all appropriate employees of the Council are included in a suitable fidelity guarantee insurance policy and any other appropriate insurance policy.
- 10.3 The Section 151 Officer may at his discretion operate and administer an internal insurance fund to meet losses and liabilities or parts of losses and liabilities on claims and such risks deemed appropriate.
- 10.4 Heads of Service shall give prompt notification to the Section 151 Officer of all new risks, properties, vehicles, equipment, antiques and other valuables that are to be insured and of any alterations affecting or that might affect existing insurances.
- 10.5 Heads of Service shall notify the Section 151 Officer immediately of any loss, liability or damage that may lead to a claim against the Council or by the Council, together with any information or explanation required by the Section 151 Officer or the Council's insurers. Heads of Service should inform the police if appropriate.
- 10.6 The Section 151 Officer shall annually, or at such period as he may consider necessary, review all insurances in consultation with other Heads of Service as appropriate.
- 10.7 Heads of Service shall consult the Section 151 Officer regarding the terms of any indemnity that the Council is requested to give and will act in accordance with the advice given by the Section 151 Officer.

11. Internal Control

Purpose: The Council is complex and beyond the direct control of individuals. It therefore requires internal controls to manage and monitor progress towards strategic objectives.

The Council has statutory obligations and, therefore, requires internal controls to identify, meet and monitor compliance with these obligations.

The Council faces a wide range of financial, administrative and commercial risks, both from internal and external factors, which threaten the achievement of its objectives. Internal controls are necessary to manage these risks.

The system of internal controls is established in order to provide measurable achievement of:

- efficient and effective operations
- reliable financial information and reporting
- compliance with laws and regulations
- risk management

Key Controls

- 11.1 The Accounts and Audit (Wales) Regulations 2014 require authorities to “conduct a review at least once in a year of the effectiveness of its system of internal control” and include a statement on internal control with any statement of accounts. Key controls should be reviewed on a regular basis and the formal statement in the Statement of Accounts should be to the effect that the Council is satisfied that the systems of internal control are operating effectively.
- 11.2 Managerial control systems must be in place, including defining policies, setting objectives and plans, monitoring financial and other performance and taking appropriate anticipatory and remedial action. The key objective of these systems is to promote ownership of the control environment by defining roles and responsibilities.
- 11.3 Financial and operational control systems and procedures must be in place, which include physical safeguards for assets, segregation of duties, authorisation and approval procedures and information systems.
- 11.4 There must be an effective and properly resourced internal audit function. It should operate in accordance with the principles contained in the Auditing Practices Board’s auditing guideline *Guidance for Internal Auditors*, CIPFA’s *Code of Practice for Internal Audit in Local Government in the United Kingdom* and with any other statutory obligations and regulations.

Responsibilities

- 11.5 The Section 151 Officer will assist the Council to put in place an appropriate control environment and effective internal controls which provide reasonable assurance of effective and efficient operations, financial stewardship, probity and compliance with laws and regulations.
- 11.6 The Head of Service should review existing controls in the light of changes affecting the Authority, inform the Section 151 Officer of the results of the review, and establish and implement new controls in line with guidance from the Section 151 Officer. The Head of Service should seek the agreement of the Section 151 Officer for removing controls that are unnecessary or not cost or risk effective – for example, because of duplication.
- 11.7 Heads of Service should manage processes to check that established controls are being adhered to and evaluate their effectiveness, in order to be confident in the proper use of resources, achievement of objectives and management of risks.
- 11.8 Heads of Service should ensure that staff have a clear understanding of the consequences of lack of control.

12. Audit requirements

Internal Audit

Purpose: The requirement for an internal audit function for local authorities is implied by section 151 of the Local Government Act 1972, which requires that authorities “make arrangements for the proper administration of their financial affairs”. The Accounts and Audit (Wales) Regulations 2014 regulation 6, more specifically require that a “local government body shall maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with proper internal audit practices”.

Accordingly, internal audit is an independent and objective appraisal function established by the Council for reviewing the system of internal control. It examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources.

General

12.1 In accordance with the accounts and audit regulations approved by the Welsh Government from time to time, a continuous internal audit, under the independent control and direction of the Head of Audit and Procurement shall be arranged to carry out an examination of accounting, financial and other operations of the Council.

12.2 The Section 151 Officer and Head of Audit and Procurement have the authority to:

- a) access Council premises at reasonable times;
- b) access all assets, records, documents, correspondence and control systems;
- c) receive any information and explanation considered necessary concerning any matter under consideration;
- d) require any employee of the Council to account for cash, stores or any other Council asset under his or her control;
- e) access records belonging to third parties, such as contractors, when required.

12.3 The Head of Audit and Procurement has authority to directly access the Chief Executive, Council, Cabinet and the Committee responsible for Corporate Governance about any appropriate issue.

Key Controls

12.4 Internal audit must be independent in its planning and operation.

12.5 The Head of Audit and Procurement must have direct access to the Chief Executive, all levels of management and elected Members.

- 12.6 Internal auditors must comply with the Auditing Practices Board's guideline *Guidance for Internal Auditors*, as interpreted by CIPFA's *Code of Practice for Internal Audit in Local Government in the United Kingdom*.

Responsibilities

- 12.7 The Section 151 Officer will agree the strategic and annual audit plans prepared by the Head of Audit and Procurement which take account of the characteristics and relative risks of the activities involved. The plans will be approved by the Committee responsible for Corporate Governance.
- 12.8 The Head of Audit and Procurement should ensure that effective procedures are in place to investigate promptly any fraud or irregularity.

Responsibilities of Heads of Service

- 12.9 To ensure that internal auditors are given access at all reasonable times to premises, personnel, documents and assets that the auditors consider necessary for the purposes of their work.
- 12.10 To ensure that auditors are provided with any information and explanations that they seek in the course of their work.
- 12.11 To consider and respond promptly to recommendations in audit reports.
- 12.12 To ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient fashion in accordance with the agreed action plan.
- 12.13 To notify the Head of Audit and Procurement and Section 151 Officer immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of the Council's property or resources. Pending investigation and reporting, the Head of Service should take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.
- 12.14 To ensure that new systems for maintaining financial records, or records of assets, or changes to such systems, are discussed with and agreed by the Section 151 Officer and Head of Audit and Procurement prior to implementation.
- 12.15 The Head of Audit and Procurement shall review, appraise and report to the appropriate committee upon:
- a) the soundness, adequacy and application of a strategic risk management framework and financial and operational controls;
 - b) the extent of compliance with laws, regulations, policies, plans and procedures;

- c) the extent to which the Council's assets and interests are accounted for and safeguarded from losses of all kinds arising from other offences, waste, extravagance, poor value for money or any other causes whatsoever;
- d) the suitability and reliability of financial and operational information and systems developed within the Council.

External audit

Purpose: The Public Audit (Wales) Act 2004 (the Act) requires the Auditor General for Wales to appoint an external auditor (Appointed Auditor) to each local government body in Wales.

The general duties of the Appointed Auditor are specified in Section 17 of Chapter 1 to Part 2 of the Public Audit (Wales) Act 2004. Section 18 of the Act gives the Appointed Auditor rights of access to all documents and information necessary for the purposes of the audit.

Section 16 of the 2004 Act permits the Auditor General for Wales to prepare a code of audit practice, prescribing the way in which Appointed Auditors should carry out their functions. The Auditor General's Code of Audit and Inspection Practice, issued in May 2005, sets out the general principles governing the work of auditors as well as specific requirements in relation to:

- audit of financial statements; and
- evaluation of arrangements for securing economy, efficiency and effectiveness in the use of resources.

The Authority's accounts are scrutinised by the Appointed Auditor who must be satisfied that the Statement of Accounts:

- "presents fairly" the financial position of the Authority and its income and expenditure for the year in question; and
- complies with the legislative and other applicable requirements.

Responsibilities

12.16 The Section 151 Officer is responsible for the following:

- a) to ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets that the external auditors consider necessary for the purposes of their work;
- b) to ensure there is effective liaison between external and internal audit;
- c) to work with the external auditor and advise the Council, Cabinet and Heads of Service on their responsibilities in relation to external audit;
- d) to ensure that all records and systems are up to date and available for inspection.

13. Preventing fraud and corruption

Purpose: The Council will not tolerate fraud and corruption in the administration of its responsibilities, whether from inside or outside the Council.

The Council's expectation of propriety and accountability is that Members and staff at all levels will act with integrity and lead by example in ensuring adherence to legal requirements, rules, procedures and practices.

The Council also expects that individuals and organisations (eg suppliers, contractors, service providers) with whom it comes into contact will act towards the Council with integrity and without thought of or actions involving fraud and corruption.

Key Controls

- 13.1 The Council should have an effective anti-fraud and anti-corruption policy and maintain a culture that will not tolerate fraud or corruption.
- 13.2 Heads of Service are required to deal swiftly and firmly with those who defraud or attempt to defraud the Council or who are corrupt.
- 13.3 Staff must adhere to the "Gifts and Hospitality – Rules and Regulations for Staff" that can be found on the Council's intranet site. A register of interests should be maintained in which any hospitality or gifts accepted must be recorded.
- 13.4 High standards of conduct are promoted amongst Members by the Standards Committee.
- 13.5 All staff or elected Members should report any declaration of interest to the Monitoring Officer who will maintain a register of interests.
- 13.6 Whistle blowing procedures should be in place and operating effectively.
- 13.7 Legislation including the Public Interest Disclosure Act 1998 should be adhered to.

Responsibilities

13.8 Responsibilities of the Section 151 Officer

- a) to develop and maintain an anti-fraud and anti-corruption policy in conjunction with the Monitoring Officer;
- b) to maintain adequate and effective internal control arrangements;

- c) to ensure that all suspected irregularities are reported to the Head of Audit and Procurement, the Chief Executive, the Cabinet and the Committee responsible for Corporate Governance.

13.9 Responsibilities of Heads of Service

- a) to ensure that all suspected irregularities are reported to the Section 151 Officer and Head of Audit and Procurement;
- b) to instigate the Council's disciplinary procedures where the outcome of an investigation indicates improper behaviour;
- c) to ensure that where financial impropriety is discovered, the Head of Audit and Procurement is informed, and where sufficient evidence exists to believe that a criminal offence may have been committed, the police are called in to determine with the Crown Prosecution Service whether any prosecution will take place;
- d) to ensure that all staff are aware of the requirement to report any declaration of interest to the Monitoring Officer who will maintain a register of interests.

14. Assets

Security Of Assets

Purpose: The Council holds assets in the form of property, vehicles, equipment, furniture and other items worth many millions of pounds. It is important that assets are safeguarded and used efficiently in service delivery, and that there are arrangements for the security of both assets and information required for service operations. An up-to-date asset register is a prerequisite for proper fixed asset accounting and sound asset management.

General

14.1 Heads of Service should ensure that records and assets are properly maintained and securely held. They should also ensure that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place.

Key Controls

14.2 The regulations below have been established for the security and use of assets such as land, buildings, vehicles, fixed plant machinery, equipment, information and software and should be adhered to.

14.3 Resources should be used only for the purposes of the Council and be properly accounted for.

14.4 Resources should be available for use when required.

14.5 Resources no longer required should be disposed of in accordance with the law and the regulations of the Council so as to maximise benefits.

14.6 An asset register should be maintained and assets recorded promptly and accurately when they are acquired by the Council and this record should be updated as changes occur with respect to the location, value and condition of an asset.

Responsibilities

14.7 The Section 151 Officer will ensure that an asset register is maintained in accordance with good practice for all fixed assets purchased through the Capital Programme. The function of the asset register is to provide the Council with information about fixed assets so that they are:

- a) safeguarded
- b) used efficiently and effectively
- c) adequately maintained
- d) properly accounted for

- 14.8 The Section 151 Officer will ensure that assets are valued in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (CIPFA/LASAAC).
- 14.9 The Head of Law and Governance shall have custody of all title deeds under secure arrangements. The Property Services Department will maintain a terrier of all properties owned by the Council, recording the responsible service department, purpose for which held, location area and plan, reference, purchase details, particulars of nature of interest and rents payable and particulars of tenancies, leases, licences granted and other dealings with the property.
- 14.10 The responsibilities of Heads of Service in respect of the security of assets are as follows:
- a) to inform the Section 151 Officer of all properties, plant and machinery and moveable assets currently owned or used by the Council. Any use of property by a Department other than for direct service delivery should be supported by documentation identifying terms, responsibilities and duration of use;
 - b) to provide the Section 151 Officer with the information required for the proper accounting and recording of assets;
 - c) to ensure that lessees and other prospective occupiers of Council land are not allowed to take possession or enter the land until a lease or agreement, in a form approved by the Head of Law and Governance in consultation with the Section 151 Officer, has been established as appropriate;
 - d) to ensure the proper security of all buildings and other assets under their control;
 - e) to pass title deeds to the Head of Law and Governance who is responsible for custody of all title deeds;
 - f) to ensure that no asset is subject to personal use by an employee;
 - g) to ensure the safe custody of vehicles, equipment, furniture, stock, stores and other property belonging to the Council;
 - h) to ensure that the Department maintains a register of moveable assets in the form of an inventory in accordance with arrangements defined by the Section 151 Officer;
 - i) to make sure that property is only used in the course of the Council's business;

- j) to ensure that assets are identified, their location recorded and that they are appropriately marked and insured;
- k) to consult the Head of Audit and Procurement in any case where security is thought to be defective or where it is considered that special security arrangements may be needed;
- l) to ensure that cash holdings on Council premises are kept to a minimum. If cash holdings are likely to exceed £500 the Section 151 Officer should be consulted for instructions on safe custody;
- m) to ensure that keys to safes and similar receptacles are kept securely; loss of any such keys must be reported to the appropriate manager as soon as possible;
- n) to ensure that all employees are aware that they have a personal responsibility with regard to the protection and confidentiality of information, whether held in manual or computerised records. Information may be sensitive or privileged, or may possess some intrinsic value, and its disclosure or loss could result in a cost to the Council in some way;
- o) to ensure that all staff are aware of their responsibilities with regard to the Data Protection Act 1998, the Freedom of Information Act and the Council's Information Security Policy;
- p) to ensure that all staff are aware of their responsibilities with regard to safeguarding the security of the Council's computer systems, including maintaining restricted access to the information held on them and compliance with the Council's Information Security Policy.

Inventories

General

14.11 Heads of Service must ensure for every Department or establishment that inventories are maintained. Inventories are a departmental record of furniture and equipment and should record an adequate description and location of all furniture, fittings, equipment, plant and machinery, antiques, and other valuables above £50 in value. A standard template is available from the Section 151 Officer and can be kept in manual or electronic form.

14.12 An annual check of all items on the inventory must be completed in order to verify location, review, condition and to take action in relation to surpluses or deficiencies, annotating the inventory accordingly.

If an electronic inventory is maintained a hard copy showing the annual check should be retained. Attractive, high value and portable items such as computers, cameras and video recorders should be identified with security markings as belonging to the Council.

- 14.13 Heads of Service must ensure that property is only used in the course of the Authority's business.

Stocks and stores

Responsibilities

- 14.14 It is the responsibility of Heads of Service to make arrangements for the care and custody of stocks and stores in the Department and to ensure that stocks are maintained at reasonable levels and are subject to a regular independent physical check. All discrepancies should be investigated and pursued to a satisfactory conclusion.

- 14.15 Stock control procedures must be approved by the Section 151 Officer.

Key Controls

- 14.16 A delivery note, signed by the person receiving the goods, should be obtained in respect of every delivery of goods, and all practicable steps must be taken to ensure that such delivery note is handed in at the time of delivery.
- 14.17 All goods must be checked as regards quantity and where practicable, quality, at the time delivery is made.
- 14.18 Where quality and compliance with specification cannot be checked at the time of delivery, this must be done as soon as possible thereafter. Goods that are clearly defective or not compliant with specification should not be accepted. Delivery notes shall be amended accordingly.
- 14.19 Issues of stores by a storekeeper or other person having charge of stores shall be supported by a requisition signed by an authorised person, stating the quantity of goods required. A receipt for the stores issued shall be obtained on a stores issue note that shall be signed by the person issuing the stores.
- 14.20 Stocks shall not be in excess of normal requirements except in special circumstances and shall be with the approval of the Head of Service.
- 14.21 The Head of Service should investigate, report and authorise write-offs for discrepancies as necessary, in consultation with the Section 151 Officer.

Material discrepancies should be reported to the Cabinet at the discretion of the Section 151 Officer.

- 14.22 Redundant stocks and equipment should be sold or written-off. Procedures for disposal of such stocks and equipment should be by competitive quotations or auction, unless the Section 151 Officer and Lead Member decide otherwise in a particular case.
- 14.23 Heads of Service shall arrange for and record periodical test examinations throughout the financial year of stocks by persons other than storekeepers and shall ensure that all stocks are checked and valued formally at the end of the financial year and the results passed to the Section 151 Officer in the form of a stock certificate. The stock value will be included as part of the Council's published accounts.

Asset Disposal

Purpose: It is uneconomic and inefficient for the cost of assets to outweigh their benefits. obsolete, non-repairable or unnecessary resources should be disposed of in accordance with the law and the regulations below.

Key Controls

- 14.24 Assets (including property, inventory items, stocks and stores, IT equipment, software, etc) should be disposed of at the most appropriate time, and only when it is in the best interests of the Council to do so. Best price should be obtained, bearing in mind other factors, such as environmental issues.
- 14.25 The disposal or part exchange of assets should normally be by competitive tender or public auction, unless, following consultation with the Section 151 Officer, the Committee responsible for Asset Management agrees otherwise. Items that are damaged, out of date, beyond economical repair, etc must be reported to the Head of Service for authority for disposal and write off.
- 14.26 Disposal of land and buildings shall be undertaken in accordance with the Managed Asset Disposal Policy and Corporate Asset Management Plan for Disposal and Acquisition of Land and Buildings.
- 14.27 The Section 151 Officer must be informed of any disposal to ensure that appropriate accounting entries are made to remove the value of disposed assets from the Council's records and to include the sale proceeds if appropriate.

Intellectual property

General

- 14.28 Intellectual property is a generic term that includes inventions and writing. If these are created by the employee during the course of employment, then, as a general rule, they belong to the employer, not the employee.
- 14.29 Certain activities undertaken within the Authority may give rise to items that may be patentable, for example, software development. These items are collectively known as intellectual property.

Key Controls

- 14.30 In the event that the Authority decides to become involved in the commercial exploitation of intellectual property, the matter should proceed in accordance with the Authority's approved intellectual property procedures.

Responsibilities of Heads of Service

- 14.31 To ensure that controls are in place to ensure that staff do not carry out private work in Council time and that staff are aware of an employer's rights with regard to intellectual property.

15. TREASURY MANAGEMENT

Purpose: Many millions of pounds pass through the Authority's accounts each year. This has led to the establishment of codes of practice which aim to provide assurances that the Authority's money is properly managed in a way that balances risk with return, but with the overriding consideration being given to the security of the Authority's capital sum.

General

15.1 The Council's treasury management activities are regulated by a variety of professional codes and statutes and guidance. The Local Government Act 2003 (the Act) provides the power to borrow and invest as well as providing controls and limits on this activity. The powers within the Act were further developed by Statutory Instrument (SI) 3239 (W319) 2003.

The SI requires the Council to operate the overall treasury function with regard to the CIPFA Treasury Management Code of Practice; the Council adopted the code in 2003.

The Act permits the Welsh Government to issue Investment Guidance to structure and regulate the Council's investment activities; the Council has incorporated the guidance as part of its Treasury Management Practices.

The Prudential Code provides a framework of self-regulation for Councils allowing investment in assets without limit as long as the schemes are affordable, prudent and sustainable. The Council has adopted the CIPFA Prudential Code and is required to produce prudential indicators, which provide a framework to support capital investment decisions.

Key Controls

15.2 The Section 151 Officer is responsible for producing the Treasury Management Strategy; the Prudential Indicators; the Investment Strategy; and the MRP Policy on an annual basis detailing the proposed strategies to be followed in the forthcoming year. 15.3 It is a requirement of the Code and the Investment guidance that the strategies to be followed are scrutinised by 'other bodies' rather than Full Council. The committee delegated to undertake this role is the Audit and Governance Committee. The committee is responsible for approving the Treasury Management Strategy and Prudential Indicators and recommending the Investment Strategy and MRP Policy be approved by Council

15.4 Following scrutiny by the delegated body the Investment Strategy and MRP Policy is approved by Council and the Treasury Management Strategy and Prudential Indicators are noted.

- 15.5 The Section 151 Officer is responsible for monitoring the strategies approved and reporting to the delegated body the mid-year position.

Following the mid-year review the report and any recommendations from the delegated body be presented to Council for approval.

- 15.6 The annual report on the treasury management activity for the previous year will be presented to the delegated body by the 30 September in the following financial year. Following scrutiny of the annual report any recommendations from the delegated body be presented to Council for approval.
- 15.7 All money in the hands of the Council is controlled by the officer designated for the purposes of section 151 of the Local Government Act 1972, referred to in the code as the Section 151 Officer.
- 15.8 All Cabinet decisions on borrowing, investment, cash flow or financing shall be delegated to the Section 151 Officer, who is required to act in accordance with the CIPFA Treasury Management Code of Practice.
- 15.9 The Council Policy is to lend funds for a maximum of 364 days, if a longer period is required the Section 151 Officer will seek approval for the investment from the delegated body and Council.
- 15.10 All of the Council's borrowings and investments must comply with the CIPFA Treasury Management Code of Practice and the strategy adopted for that year.

Responsibilities

15.11 Responsibilities of the Section 151 Officer (Treasury Management and Banking)

- a) to arrange the borrowing and investments of the Council in such a manner as to comply with the CIPFA *Treasury Management Code of Practice* and the strategy adopted for the year;
- b) to report to the delegated body and Council the various strategies as detailed in paragraph 15.2 in advance of the new financial year. To provide mid-year reports and year end reports monitoring the treasury management activity against the strategies approved and provide updated position with regards the prudential indicators, reporting to both the delegated body and Council.;
- c) to report promptly to Cabinet any exceptional circumstances where the provisions of the CIPFA *Treasury Management Code of Practice* are not met.

15.12 Responsibilities of the Section 151 Officer (Investments and Borrowing)

- a) to ensure that all investments of money are made in the name of the Council or in the name of nominees approved by the Council. Bearer securities shall be excepted from this regulation, but any purchase of such securities shall be reported to the delegated body and Council;
- b) to ensure that all securities that are the property of the Council or its nominees and the title deeds of all property in the Council's ownership are held in the custody of the appropriate Head of Service;
- c) to effect all borrowings in the name of the Council;
- d) to act as the Council's registrar of stocks, bonds and mortgages and to maintain records of all borrowing of money by the Council.

15.13 Responsibilities of Heads of Service (Investments and Borrowing)

- a) to ensure that loans are not made to third parties and that interests are not acquired in companies, joint ventures or other enterprises without the approval of the Cabinet, following consultation with the Section 151 Officer.

15.14 Responsibilities of Heads of Service (Trust Funds and Funds held for Third Parties)

- a) to arrange for all trust funds to be held, wherever possible, in the name of the Council. All officers acting as trustees by virtue of their official position shall deposit securities, etc relating to the trust with the Section 151 Officer, unless the deed otherwise provides;
- b) to arrange, where funds are held on behalf of third parties, for their secure administration, approved by the Section 151 Officer, and to maintain written records of all transactions;
- c) to ensure that trust funds are operated within any relevant legislation and the specific requirements for each trust.
- d) to be aware that all appropriate Financial Regulations governing the control of funds will apply to Trust Funds.

16. Banking & Imprest (Petty Cash) Accounts

Purpose: The Council's banking arrangements must be regulated to ensure proper control and stewardship of all Council funds.

Key Controls

- 16.1 All arrangements with the Council's bankers shall be made by, or under arrangements approved by the Section 151 Officer who shall operate bank accounts as are considered necessary. Opening or closing any bank account shall require the approval of the Section 151 Officer.
- 16.2 All cheques, etc. (excluding cheques drawn on authorised imprest accounts) shall be ordered only on the authority of the Section 151 Officer who shall make proper arrangements for their safe custody.
- 16.3 The Section 151 Officer or other specifically authorised officers shall sign cheques on the Council's main bank accounts.

Banking

Responsibilities of the Section 151 Officer

- 16.4 To operate bank accounts as are considered necessary – opening or closing any bank account shall require the approval of the Section 151 Officer.

Responsibilities of Heads of Service

- 16.5 To follow the instructions on banking issued by the Section 151 Officer.

Imprest (PETTY CASH) Accounts

General

- 16.6 It is the responsibility of the Section 151 Officer to make arrangements for employees of the Council to have cash or bank imprest accounts to meet minor expenditure (amounts to be approved by the Section 151 Officer) on behalf of the Council and to reimburse imprest holders as often as necessary to restore the imprest.
- 16.7 Such accounts shall be subject to audit by the Head of Audit and Procurement.
- 16.8 The Section 151 Officer must approve all imprest accounts, and imprest accounts should never be allowed to go overdrawn. No income received on behalf of the Council may be paid into an imprest account.

Responsibilities

- 16.9 Heads of Service are responsible for ensuring that employees operating an imprest account:

- a) obtain and retain vouchers (e.g. receipts) to support each payment from the imprest account. Where appropriate, an official receipted VAT invoice must be obtained;
- b) make adequate arrangements for the safe custody of the account;
- c) produce upon demand by the Section 151 Officer cash and all vouchers to the total value of the imprest amount;
- d) record transactions promptly and in full;
- e) request reimbursement to restore the imprest in sufficient time (it is recommended a claim is submitted when three quarters of the imprest has been used) to avoid the account going overdrawn;
- f) reconcile and balance the account at least monthly; reconciliation sheets to be signed and retained by the imprest holder;
- g) provide the Section 151 Officer with a certificate of the value of the account held at 31 March each year;
- h) ensure that the imprest account is never used to cash personal cheques or to make personal loans and that the only payments into the account are the reimbursement of the imprest account and change relating to purchases where an advance has been made;
- i) on leaving the Council's employment or otherwise ceasing to be entitled to hold an imprest advance, an employee shall account to the Section 151 Officer for the amount advanced to him or her.

17. Staffing

Purpose: In order to provide the highest level of service, it is crucial that the Authority recruits and retains high calibre, knowledgeable staff, qualified to an appropriate level.

General

- 17.1 The Chief Executive is responsible for providing overall management to staff. He or she is also responsible for ensuring that there is proper use of the evaluation or other agreed systems for determining the remuneration of a job.

Key Controls

- 17.2 An appropriate staffing strategy and policy should exist, in which staffing requirements and budget allocation is matched, monitored and reported.
- 17.3 Procedures should be in place for forecasting staffing requirements and cost.
- 17.4 Controls should be in place to ensure that staff time is used efficiently and to the benefit of the Council.
- 17.5 Checks must be undertaken prior to employing new staff to ensure that they are appropriately qualified, experienced and trustworthy. Evidence of satisfactory completion of the checks must be kept on the individual's personal file.
- 17.6 Every member of staff must have a Schedule of Main Terms and Conditions of Employment, with a copy maintained on their personal file.

Responsibilities

17.7 Responsibilities of the Section 151 Officer

- a) to ensure that budget provision exists for all existing and new employees;
- b) to act as an advisor to Heads of Service on areas such as National Insurance and pension contributions, as appropriate.

17.8 Responsibilities of Heads of Service

- a) to maintain an up to date establishment list;
- b) to produce an annual staffing budget;
- c) to ensure that the staffing budget is an accurate forecast of staffing levels and is equated to an appropriate revenue budget provision (including on-costs and overheads);

- d) to ensure that proper appointment procedures are followed and appropriate security checks are completed and references obtained. Proper records must be kept of the recruitment and selection process that resulted in the appointment;
- e) to monitor staff activity to ensure adequate control over such costs as sickness, overtime, training and temporary staff;
- f) to ensure that the staffing budget is not exceeded without due authority and that it is managed to enable the agreed level of service to be provided;
- g) to ensure that the Head of Corporate Human Resources and the Section 151 Officer are immediately informed if the staffing budget is likely to be materially over or underspent; and
- h) to have due regard to guidance provided by Corporate Human Resources on the use of temporary staff, employment agency staff, and suppliers of consultancies supplying contract staff, and to ensure that all agency staff are obtained from designated agencies identified by Corporate Human Resources.

18. Financial Systems & Procedures

Purpose: Departments have many systems and procedures relating to the control of the Authority's assets, including purchasing, costing and management systems. Departments are increasingly reliant on computers for their financial management information. The information must therefore be accurate and the systems and procedures sound and well administered. They should contain controls to ensure that transactions are properly processed and errors detected promptly.

Key Controls

- 18.1 The key controls for systems and procedures are:
- (a) Basic data exists to enable the Authority's objectives, targets, budgets and plans to be formulated.
 - (b) Performance is communicated to the appropriate managers on an accurate, complete and timely basis.
 - (c) Early warning is provided of deviations from target, plans and budgets that require management attention.
 - (d) Operating systems and procedures are secure.

Responsibilities

- 18.2 The Section 151 Officer has a professional responsibility to ensure that the Council's financial systems are sound and should therefore be notified of any new developments or changes.
- 18.3 The Section 151 Officer is responsible for the operation of the Council's accounting systems, the form of accounts and the supporting financial records. Any changes made by Heads of Service to the existing financial systems or the establishment of new systems must be approved by the Section 151 Officer. However, Heads of Service are responsible for the proper operation of financial processes in their own Departments.
- 18.4 The Section 151 Officer is responsible for ensuring that arrangements are in place for the proper administration of the Council's financial affairs, including:
- a) issuing advice, guidance and procedures for officers and others acting on the Council's behalf;
 - b) determining the accounting systems, form of accounts and supporting financial records;
 - c) establishing arrangements for audit of the Council's financial affairs;
 - d) approving any new financial systems to be introduced;
 - e) approving any changes to be made to existing financial systems.

- 18.5 Any changes to agreed procedures by Heads of Service to meet their own specific service needs should be agreed with the relevant officer designated by the Section 151 Officer.
- 18.6 Heads of Service should ensure that their staff receive relevant financial training that has been approved by the Section 151 Officer.
- 18.7 Heads of Service must ensure that, where appropriate, computer and other systems are registered in accordance with data protection legislation and must ensure that staff are aware of their responsibilities under freedom of information legislation.

Responsibilities of Heads of Service

18.8 Heads of Service are responsible for the following within their Departments:

- a) to ensure that accounting records are properly maintained and held securely;
- b) to ensure that vouchers and documents with financial implications are not destroyed, except in accordance with arrangements approved by the Section 151 Officer (see paragraph 3.11) and subject to statutory requirements and the Council's policy on records management;
- c) to ensure that a complete management trail, allowing financial transactions to be traced from the accounting records to the original document, and vice versa, is maintained;
- d) to incorporate appropriate controls to ensure that, where relevant:
 - i. all input is genuine, complete, accurate, timely and not previously processed
 - ii. all processing is carried out in an accurate, complete and timely manner
 - iii. output from the system is complete, accurate and timely.
- e) to ensure that the organisational structure provides an appropriate segregation of duties to provide adequate internal controls and to minimise the risk of fraud or other malpractice;
- f) to ensure that there is a documented and tested disaster recovery plan agreed with the IT Department to allow information system processing to resume quickly in the event of an interruption;

- g) to ensure that systems are documented and staff trained in operations;
- h) to consult with the Section 151 Officer before changing any existing system or introducing new systems;
- i) to establish a scheme of delegation identifying officers authorised to act upon the Head of Service's behalf in respect of all financial matters including payments, income collection and placing orders (including variation orders), and showing the limits of their authority;
- j) to supply lists of authorised officers, with specimen signatures and delegated limits, to the Section 151 Officer upon request, together with any subsequent variations;
- k) to ensure that effective contingency arrangements, including back-up procedures, exist for computer systems in consultation with the IT Department. Wherever possible, back-up information should be securely retained in a fireproof location, preferably off site or at an alternative location within the building or another Council site;
- l) to ensure that, where appropriate, computer systems are registered in accordance with data protection legislation and that staff are aware of their responsibilities under the legislation;
- m) to ensure that the requirements of the Council's Information Security Policy are met;
- n) to take steps to ensure that computer equipment and software are protected from loss and damage through theft, vandalism, etc;
- o) to comply with the copyright, designs and patents legislation and, in particular, to ensure that:
 - i. only software legally acquired and installed by the Council is used on its computers
 - ii. staff are aware of legislative provisions regarding copyright, designs and patents
 - iii. in developing systems, due regard is given to the issue of intellectual property rights.

19. Income

Purpose: Income can be a vulnerable asset, and effective income collection systems are necessary to ensure that all income due is identified, collected, receipted and banked properly. It is preferable to obtain income in advance of supplying goods or services as this improves the Authority's cash flow and also avoids the time and cost of administering debts.

Key Controls

- 19.1 All income due to the Council should be identified and charged correctly, in accordance with the Local Government Act 2003 and the Council's approved charging policy.
- 19.2 All income should be collected from the correct person, at the right time, using the correct procedures and the appropriate stationery.
- 19.3 All money received by an employee on behalf of the Council should be paid in full and without delay to the Section 151 Officer or, as he or she directs, to the Council's bank account, and properly recorded.
- 19.4 The responsibility for cash collection should be separated from that of:
 - a) identifying the amount due
 - b) reconciling the amount due to the amount received
- 19.5 Effective action should be taken to pursue non-payment of debt within defined timescales.
- 19.6 Where possible, debts below £10 should be recovered at the point of service delivery or sale and will only be processed as a formal sundry debt with the approval of the Section 151 Officer.
- 19.7 Formal approval for any debt write-off must be obtained before any action is taken (see 19.12d and Financial Regulation 25).
- 19.8 Appropriate write-off action should be taken within defined timescales.
- 19.9 Appropriate accounting adjustments should be made following write-off action.
- 19.10 All appropriate income documents should be retained and stored for six years plus the current year.
- 19.11 Money collected and deposited, including electronic payments, standing orders, direct debits, internet payments, and debit and credit card payments, should be reconciled to the bank account by a person who is not involved in the collection or banking process.

Responsibilities

19.12 Responsibilities of the Section 151 Officer

- a) to agree arrangements for the collection of all income due to the Council and to approve the procedures, systems and documentation for its collection;
- b) to define the standard of all receipt forms, books or tickets and similar items, the Head of Service to order all receipt forms, books or tickets and similar items and the Head of Service to satisfy himself or herself regarding the arrangements for their control and day to day administration;
- c) to write off bad debts in accordance with paragraphs 26.1 to 26.11 of the Financial Regulations;
- d) to approve and maintain, in conjunction with the Head of Revenue and Benefits Services, write off procedures for debts in connection with local taxation, housing benefit and rents;
- e) to approve all debts to be written off in consultation with the relevant Head of Service and to keep a record of all sums written off up to the approved limit and to adhere to the requirements of the Accounts and Audit (Wales) Regulations 2014.
- f) to maintain a list of authorised signatories for the approval of Cash Management System journal transfers undertaken in the Income Section. These journal transfers may only be processed by persons authorised to do so.

19.13 Responsibilities of Heads of Service

- a) to operate within the corporate charging policy and consult with the Section 151 Officer when charging for the supply of goods or services to third parties, including the appropriate charging of VAT;
- b) to separate the responsibility for identifying amounts due and the responsibility for collection, as far as is practicable;
- c) to support appropriate recovery procedures via the Council's Sundry Debtors System, including legal action where necessary, for debts that are not paid promptly;
- d) to issue official receipts or to maintain other documentation for income collection;

- e) to ensure that at least two employees are present when post is opened so that money received by post is properly identified and recorded;
- f) to hold securely receipts, tickets and other records of income for two years plus the current year;
- g) to lock away all income to safeguard against loss or theft, and to ensure the security of cash handling;
- h) to ensure that income is paid fully and promptly into the appropriate Council bank account in the form in which it is received. Appropriate details should be recorded on paying-in slips to provide a reference to the debt (audit trail). Money collected and deposited must be reconciled to the bank account on a regular basis;
- i) to ensure that income is not used to cash personal cheques or other payments;
- j) to supply the Section 151 Officer with details relating to work done, goods supplied, services rendered, leases, contracts or other amounts due, to enable the Section 151 Officer to record correctly the sums due to the Council and to ensure that accounts are sent out promptly. To do this, Heads of Service should use established performance management systems to monitor recovery of income and flag up areas of concern to the Section 151 Officer. Heads of Service have a responsibility to assist the Section 151 Officer in collecting debts that they have originated by providing any further information requested by the debtor, and in pursuing the matter on the Council's behalf;
- k) to keep a record of every transfer of money between employees of the Council. The receiving officer must sign for the transfer and the transferor must retain a copy;
- l) to recommend to the Section 151 Officer all debts to be written off and to keep a record of all sums written off. Once raised, no bona fide debt may be cancelled, except by full payment or by formally writing-off the debt. A credit note to replace a debt can only be issued to correct a factual inaccuracy or administrative error in the calculation and/or billing of the original debt;
- m) to obtain the approval of the Section 151 Officer when writing off debts in excess of the approved limit, and the approval of the Cabinet where required (see 19.12 d));

- n) to notify the Section 151 Officer of outstanding income relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the Section 151 Officer, and not later than 30 April.

20. Ordering and paying for goods and services

Purpose: Public money should be spent with demonstrable probity and in accordance with the Authority's policies. Authorities have a statutory duty to achieve best value in part through economy and efficiency. The Authority's procedures should help to ensure that services obtain value for money from their purchasing arrangements.

Key Controls

- 20.1 Every officer and Member of the Council has a responsibility to declare any links or personal interests that they may have with purchasers, suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of the Council, in accordance with appropriate codes of conduct.
- 20.2 The Council will maintain a list of authorised signatories for the approval of orders and invoices for expenditure. Goods and services may only be ordered by these persons authorised to do so and must be correctly recorded when the order is actually placed.
- 20.3 All goods and services should be ordered in accordance with the Council's Contract Procedure Rules and the Council's Procurement Strategy.
- 20.4 Official orders must be in a form approved by the Section 151 Officer. The preferred method is through the electronic ordering system but where this option is not available a paper order should be used.
- 20.5 Official orders must be issued for all work, goods or services to be supplied to the Council, except for supplies of utilities, periodic payments such as rent or rates, petty cash purchases or other exceptions specified by the Section 151 Officer.
- 20.6 Orders should be issued to the supplier at the time the order is placed. If this is not possible, a confirmation order should be issued as soon as it is practical to do so. Orders should not be completed upon receipt of the supplier's invoice.
- 20.7 Standard terms and conditions should be included on all orders and must not be varied without the prior approval of the Section 151 Officer.
- 20.8 Goods and services received should be checked to ensure that they are in accordance with the order. This check should be recorded on the delivery note if there is one and the goods receipted on the electronic ordering system if this has been used. Goods should not generally be received by the person who placed the order, but in certain circumstances this is unavoidable.

- 20.9 Payments should not to be made unless goods have been received by the Council at the correct price, quantity and quality standards as defined in the purchase order placed with the supplier (20.6).
- 20.10 All payments should be made to the correct person, for the correct amount and be properly recorded, regardless of the payment method. Payment methods may include electronic payments, standing orders, direct debits, Internet payments, and debit and credit card payments.
- 20.11 All appropriate evidence of the transaction and payment documents should be retained and stored for the defined period, in accordance with the document retention schedule located on the intranet. For most payments this will be six years plus the current year.
- 20.12 Apart from petty cash, the normal method of payment from the Council shall be by automated credit, cheque or other instrument or approved method, drawn on the Council's bank account by the Section 151 Officer.
- 20.12a The use of purchase cards shall require the prior agreement of the Section 151 Officer. The Council participates in the Welsh Purchase Card scheme. Cards are available to staff in accordance with the approved policy published on the Corporate Financial Services intranet site.
- 20.13 All expenditure, including VAT, should be accurately recorded against the right budget and any exceptions corrected.
- 20.14 Purchases should not be funded by netting off cash income received.
- 20.15 Official orders should not be raised for any personal or private purchases, nor must personal or private use be made of Council contracts or discounts.
- 20.16 Effective procedures should be in place to maintain the security and integrity of data for transacting business electronically.
- 20.17 All e-business/e-commerce developments must be approved by the Section 151 Officer.
- 20.18 All purchases of IT hardware and software must be approved by the IT Department to ensure compatibility with existing systems.

Responsibilities

20.19 Responsibilities of the Section 151 Officer

- a) to approve the form of official orders and associated terms and conditions;

- b) to make payments from the Council's funds on receipt of authorisation that the expenditure has been duly incurred in accordance with Financial Regulations;
- c) to make payments, whether or not provision exists within the estimates, where the payment is specifically required by statute or is made under a court order;
- d) to make payments to contractors on the certificate of the appropriate Head of Service, which must include details of the value of work, retention money, amounts previously certified and amounts now certified;
- e) to provide advice and encouragement on making payments by the most economical means;

20.20 Responsibilities of Heads of Service

- a) to ensure that where available the electronic ordering system is used; if not unique pre-numbered official orders are used for all goods and services. , other than the exceptions specified in 20.5 above. Orders should be completed and issued to the supplier at the time the order is actually placed. If this is not possible, a confirmation order should be sent to the supplier, quoting the Council's terms and conditions, as soon as it is practical to do so;
- b) to ensure that orders are only used for goods and services provided to the Department. Individuals must not use official orders to obtain goods, services or discounts for their private use;
- c) to ensure that only those staff authorised to do so sign orders and to maintain an up-to-date list of such authorised staff detailing the limits of their authority. The authoriser of the order should be satisfied that the goods and services ordered are appropriate and needed, are consistent with the Council's procurement strategy, that there is adequate budgetary provision and that quotations or tenders have been obtained if necessary. Best value principles should underpin the Council's approach to procurement and value for money should always be achieved;

- d) to ensure that goods and services are checked upon receipt to verify that they are in accordance with the order. (This check should be recorded on the delivery note if there is one and entered on the electronic ordering system if this has been used). A different officer from the person who authorised the order should, where possible, carry out this check. Appropriate entries should then be made in inventories or stores records;
- e) the responsibility for the payment of orders placed on the electronic ordering system will be with the Central Creditors section and so it is important to ensure that the details on the order such as codes, amounts, tax etc. are correct so that the invoice can be matched to the order without having to 'troubleshoot' back to the department. Also to ensure that all invoices for electronic orders are sent directly to Central Creditors.
- f) to ensure that payments for non electronic orders are not made unless a proper VAT invoice has been received, checked, coded and certified for payment, confirming:
 - i. receipt of goods or services
 - ii. that the invoice has not previously been paid
 - iii. that expenditure has been properly incurred and is within budget provision
 - iv. that prices and arithmetic are correct and accord with quotations, tenders, contracts or catalogue prices
 - v. correct accounting treatment of tax
 - vi. that the invoice is correctly coded
 - vii. that discounts have been taken where available
 - viii. that appropriate entries will be made in accounting records
- g) for non electronic orders the responsibility for ensuring that the above have been followed in every instance will rest with the member of staff authorising the invoice or payment;
- h) for non electronic orders to ensure that two authorised members of staff are involved in the ordering, receiving and payment process. If possible, a different officer from the person who signed the order, and in every case, a different officer from the person checking a written invoice, should authorise the invoice. Where electronic ordering has been used the system will ensure that segregation of duties is adhered to.

- i) to ensure that the names of authorising officers together with specimen signatures and details of the limits of their authority are forwarded to the Section 151 Officer. Amendments to this list should be forwarded as and when changes in personnel or responsibility occur;
- j) to ensure that payments are not made on a photocopied or faxed invoice, statement or other document other than the formal invoice where a non electronic order has been placed. Instances of these being rendered will be returned to the Department, unless the certifying officer provides a specific written authorisation;
- k) to encourage suppliers of goods and services to receive payment by the most economical means for the Council. It is essential, however, that payments made by direct debit have the prior approval of the Section 151 Officer;
- l) to ensure that the Department obtains best value from purchases by taking appropriate steps to obtain competitive prices for goods and services of the appropriate quality and following the Council's contract procedures when required;
- m) to ensure that staff do not deliberately attempt to circumvent the Council's contract procedures, for example by splitting up orders;
- n) to follow the Council's Contract Procedure Rules when putting purchases out to competitive quotation or tender (see Part 4 of the Constitution);
- o) to ensure that employees are made aware of the Officers' Code of Conduct;
- p) to ensure that loans, leasing or rental arrangements are not entered into without prior agreement from the Section 151 Officer. This is because of the potential impact on the Council's borrowing powers, to protect the Council against entering into unapproved credit arrangements and to ensure that value for money is being obtained;
- q) to notify the Section 151 Officer of outstanding expenditure relating to the previous financial year as soon as possible after 31st March in line with the timetable determined by the Section 151 Officer and, in any case, not later than 30th April;
- r) with regard to contracts for construction and alterations to buildings, to adhere to Contract Procedure Rules and the procedures for validation of subcontractors' tax status;

- s) to notify the Section 151 Officer immediately of any expenditure to be incurred as a result of statute/court order where there is no budgetary provision;
- t) to ensure that all appropriate payment records are retained and stored in accordance with Contract Procedure Rule 53 and the document retention policy.

21. Employee Salaries & Superannuation

Purpose: Staff costs are the largest item of expenditure for most Authority services. It is therefore important that payments are accurate, timely, made only where they are due for services to the Authority and that payments accord with individuals' conditions of employment. It is also important that all payments are accurately and completely recorded and accounted for.

Key Controls

21.1 The key controls for payments to employees and Members are:

- (a) Proper authorisation procedures are in place and that there is adherence to corporate timetables in relation to:
 - Starters
 - Leavers
 - Variations
 - Enhancementsand that payments are made on the basis of timesheets or claims.
- (b) Frequent reconciliation of payroll expenditure against approved budget and bank account.
- (c) All appropriate payroll documents are retained and stored for the defined period in accordance with the document retention schedule.
- (d) HM Revenue and Customs regulations are complied with.

Responsibilities

21.2 **Responsibilities of the Section 151 Officer**

- a) to arrange and control secure and reliable payment of salaries, wages, compensation or other emoluments to existing and former employees, in accordance with procedures prescribed by him or her, on the due date;
- b) to record and make arrangements for the accurate and timely payment of tax, superannuation and other deductions;
- c) to ensure that there are adequate arrangements for administering Superannuation matters on a day-to-day basis;
- d) to ensure that all appropriate payroll documents are retained and stored for six years plus the current year.
- e) to maintain a list of authorised signatories for the approval of post changes, approval of appointment forms, timesheets, and overtime claims. These may only be processed by those persons authorised to do so.
- f) To provide advice and encouragement to secure payment of salaries and wages by the most economical means.

- g) To ensure that advances of pay are only made in the case of financial hardship.
- h) To ensure that all overpayments of pay are pursued and only written off in accordance with section 26 – Writing off Bad Debts.

21.3 Responsibilities of Heads of Service

- a) to ensure that appointments are made in accordance with the regulations of the Council and approved establishments, grades and scale of pay and that adequate budget provision is available;
- b) to notify the Section 151 Officer of all appointments, terminations or variations that may affect the pay or pension of an employee or former employee, in the form and to the timescale required by the Section 151 Officer;
- c) to ensure that adequate and effective systems and procedures are operated, so that:
 - i. payments are only authorised to bona fide employees
 - ii. payments are only made where there is a valid entitlement
 - iii. conditions and contracts of employment are correctly applied
 - iv. employees' names listed on the payroll are checked at regular intervals to verify accuracy and completeness
- d) to send an up-to-date list of the names of officers authorised to sign records to the Section 151 Officer, together with specimen signatures. The Payroll Section should have signatures of officers authorised to sign timesheets and other claims;
- e) to ensure that payroll transactions are processed only through the payroll system. Heads of Service should give careful consideration to the employment status of individuals employed on a self-employed consultant or subcontract basis. HM Revenue and Customs applies a tight definition for employee status, and in cases of doubt, advice should be sought from the Section 151 Officer;
- f) to ensure that the Section 151 Officer is notified of the details of any employee benefits in kind, to enable full and complete reporting within the income tax self-assessment system.

22. Travelling, Subsistence and Allowances

Purpose: The purpose of this regulation is to ensure that the payment of travelling, subsistence and other allowances is accurate, timely, made only when due, conforms with Council policy on travelling and subsistence and accords with the relevant schemes and conditions of employment. It is also important that Members' allowances are paid in accordance with the Members allowance scheme adopted by the Council.

Responsibilities

- 22.1 The Section 151 Officer is responsible for making arrangements for the payment of all travel and subsistence claims or financial loss allowances.
- 22.2 It is the responsibility of Heads of Service to certify staff travel and subsistence claims and other allowances. Certification is taken to mean that journeys were authorised and expenses properly and necessarily incurred, and that allowances are properly payable by the Council and comply with the Council's Travelling and Subsistence policy, ensuring that cost-effective use of travel arrangements is achieved. Due consideration should be given to tax implications and that the Section 151 Officer is informed where appropriate.
- 22.3 It is the responsibility of all staff and elected Members who submit claims to ensure that they complete claims correctly which includes attaching appropriate VAT receipts to travel claims.
- 22.4 Heads of Service must ensure that staff submit claims within three months of the month to which they refer. Not doing so affects departmental budgetary control and accounting.
- 22.5 The Section 151 Officer will make arrangements for paying the travel expenses or other allowances of elected Members upon receiving the prescribed form, duly completed and authorised, that has met the requirements of the Members Allowance scheme. All claims must be made up to the end of each month and payment will normally only be made if they are submitted within three months of the month to which they refer. The Section 151 Officer must approve claims from elected Members that are over three months old.
- 22.6 The Section 151 Officer will maintain a list of authorised signatories for the approval of travel and subsistence claim forms. These may only be processed by those persons authorised to do so.

23. Taxation

Purpose: The Council is responsible for ensuring that its tax affairs are in order. Tax issues are often very complex and the penalties for incorrectly accounting for tax are severe. It is therefore very important for all officers to be aware of their role

Key Controls

23.1 The key controls for taxation are:

- (a) Budget managers are provided with relevant information and kept up to date on tax issues.
- (b) Budget managers are instructed on required record keeping.
- (c) All taxable transactions are identified, properly carried out and accounted for within stipulated timescales.
- (d) Records are maintained in accordance with instructions.
- (e) Returns are made to the appropriate authorities within the stipulated timescale.

Responsibilities

23.2 Responsibilities of the Section 151 Officer

- a) to complete all HM Revenue and Customs returns regarding PAYE;
- b) to complete a monthly return of VAT inputs and outputs to HM Revenue and Customs;
- c) to provide details to HM Revenue and Customs regarding the Construction Industry Tax Deduction Scheme;
- d) to maintain up-to-date guidance for Council employees on the Council's tax issues.

23.3 Responsibilities of Heads of Service

- a) to ensure that the correct VAT liability is attached to all income due and that all VAT recoverable on purchases complies with HM Revenue and Customs regulations;
- b) to ensure that, where construction and maintenance works are undertaken, the contractor fulfils the necessary Construction Industry Tax Deduction requirements;
- c) to ensure that all persons employed by the Council are added to the Council's payroll and that tax is deducted from any payments, except where the individuals are bona fide self-employed or are employed by a recognised staff agency;
- d) to follow the guidance on taxation issued by the Section 151 Officer.

24. Trading Accounts And Business Units

Purpose: Trading accounts and business units have become more important as local authorities have developed a more commercial culture. Under Best Value, authorities are required to keep trading accounts for services provided on a basis other than straightforward recharge of cost. They are also required to disclose the results of significant trading operations in the Statement of Accounts

Responsibilities of the Section 151 Officer

24.1 To advise on the establishment and operation of trading accounts and business units.

Responsibilities of Heads of Service

24.2 To observe all statutory requirements in relation to business units, including the maintenance of a separate revenue account to which all relevant income is credited and all relevant expenditure, including overhead costs, is charged, and to produce an annual report in support of the final accounts.

24.3 To ensure that the same accounting principles are applied in relation to trading accounts as for other services or business units.

24.4 To ensure that each business unit prepares an annual business plan.

25. Unofficial Funds

Purpose: Unofficial funds are those funds that are associated with the Council, are usually operated by officers of the Council but do not form part of the accounting records or banking arrangements of the Council. Examples include school fund accounts, comforts or amenity funds and community living household accounts (Social Services). This regulation identifies the responsibilities of staff administering the accounts.

General

25.1 The Council will not, as a general rule, supervise the financial administration nor audit unofficial funds, and accepts no liability whatsoever for any loss, however caused. Those operating such funds therefore have an overall responsibility to ensure that proper financial stewardship is observed. This includes ensuring that:

- a) a treasurer and an independent auditor are formally appointed (not applicable to Community Living Accounts);
- b) proper rules are operated to secure adequate standard;
- c) adequate records and procedures are maintained;
- d) regular reports on fund transactions and balances are received and checked against bank statements;
- e) annual statements of income and expenditure and fund balances are prepared and audited;
- f) in the case of community living accounts, that the Community Living Financial Procedural Guidelines are followed.

25.2 Those operating or intending to operate such funds are also required to:

- a) notify the Section 151 Officer and Head of Audit and Procurement of details of the fund as soon as this is set up;
- b) provide an independent annual audit certificate for the fund to the Head of Audit and Procurement within three months of the end of the financial year, showing at least opening and closing balances and total income and expenditure;
- c) the Head of Audit and Procurement reserves the right to inspect the accounts and records of such funds as necessary.

26. Write Offs

WRITING OFF BAD DEBTS

Purpose: Writing off debts due to the Council is an acknowledgement that, contrary to Council policy, a debt cannot be pursued. Not recovering a debt affects the Council's revenue position and therefore it must be tightly controlled.

Key Controls

- 26.1 Bad debts in respect of any one debtor in respect of any one financial year shall only be written off as follows:
- 26.2 Local Taxation debts up to £250 can be authorised for write off by the Local Taxation Manager.
- 26.3 Housing Benefit Overpayments debts up to £250 can be authorised for write off by the Fraud Manager.
- 26.4 Sundry debts up to £250 can be authorised for write off by the Principal Income and Administration Manager upon receipt of a completed pro forma (referred to in 26.11 below) authorised by the relevant Head of Service.
- 26.5 Debts greater than £250 and up to £2,500 can be authorised for write off by the Head of Revenue and Benefits Services upon receipt of a completed pro forma (referred to in 26.11 below) authorised by the relevant Head of Service.
- 26.6 Debts greater than £2,500 and up to £5,000 can be authorised for write off by the Section 151 Officer upon receipt of a completed pro forma (referred to in 26.11 below) authorised by the relevant Head of Service.
- 26.7 Debts greater than £5,000 and up to £30,000 can be authorised for write off by the Section 151 Officer in consultation with the Cabinet Member for Finance and Resources, following a request by the appropriate Head of Service.
- 26.8 Debts greater than £30,000 can be written off subject to authorisation from Cabinet.
- 26.9 The Section 151 Officer shall approve and maintain, in conjunction with the Head of Revenue and Benefits Services, write off procedures for debts in connection with sundry, local taxation, housing benefit and rents debts (See Regulation 19 'Income').
- 26.10 For all debts written off there must be a full audit trail, and the Section 151 Officer must be kept informed.

- 26.11 Any request for a debt to be written off must be undertaken by completing the pro forma sheet available from the Head of Revenue and Benefits Services.

WRITING OFF OVERPAYMENTS

Purpose: Losses arising from payroll overpayments to staff etc. is an acknowledgement that, contrary to Council policy, a debt cannot be pursued. Not recovering a debt affects the Council's revenue position and therefore it must be tightly controlled.

- 26.12 Overpayments up to £250 can be authorised for write off by the Head of Department upon receipt of a completed and authorised pro forma sheet.
- 26.13 Overpayments greater than £250 and up to £5,000 can be authorised for write off by the Section 151 Officer upon receipt of a completed pro forma authorised by the relevant Head of Service.
- 26.14 Overpayments greater than £5,000 and up to £30,000 can be authorised for write off by the Section 151 Officer in consultation with the Cabinet Member for Finance and Resources, following a request by the appropriate Head of Service.
- 26.15 Overpayments greater than £30,000 can be written off subject to authorisation from Cabinet.

WRITING OFF ASSETS

Purpose: Losses arising from land, property, vehicles, equipment, stocks, stores and heritage items must be accounted for correctly to ensure accuracy of balance sheet records.

- 26.16 Assets up to £250 for equipment, stocks and stores and heritage only can be authorised for write off by the Head of Department upon receipt of a completed and authorised pro forma sheet.
- 26.17 Assets greater than £250 and up to £5,000 can be authorised for write off by the Section 151 Officer upon receipt of a completed pro forma sheet authorised by the relevant Head of Service.
- 26.18 Assets greater than £5,000 and up to £30,000 can be authorised for write off by the Section 151 Officer in consultation with the Cabinet Member for Finance and Resources, following a request by the appropriate Head of Service.
- 26.19 Assets greater than £30,000 can be written off subject to authorisation from Cabinet.

27. Protection of personal Property

Purpose: All people receiving services from Social Services are entitled to a reasonable expectation that their personal property will be properly looked after. This regulation sets out the minimum requirements.

General

- 27.1 In relation to those people whose affairs are administered under the Court of Protection and others in residential care, the Statutory Director of Social Services must ensure that steps are taken to prevent or mitigate loss of, or damage to personal property. An itemised inventory shall be taken as soon as possible after the Head of Social Services has been appointed as the Court Receiver and in each case the inventory should be completed in the presence of two officers and be retained.
- 27.2 All valuables including documents of title shall be deposited securely.
- 27.3 For all people to whom a personal service is provided, the Statutory Director of Social Services shall ensure that steps are taken to prevent or mitigate loss or damage to the person's property.
- 27.4 Specific financial procedural guidelines are in place for community living (learning disability service) schemes and these guidelines should be classed as appended to this Financial Regulation.

28. Partnerships

Purpose: The Council provides a distinctive leadership role for the community and brings together the contributions of the various stakeholders. It must also act to achieve the promotion or improvement of the economic, social or environmental well being of its area.

Partnerships are likely to play a key role in delivering the Community Strategy and in helping to promote and improve the well being of the area. Local authorities are working in partnership with others – public agencies, private companies, community groups and voluntary organisations. Local authorities still deliver services, but their distinctive leadership role is to bring together the contributions of the various stakeholders. They therefore need to deliver a shared vision of services based on user wishes.

Key Controls

28.1 The key controls for Authority partners are:

- (a) If appropriate, to be aware of their responsibilities under the Authority's Financial Regulations and Contract Procedure Rules.
- (b) To ensure that risk management processes are in place to identify and assess all known risks.
- (c) To ensure that project appraisal processes are in place to assess the viability of the project in terms of resources, staffing and expertise.
- (d) To agree and accept formally the roles and responsibilities of each of the partners involved in the project before the project commences.
- (e) To communicate regularly with other partners throughout the project so that problems can be identified and shared to achieve their successful resolution.

General

28.2 The main reasons for entering into a partnership are:

- a) to provide new and better ways of delivering services;
- b) to forge new relationships.
- c) the desire to find new ways to share risk;
- d) the ability to access new resources;

28.3 A partner is defined as either:

- a) an organisation (private or public) undertaking, part funding or participating as a beneficiary in a project; or
- b) a body whose nature or status gives it a right or obligation to support the project.

28.4 Partners participate in projects by:

- a) acting as a project deliverer or sponsor, solely or in concert with others;
- b) acting as a project funder or part funder;
- c) being the beneficiary group of the activity undertaken in a project.

Responsibilities

28.5 Responsibilities of the Section 151 Officer

- a) to advise on effective controls that will ensure that resources are not wasted;
- b) to advise on the key elements of funding a project. They include:
 - i. a scheme appraisal for financial viability in both the current and future years
 - ii. risk appraisal, insurance and management
 - iii. resourcing, including taxation issues
 - iv. audit, security and control requirements
 - v. arrangements to carry forward financial resources
- c) to ensure that the accounting arrangements are satisfactory.

28.6 Responsibilities of Heads of Service

- a) to ensure that, before entering into agreements with external bodies, a risk management appraisal has been prepared for the Section 151 Officer;
- b) to ensure that such agreements and arrangements do not impact adversely upon the services provided by the Council;
- c) to ensure that all agreements and arrangements are properly documented;
- d) to ensure, if appropriate, that partners are made aware of their responsibilities under the Council's Financial Regulations and the Council's Contract Procedure Rules;
- e) to provide appropriate information to the Section 151 Officer to enable a note to be entered into the Council's Statement of Accounts concerning material items.

28.7 Partners have the following common responsibilities:

- a) to act in good faith at all times and in the best interests of the partnership's aims and objectives;

- b) to be open about any conflict of interests that might arise;
- c) to hold confidentially any information received as a result of partnership activities or duties that is of a confidential or commercially sensitive nature.

29. External Funding

Purpose: External funding is potentially a very important source of income, but funding conditions need to be carefully considered to ensure that they are compatible with the aims and objectives of the Authority. Local authorities are increasingly encouraged to provide seamless service delivery through working closely with other agencies and private service providers. Funds from external agencies provide additional resources to enable the authority to deliver services to the local community; however, in some instances, although the scope for external funding has increased, such funding is linked to tight specifications and may not be flexible enough to link to the Authority's overall plan.

General

29.1 Key conditions of funding and any statutory requirements must be complied with and the responsibilities of the Council must be clearly understood. Also, all Council officers must comply with the requirements of the Council's Grants Protocol.

Key Controls

29.2 Funds are to be acquired only to meet the priorities approved in the policy framework by the Council.

29.3 Any match-funding requirements should be given due consideration prior to entering into agreements and that future revenue and capital budgets reflect these requirements.

Responsibilities

29.4 Responsibilities of the Section 151 Officer

- a) to ensure that all funding notified by external bodies is received and properly recorded in the Council's accounts;
- b) to ensure that the match-funding requirements are considered prior to entering into the agreements and that future revenue and capital budgets reflect these requirements;
- c) to ensure that audit requirements and grant instructions are met.

29.5 **Responsibilities of Heads of Service**

- a) to ensure that the Section 151 Officer is informed of all external funding arrangements;
- b) to prepare a Business Case advising the Strategic Leadership Team (SLT) of all new grant applications (capital and revenue) above £25k in a financial year;

- c) to identify for the Strategic Leadership Team (SLT) an exit strategy for all external funding (including grants) where the funding is of a limited timeframe;
- d) to ensure that all claims for funding are approved by the Section 151 Officer or an officer nominated by him;
- e) to ensure that all claims for funds are made by the due date;
- f) to ensure that the match-funding requirements are considered prior to entering into the agreements and are approved by the Section 151 Officer;
- g) to ensure that the project progresses in accordance with the agreed project and that all expenditure is properly incurred and recorded.

30. Work for Third Parties

Purpose: Current legislation enables the Authority to provide a range of services to other bodies. Such work may enable a unit to maintain economies of scale and existing expertise. Arrangements should be in place to ensure that any risks associated with this work are minimised and that such work is intra vires.

Regulation

30.1 The Council's Scheme of Delegation of Officers gives authority for the Chief Executive, Strategic Directors and Heads of Service to enter into third party service contracts and to undertake work or provide services to third parties subject to resources being available, to there being no adverse impact on the provision of Council operations and appropriate charges being levied. All subsequent transactions shall comply with the Council's Financial Regulations.

Responsibilities

30.2 Responsibilities of Section 151 Officer

- a) to issue guidance with regard to the financial aspects of third party contracts and the maintenance of the contract register.

30.3 Responsibilities of Heads of Service

- a) to undertake work or provide services to third parties subject to resources being available, to there being no adverse impact on the provision of Council operations and appropriate charges being levied;
- b) to maintain a register of all contracts entered into with third parties in accordance with procedures specified by the Section 151 Officer;
- c) to ensure that appropriate insurance arrangements are made;
- d) to ensure that the Council is not put at risk from any bad debts;
- e) to ensure that no contract is subsidised by the Council;
- f) to ensure that, wherever possible, payment is received in advance of the delivery of the service;
- g) to ensure that the department/unit has the appropriate expertise to undertake the contract;
- h) to ensure that such contracts do not impact adversely upon the services provided for the Council;
- i) to ensure that all contracts are properly documented;
- j) to provide appropriate information to the Section 151 Officer to enable a note to be entered into the statement of accounts.

SECTION 17

SECTION 17.2 - FINANCIAL REGULATIONS FOR SCHOOLS WITH DELEGATED BUDGETS

INTRODUCTION

The Financial Regulations have been prepared in accordance with the Interpretation Act, whereby the male is deemed to include the female, and the singular is deemed to include the plural.

CONTENTS

1	<u>Financial Administration</u>
2	<u>Power To Delegate</u>
3	<u>Budgets And Budgetary Control</u>
4	<u>Accounting</u>
5	<u>Internal Audit</u>
6	<u>Banking Arrangements</u>
7	<u>Investments and Borrowings</u>
8	<u>Supply of Works, Goods and Services</u>
9	<u>Orders for Works, Goods and Services</u>
10	<u>Payment of Accounts</u>
11	<u>Local Cheque Books</u>
12	<u>Salaries and Wages</u>
13	<u>Travelling and Subsistence Allowance</u>
14	<u>Income</u>
15	<u>Stocks and Inventories</u>
16	<u>Security</u>
17	<u>Insurance's</u>
18	<u>Data Protection</u>
19	<u>Unofficial Funds</u>
20	<u>Declaration</u>
21	<u>Suspension of Delegated Budgets</u>
22	<u>Use of Confidential Information</u>
23	<u>Gifts and Hospitality</u>

1. FINANCIAL ADMINISTRATION

- 1.1 The Executive is responsible for making recommendations to the Council on the allocation of the resources (and for controlling through its Sub-Committees the resources of the Council in relation to finance) through the preparation of the annual budget.
- 1.2 The Council, under the provisions of *Section 151 of the Local Government Act 1972*, have approved a number of Financial Regulations for the better management of its financial affairs.
- 1.3 The scope of the duties of the Strategic Director - Finance and Efficiencies under *Section 151* shall include all aspects of the financial management undertaken by a Governing Body.
- 1.4 Subject to any specific requirements in respect to financial control, set out in the *Education Reform Act 1988* nothing in the following financial regulations will override the provisions of the Council's Standing Orders or Financial Regulations, as amended from time to time.
- 1.5 The Executive is responsible for determining the Scheme of Delegation of Management to the Governing Body of the School in accordance with the *Education Reform Act 1988*.
- 1.6 The Executive is responsible for regulating and controlling the finances of the Council.
- 1.7 The Strategic Director – Finance and Efficiencies as financial adviser to the Council, shall each year report to the Executive regarding the level of resources proposed for utilisation in each financial year and shall keep that Sub-Committee informed with respect to the Council's finances and financial performances and he shall also keep every service Committee periodically informed of the financial outcome of their activities.
- 1.8 The Executive is responsible for making and amending such financial regulations as it considers necessary and desirable for the proper administration of the finances of the Council in conformity with the Standing Orders. The Executive subject to the approval of the Council shall be authorised to vary from time to time any amount included in these Regulations.
- 1.9 The Chief Education Officer shall be required to bring these Financial Regulations to the attention of all relevant staff within his Department. Any staff who fail to observe Financial Regulations may be subject to disciplinary action. The Chief Education Officer is responsible for the accountability and control of staff and the security, custody and control of all other resources relating to his Department.

- 1.10 Subject to any specific requirements set out in the *Education Reform Act 1988*, the Strategic Director - Finance and Efficiencies shall for the purpose of *Section 151 of the Local Government Act 1972*, be responsible under the general direction of the Executive, for the proper administration of the Council's financial affairs. The scope of the duties of the Strategic Director - Finance and Efficiencies under *Section 151* shall include all aspects of the financial management undertaken by a Governing Body and he and the Chief Education Officer or their representative have the right to attend meetings of the Governing Body to advise or report on the financial matters which impose on these responsibilities.
- 1.11 The Governing Body shall not incur any expenditure which is not in accordance with the Scheme of Delegation. The Governing Body shall also consult with and obtain the agreement of the Strategic Director - Finance and Efficiencies if it is in any doubt whatsoever that an item of expenditure may not be lawful, or may result in expenditure exceeding the resources available to the Governing Body. Under *Section 114 of the Local Government Finance Act 1988* the Strategic Director - Finance and Efficiencies may report to the full Council if it appears to him that a Governing Body has taken or is about to take an unlawful course of action and the Governing Body may not proceed until the report has been considered.
- 1.12 The Governing Body shall be:
- (a) Responsible for the observance of the Financial Regulations throughout the school.
 - (b) Required to bring Financial Regulations to the attention of all staff within the school.
 - (c) Required to consider disciplinary action against staff who fail to observe their Financial Regulations.
- 1.13 Governing Bodies who fail to observe Financial Regulations may have the Scheme of Delegation withdrawn.

2. POWER TO DELEGATE

- 2.1 Subject to Statutory Limitations outlined in the schools handbook, the Governing Body shall be free to delegate their authority and power granted to them by these Regulations to a Sub-Committee of Governors and to the Head. When the Headteacher deals with administrative matters arising from the functions of the Governing Body and does so in accordance with the Articles of Government and these Regulations, then he shall be deemed to have taken delegated action on behalf of the Governing Body.

3. BUDGETS AND BUDGETARY CONTROL

- 3.1 For each financial year the Strategic Director - Finance and Efficiencies, in consultation with the Chief Education Officer, shall be responsible for submission of the general school's budget to the Council for approval, in accordance with the procedure contained in the Financial Regulations of the Council. This budget is the amount to be spent by, or attributable to, all schools within the County Borough except special schools and will include a provision for inflation.

- 3.2 The Chief Education Officer in consultation with the Strategic Director - Finance and Efficiencies will be responsible for deducting from the general schools budget the mandatory and approved discretionary exceptions.
- 3.3 The Chief Education Officer will be responsible for allocating the remaining aggregated schools budget for the financial year to each school by means of the approved formulae.
- 3.4 The Chief Education Officer will notify each school before 31st March of its budget share for the financial year expressed as a cash sum.
- 3.5 The Governing Body shall determine a Budget for the School consistent with the resources available and notify the Chief Education Officer by the 30 April each year of its proposed Budget Allocations. The form of such a notification may be prescribed by the Chief Education Officer in agreement with the Strategic Director - Finance and Efficiencies.
- 3.6 Control of income and expenditure in accordance with the delegated budget shall be the responsibility of the Governing Body.
- 3.7 Any report considered by the Governing Body or a Sub-Committee of the Governing Body which would involve the incurring of revenue expenditure shall include a reference to the sufficiency or otherwise of the financial provision in the budget of the school.
- 3.8 The Governing Body is not empowered to incur any expenditure connected with the buying, selling or granting of interests in land and buildings or expenditure of a capital nature including finance leases.
- 3.9 The Governing Body has the power to exercise virement between all heads of expenditure and income within the school's delegated budget with the exception of those items defined as "earmarked expenditure".
- 3.10 Governing Bodies shall not budget for a deficit. Any unplanned overspend on the delegated budget will be carried forward as a reduction to the following year's allocation. Schools will be able to invest and earn interest on underspent balances in accordance with the scheme determined by the Strategic Director - Finance and Efficiencies. Similarly the Council will charge interest on school balances that become overdrawn.

4. ACCOUNTING

- 4.1 The Strategic Director - Finance and Resources shall be responsible for maintaining the primary accounting records of the Council.
- 4.2 The Headteacher shall provide the Strategic Director - Finance and Resources with any information requested and which is required for the purpose of maintaining or closing the accounts of the Council. Such information shall be provided in accordance with the timetable determined by the Strategic Director - Finance and Resource.
- 4.3 Accounting records and procedures shall be maintained to such standard and in such form as may be determined by the Strategic Director - Finance and Resource and notified to the Governing Body, whether under an approved Local Cheque Book Scheme or otherwise.

- 4.4 All accounting procedures and accounting records of the school and its staff processed on micro computers shall be determined by the Strategic Director - Finance and Resources. No form of a financial nature shall be introduced without the prior approval of the Strategic Director - Finance and Resources.
- 4.5 The following principles shall be observed whenever possible in the allocation of accounting duties:
- (a) The duties of providing information regarding sums due to or from the Council and of calculating, checking and recording these sums, shall be separated as completely as possible from the duty of collecting or disbursing them.
 - (b) Staff charged with the duty of examining and checking the accounts of cash transactions shall not themselves be engaged in any of these transactions.

5. INTERNAL AUDIT

- 5.1 In accordance with the Accounts and Audit Regulations approved by Parliament from time to time, the Strategic Director - Finance and Resources shall be responsible for maintaining an ongoing internal audit of the accounting, financial and other operation of the Council.
- 5.2 The Strategic Director - Finance and Resources shall have the responsibility to review, appraise and report to the Governing Body, Chief Education Officer and the Executive upon:
- (a) The soundness, adequacy and application of financial and other related management controls.
 - (b) The extent of compliance with, and financial effect of established policies, plans and procedures.
 - (c) The extent to which the Council's assets and interests are accounted for and safeguarded from losses of all kinds arising from:
 - Fraud and other offences;
 - Waste, extravagance, poor Value for Money or other cause.
 - (d) The suitability and reliability of financial and other related management data developed within the Council.
- 5.3 The Strategic Director - Finance and Resources or his/her authorised representative shall have authority to:
- (a) Enter at all reasonable times on any Council premises or land.
 - (b) Have access to all records, documents and correspondence relating to any financial and related transactions of the Council and for Governing Body.

- (c) Require and receive such explanations as are necessary concerning any matter under examination.
 - (d) Require any employee of the Council to produce cash, stores or any other Council property under his control or such items in his custody as an officer of the Council which are the property of other persons.
- 5.4 Whenever matters arise which involve, or are thought to involve irregularities concerning cash, stores or other property of the Council, the Governing Body or Headteacher concerned shall forthwith notify the Chief Education Officer and the Strategic Director - Finance and Resources who shall take such steps as they consider necessary by way of investigation and report.
- 5.5 Provided that where, on consideration of such a report, the Strategic Director – Finance and Resources is, of the opinion that there is a prima facie breach of the criminal law, the matter shall be reported to the Police for further investigation.

6. BANKING ARRANGEMENTS

- 6.1 All arrangements with the Council's bankers shall be made by or under arrangements approved by the Strategic Director - Finance and Resources, who shall be authorised to operate such banking accounts as considered necessary.
- 6.2 The Governing Body shall not hold or operate any external bank accounts except:
- (a) Approved School Fund (private) Accounts.
 - (b) Imprest Accounts.
 - (c) Accounts approved by the Strategic Director - Finance and Resources under a Local Cheque Book Scheme.
- 6.3 All arrangements concerning the schools non-official bank accounts shall stand in the name of the school and not in the name of any officer either by name or designation. They shall stand under the dual signatures of two members of staff, one of whom should be the Headteacher or Deputy Headteacher.
- 6.4 **Imprest Accounts**
- (a) Imprest accounts will be provided to schools by the Strategic Director - Finance and Resources if considered appropriate, for the purpose of defraying petty cash and other expenses.
 - (b) No income received on behalf of the Council may be paid into an imprest account, but must be banked as provided elsewhere in these regulations.
 - (c) Payments shall be limited to minor items of expenditure and to such other items as the Strategic Director - Finance and Resources may approve and shall be supported by a receipted voucher.

- (a) Employees who are imprest holders must account to the Strategic Director - Finance and Resources for the amount advanced to them on leaving the employment of the Council or otherwise ceasing to hold the imprest advance.
- 6.5 Every person operating a bank account on behalf of the Council shall make safe and efficient arrangements on its behalf for the control of access to bank cheques, the preparation, signing and despatch of cheques, prompt examination of paid cheques and independent reconciliation of such transactions with bank statements.

7. INVESTMENTS AND BORROWING

- 7.1 The Governing Body may not invest or borrow funds from external sources.

i.

8. SUPPLY OF WORKS, GOODS AND SERVICES

- 8.1 Except as required by British Legislation, the European Economic Community Treaty and relevant Directives, these Regulations must be followed every time the Governing Body enters into a contract for Works, Goods or Services. However, nothing in the Regulations will be effective if it is inconsistent with the Scheme of Delegation for schools under the *Education Reform Act, 1988*. In any case of conflict the scheme will take precedence over these Regulations.
- 8.2 An order for the Supply of Works or Goods and Services can be entered into by the Governing Body without following the methods of obtaining tenders or quotations described in these Regulations if the order is placed with a Department of the Council or an approved Purchasing Consortium.
- 8.3 The Governing Body and Headteacher must at all times ensure that value for money in the expenditure of public resources is obtained.

8.4 Contracts less than £1,000

The Governing Body shall make the most suitable arrangements for the ordering of any works, goods or services, the estimated value of which is less than £1,000 but shall whenever possible obtain alternative offers or quotations. A record must be kept to the satisfaction of the Strategic Director - Finance and Resources of every such arrangement of over £50.

8.5 Contracts between £1,000 and £10,000

Before entering into a contract whose estimated value exceeds £1,000 but not £10,000, the Governing Body must proceed either in accordance with one of the methods of tendering described in the following paragraph 8.6 or by inviting at least three formal and competitive quotations. A Governing Body shall keep a record of all tender offers and quotations and of each exception to the procedure set out in these Regulations and the reasons for the exceptions.

8.6 Tendering Procedure - Contracts exceeding £10,000

Contracts whose estimated value is over £10,000 and any contract for the supply of banking services under a local cheque book scheme must be awarded by one of the following methods selected by the Governing Body:

- (a) Selective tendering from at least three well established supply sources known to be suppliers of the goods and services in question.
- (b) Open competitive tendering by an advertisement in at least one local newspaper circulating in the area of the Council and an appropriate trade journal with organisations requesting tender documents being given opportunity to submit an offer.
- (c) Such other arrangements made with the prior agreement of the Council's Secretary and Strategic Director - Finance and Resources.

8.7 Exception to Tendering Procedure

Nothing in these Standing Orders shall require tenders or, where appropriate, quotations to be invited if, in the case of contracts for supply of goods or materials:

- (a) The goods or materials are proprietary articles or are sold at fixed price and no reasonably satisfactory alternative is available.
- (b) The prices of the goods or materials are wholly controlled by trade organisations or government order and no reasonably satisfactory alternative is available.
- (c) For other reasons, there would be no genuine competition.

8.8 Receipt and Custody

- 8.8.1 It shall be a condition of every invitation covered by 8.5 and 8.6 that each offer shall be sent in a plain envelope which shall be securely sealed and shall bear the word "Tender" followed by the subject to which the tender relates, but shall not bear any distinguishing matter or mark intended to indicate the identity of the sender.
- 8.8.2 All offers to which 8.5 and 8.6 applies and offers of banking services under an approved local cheque book scheme should be returned to the Headteacher who shall keep them in safe custody until the time appointed for their opening.

8.9 Opening

- 8.9.1 Offers covered by 8.5 and 8.6 and offers of banking services under an approved local cheque book scheme shall be opened by the Headteacher and/or other persons so designated by the Governing Body in the presence of the Chair or Vice-Chair of the Governing Body.
- 8.9.2 Details of each offer shall be recorded on a list which shall be signed by the persons present at the opening of such offers.

8.10 Late Tenders or Offers

- 8.10.1 Any tender or offer submitted in competition received after the specified time shall be returned promptly to the sender.

8.11 Amending Tenders

- 8.11.1 A tenderer cannot amend his tender after it has been received unless examination of his tender reveals qualifications or arithmetical or clerical errors, in which case he shall be given the opportunity of withdrawing, qualifying or correcting errors and/or confirming, his tender.

8.12 Form of Contracts

- 8.12.1 The form of every contract over £1,000 shall be approved by the Corporate Director of Performance and shall include clauses on corruption and cancelling of contracts. All contracts not under seal may be signed by a person authorised by the Governing Body.

8.13 Outside Consultants and Technical Officers

- 8.13.1 Where outside Consultants and Technical Officers are employed they must follow these Regulations. Their contracts for services must state this requirement.
- 8.13.2 A Governor, Headteacher, or other member of staff of the School with a material interest in a personal capacity in any contact with the School shall declare that interest to the Governing Body or relevant Committee of the Governing Body and not vote on or debate any matter affected in that contract.

9. ORDERS FOR WORKS, GOODS AND SERVICES

ii.

- 9.1 Official orders shall be in a form approved by the Strategic Director - Finance and Resources and are to be signed only by a member of staff authorised by the Governing Body. Before issuing official orders, members of staff authorised to sign them must be satisfied that there is provision in the Schools Budget.
- 9.2 Official orders shall be issued for all work, goods or services to be supplied to the School except for supplies of public utility services, for periodical payments such as rent or rates, for petty cash purchases or such other exceptions as the Strategic Director - Finance and Efficiencies may approve. A copy of each order shall, if so required, be supplied to the Strategic Director - Finance and Resources.

10. PAYMENT OF ACCOUNTS

- 10.1 Apart from petty cash and other payments from imprest accounts and other Local Cheque Books Schemes approved by the Strategic Director - Finance and Resources, the normal method of payment of monies due from the Council shall be by cheques or other instrument drawn on the Council's banking account by the Strategic Director - Finance and Resources.
- 10.2 The authorised officer issuing an order is responsible for examining, verifying and certifying the related invoice(s). The names of officers authorised to sign such records shall be sent to the Strategic Director - Finance and Resources, together with specimen signatures and shall be amended on the occasion of any change therein.
- 10.3 Before certifying an account; the certifying officer shall, save to the extent that the Strategic Director - Finance and Resources may otherwise determine have

satisfied himself that:-

- (a) The work, goods or services to which the account relates have been received, carried out, examined and approved.
- (b) The prices, extensions, calculations, trade discounts, other allowances, credits and tax are correct.
- (c) The relevant expenditure has been properly incurred, and is within the relevant estimate provision.
- (d) Appropriate entries have been made in inventories, stores records or stock books as required.
- (e) Where an invoice is a VAT invoice, no amendments shall be made to it. Incorrect VAT invoices, must be returned to the supplier for amendment. For non-VAT invoices, amendments shall be made in ink and initialled by the officer making it, stating reasons briefly where they are not self evident.
- (f) That the correct procedures are applied in respect of payments made under the Construction Industry, Tax Deduction Scheme Certificates 714 and 715.
- (g) The account has not been previously passed for payment and is a proper liability of the school.

10.4 All invoices and reimbursement of imprest accounts shall be processed for payment without delay. Legal costs arising from delays by schools will be charged to the relevant school's budget.

11. LOCAL CHEQUE BOOKS

11.1 Whenever the Governing Body wish to operate their own Local Cheque Book Scheme they shall submit details of the proposed scheme to the Strategic Director - Finance and Resources for approval.

11.2 No approval shall be given to any such scheme unless:

- (a) The Governing Body's proposals for the production, supply and content of all receipt forms, books, tickets, invoices and any other such items as may be necessary or proposed are set out in accordance with Council standards and guidelines.
- (b) All invoices and other stationery include the Council logo.
- (c) All invoices are consecutively pre-numbered in a self carbonating book.
- (d) An Audit trail of all transactions is set out which meets with the approval of the Strategic Director - Finance and Resources.

11.3 The Governing Body of a school operating a Local Cheque Book Scheme approved by the Strategic Director - Finance and Resources shall be responsible for the ordering, provision and payment of such stationery including, but not limited to, control of income stationery in such numbers and form as the Strategic Director - Finance and Resources should from time to

time require and approve.

- 11.4 Schools with approved Local Cheque Book Schemes may bank money with their local bank accounts under arrangements agreed with the Strategic Director - Finance and Resources.

12. SALARIES AND WAGES

- 12.1 The payment of all salaries, wages, pensions, compensation, gratuities, injury allowance and other emoluments to all employees, or former employees of the Council shall be made by, or under arrangements approved and controlled by, the Strategic Director - Finance and Resources.
- 12.2 The Headteacher via the Chief Education Officer shall notify the Strategic Director - Finance and Resources as soon as possible and in the form prescribed by him, of all matters affecting the payment of such emoluments and in particular:
- (a) Appointment, resignations, dismissals, suspension, secondments and transfers.
 - (b) Absences from duty for sickness or other reason, apart from approved leave with pay.
 - (c) Changes in remuneration, other than normal increments and pay awards and agreements of general application.
 - (d) Information necessary to maintain records of service for superannuation, income tax, national insurance and the like.
- 12.3 Appointments of all employees shall be made in accordance with Articles of Government and the regulations laid down by the employees Pay and Conditions of Service document.
- 12.4 All time records or other pay documents shall be in a form prescribed or approved by the Strategic Director - Finance and Resources, and shall be certified in manuscript by or on behalf of the Chief Education Officer. The names of officers authorised to sign such records shall be sent to the Strategic Director - Finance and Resources by each Headteacher, together with specimen signatures and shall be amended on the occasion of any changes.

13. TRAVELLING AND SUBSISTENCE ALLOWANCE

- 13.1 All claims by officers for payment of car allowances, subsistence allowances, travelling and incidental expenses shall be in a form and according to a timetable approved by the Strategic Director - Finance and Resources for various categories of officer, and shall be duly certified for payment before submission to the Strategic Director - Finance and Resources. The names of officers authorised to certify, in manuscript, such records for payment shall be sent to the Strategic Director - Finance and Resources by the Chief Education Officer, together with specimen signatures and initials, and shall be amended on the occasion of any change.
- 13.2 The certification by or on behalf of the Headteacher shall be taken to mean that the certifying officer is satisfied that the journeys were authorised, the expenses properly and necessarily incurred and that the fees and allowances are properly payable by the Council.

- 13.3 Claims submitted more than three months after fees were earned or the expenses were incurred must be accompanied by a letter of explanations for the delay and such claim shall be paid only with the express approval of the Strategic Director - Finance and Resources.

14. INCOME

- 14.1 Income generated by the sale of any item of equipment or materials shall be paid into the Council's bank account even where such sum may be subsequently available for spending at the discretion of the Governing Body. Any income generating activities shall be authorised by the Chief Education Officer unless permitted in the general Scheme of Delegation.
- 14.2 The collection of all monies due to the Council shall be under the supervision of the Strategic Director - Finance and Resources.
- 14.3 The Strategic Director - Finance and Resources shall be notified promptly of all money due to the Council, together with particulars relating thereto, and all arrangements entered into which involve the receipt of money by the Council.
- 14.4 All receipt forms, books, tickets, invoices and other such items shall be ordered and supplied by the Strategic Director - Finance and Resources, who shall be notified as to the arrangements for their control.
- 14.5 All money received on behalf of the Council shall without delay be paid to the Strategic Director - Finance and Resources, or as may be directed, to the Council's banking or National Giro Account.
- 14.6 Personal cheques shall not be cashed out of the money held on behalf of the Council or Governing Body.
- 14.7 Every transfer of official money from one member of staff to another will be evidenced in the records of the school concerned by the signature of the receiving staff member.
- 14.8 A review of fees and charges within the discretion of the Governing Body shall be undertaken at least annually by the Governing Body.

15. STOCKS, STORES AND INVENTORIES

- 15.1 Each Headteacher/Governing Body shall be responsible for the care and custody of the stocks, stores in its School and records kept in a form approved by the Strategic Director - Finance and Resources.
- 15.2 Losses due to theft of stocks or cash shall be reported to the Strategic Director - Finance and Resources and Chief Education Officer immediately the deficiency is realised.
- 15.3 Inventories shall be maintained by all schools and therein shall be recorded an adequate description of furniture, fittings and equipment, plant and machinery (save that the extent to which the property shall be so recorded and the form in which the inventories shall be kept is to be determined by the Strategic Director - Finance and Resources).
- 15.4 Each Headteacher/Governing Body shall be responsible for maintaining an

annual check on all items on the inventory and to report any significant deficiency to the Governing Body.

- 15.5 The Council's property shall not be removed otherwise than in accordance with the ordinary course of the Council's business or used otherwise than for the Council's purpose except in accordance with specific directions issued by the Chief Education Officer or the Headteacher.
- 15.6 The Strategic Director - Finance and Resources shall be entitled to receive from each Governing Body such information as he required in relation to stores for the accounting, costing and financial records. Surplus material, stores or equipment shall be disposed of in accordance with arrangements made under the Standing Orders of the Council.

16. SECURITY

- 16.1 Each Governing Body/Headteacher is responsible for maintaining reasonable security at all times for the buildings, stock, stores, furniture, equipment, cash, etc. under his/her control.
- 16.2 The Governing Body/Headteacher shall consult the Strategic Director - Finance and Resources in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.
- 16.3 Maximum limits for cash holdings shall be agreed with the Strategic Director - Finance and Resources and shall not be exceeded without express permission.
- 16.4 Secure arrangements shall be made at all times for the safe custody of keys to safes and similar receptacles; the loss of such keys must be reported to the Strategic Director - Finance and Resources forthwith.

17. INSURANCES

iii.

- 17.1 The Strategic Director - Finance and Resource shall, effect such insurances as are from time to time considered necessary by law to cover risk to which the school is exposed, and shall negotiate and recover claims.
- 17.1 The Governing Body may effect additional insurances from their delegated budget where they are not covered by the Council's policies as specified in the Schools Administrative Handbook.
- 17.3 The Governing Body via the Headteacher shall give prompt notification to the Strategic Director - Finance and Resources of all new risks, additions, and alterations affecting existing insurances. The Headteacher shall consult the Strategic Director - Finance and Resources respecting the terms of any indemnity which the school is required to give.
- 17.4 The Headteacher shall immediately notify the Strategic Director - Finance and Resources in writing in the approved form of any loss, liability or damage, or any even likely to lead to a claim, and take such other action as may be necessary to satisfy any insurance policy conditions.

18. DATA PROTECTION

- 18.1 The responsibility for maintaining proper security and privacy of information and for ensuring that all other requirements of the Data Protection Act 1984 are being met shall rest with:-
- (a) The Strategic Director - Finance and Resources in respect of the mainframe computer installation and all its systems.
 - (b) The appropriate Governing Body in respect of other computer equipment, related systems and hard copy reports.
- 18.2 The Strategic Director - Finance and Resources or his/her authorised representative, shall have access to all computer systems and records, and may require and receive such explanations as are necessary, for the purposes of the Data Protection Act 1984.

19. UNOFFICIAL FUNDS

- 19.1 When an officer of the Council is, by virtue of his official position, responsible for money or goods which are the property of an unofficial fund connected with a Council establishment, the purposes of which are analogous to the service provided by the Council:
- (a) The officer shall keep all monies or goods, the property of the unofficial fund, separate from those of the Council.
 - (b) Proper records of account shall be maintained and kept separately from those of the Council.
 - (c) The Governing Body shall be responsible for the financial management and audit on an annual basis of all unofficial funds. Notwithstanding the duties of the Governing Body, the Strategic Director - Finance and Resources shall have the right to audit any unofficial fund at any time.
 - (d) Such annual reports shall be held available for inspection by the Council's Internal Audit Section, as and when required.
- 19.2 The Council accepts no liability of whatsoever nature and howsoever caused in the event of any loss in respect of unofficial funds and no person has any authority to bind the Council to accept such liability in respect of such funds.
- 19.3 Agreement by the Council to deduct contributions to various voluntary and other funds from payments of salaries and wages in accordance with mandates given to the Council and to pay such deductions in total at agreed intervals to the appropriate funds shall in no way make the Council liable for any loss, and Regulation 19.2 shall apply.
- 19.4 Monies properly due to the Council shall not be paid into any unofficial fund, temporarily or otherwise. The Strategic Director - Finance and Resources shall be authorised to issue such direction either generally or otherwise in this respect.

20. DECLARATION OF INTEREST

- 20.1 A Governor, Headteacher or other member of staff of the school with a material interest in a personal capacity in any contract with the school shall declare that

interest to the Governing Body or relevant Committee of the Governing Body.

21. SUSPENSION OF DELEGATED BUDGETS

- 21.1 Where a Governing Body is responsible for a substantial or persistent failure to comply with any requirements applicable under the scheme for delegated budgets, or are not managing the appropriation or expenditure of the sum put at their disposal in a satisfactory manner, the Local Education Council, through the Chief Education Officer may suspend the Governing Body's right to a delegated budget giving at least one month's notice of the intention to do so, or if by reason of gross incompetence or mismanagement, at such earlier date as the Chief Education Officer may determine, provided that the Chief Education Officer shall notify without delay the Secretary of State, giving reasons for the action taken.
- 21.2 The Chief Education Officer shall, in giving such notice to the Governing Body, specify the grounds for the suspension and provide a copy to the Headteacher. Thereafter, the Chief Education Officer shall review, before the commencement of each subsequent financial year, the suspension and shall provide an opportunity for the Governing Body and the Headteacher to make representations which the Chief Education Officer will consider.
- 21.3 The Chief Education Officer shall, after such annual reviews, give written notifications to the Governing Body and Headteacher regarding the decision reached either to continue or to remove the suspension giving their reasons to the Governing Body for the decision. In the event of a decision to readmit the school to the scheme, revocation of the suspension shall take effect from the beginning of the next financial year.
- 21.4 A Governing Body in respect of which the Chief Education Officer has imposed a suspension of delegated powers, or where the Chief Education Officer has decided not to repeal a suspension under this scheme for the delegated budgets, shall be entitled to appeal to the Secretary of State.

22. USE OF CONFIDENTIAL INFORMATION

- 22.1 Members of the Governing Body may acquire information that has not been made public and is confidential. Governors must not use this information for their own personal advantage or for the advantage of others known to them.

23. GIFTS AND HOSPITALITY

- 23.1 School Governors should not accept any offer or gift, favour or hospitality made personally.

SECTION 18

In the event of any conflict between the Contract Procedure Rules and relevant legislation, and in particular the Procurement Act 2023 (“the Act”), legislation and the Act will always take precedence over the Contract Procedure Rules. The Council is currently in the process of updating the Contract Procedure Rules to reflect the implementation of the Act from 24 February 2025 and an updated version will be made available shortly.

18.1 - CONTRACT PROCEDURE RULES

Introduction

The purpose of these Contract Procedure Rules is to provide a methodology for the procurement of goods, works and services for the Council and to ensure that the relevant procedures are efficient and transparent and provide a system of openness and accountability. The highest standards of probity are required of all Officers and Members involved in the procurement, award and management of the Council’s Contracts.

Any queries in respect of these Contract Procedure Rules shall be referred to the Monitoring Officer.

CONTENTS

General

1. [Interpretation](#)
2. [Compliance with Contract Procedure Rules and Legislation](#)
3. [Responsible Officers' and Members' Duties](#)
4. [Declaration of Interests](#)
5. [Scheme of Delegation](#)
6. [Electronic Procurement Solutions](#)
7. [Corporate Purchasing Agreements & Dynamic Purchasing Systems](#)
8. [Use of Consultants](#)

Procurement Planning

9. [Purchasing Need and Procurement Planning Approval](#)
10. [Contract Value and Aggregation](#)
11. [Pre-Tender Enquiries](#)
12. [Sustainable Procurement & Safeguarding](#)

Exemptions

13. [Exempt Contracts](#)
14. [Exemption from Tendering Requirement](#)

Approved List

15. [Council Approved Lists](#)
16. [Removal of a Contractor from an Approved List](#)

Quotations and Tendering

17. [Requirements for All Contracts](#)
18. [Contracts valued at less than £15,000 \(Works, Goods & Services\)](#)
19. [Contracts valued between £15,000 and £50,000 \(Works, Goods & Services\)](#)
20. [Contracts valued between £50,000 and OJEU Threshold \(Works, Goods & Services\)](#)

21. [Contracts valued over OJEU Threshold \(Works, Goods & Services\)](#)
22. [Timescales for receiving Requests for Quotes and Tenders](#)
23. [Request for Quotes and Invitation to Tender Documentation](#)
24. [Tender Specifications](#)
25. [Tender Bid Clarifications](#)
26. [Tender Submissions](#)
27. [Tender Opening](#)
28. [Late Tenders Received](#)
29. [Tender Evaluation](#)
30. [Errors in Tenders](#)
31. [Negotiations](#)
32. [Contract Award](#)
33. [Joint Procurements](#)
34. [Standstill Period](#)
35. [Notification of Tender Award and De-briefing Requests](#)
36. [Post – Contract Award Requirements](#)
37. [Letters of Intent](#)
38. [Non-concluded Terms and Conditions of Contract](#)

Form of Contract

39. [Contracts in Writing](#)
40. [Bonds, Securities, Liquidated and other Damages](#)
41. [Parent Company Guarantee](#)

Operation of Contract

42. [Contract Management](#)
43. [Contract Performance](#)
44. [Termination of Contract](#)
45. [Contract Variations and Contract Extensions](#)
46. [Contract Payments](#)
47. [Assignments and Novation](#)
48. [Nominating Products or Contractors or Suppliers](#)

Specific Contracts

49. [Land Contracts](#)

Other

50. [Retention of Contract Files](#)
51. [Review and Amendment of the CPR's](#)

GENERAL

1. Interpretation

1.1 In these Contract Procedure Rules, the following terms have the following meanings:

Approved List	a list drawn up for and maintained by services for use under CPR 15
Bus Contracts	specific Public Bus Contracts that are exempt from the requirements of these Contract Procedure Rules
Business Case	the process for weighing up the expected benefits with the cost and risks of a proposed project. Please refer to the Council's Business Planning Framework for further details
Call Off	the process by which contracts are awarded under a Framework Agreement
Code of Conduct	the Codes regulating the conduct of Officers and Members as set out in the Council's constitution
Community Benefits	social or economic or environmental requirements which benefit the community within the Council area
Contract	an agreement for the supply of goods or services or concessions or the execution of works
Contract Assignment	When the same contract is assigned from one of the original parties (assignor) to a new party (assignee). Going forward the agreement in place is the same original Contract
Contract File	a record of all matters relating to the Contract and procurement process
Contract Novation	When one of the original contract parties (outgoing party) is replaced by a new party (incoming party) usually when the outgoing party is in administration. Upon entering into the Deed of Novation, there is a new Contract created between the existing original party

		and the incoming party
Contractor		a supplier of goods or services or concessions or works to the Council
Corporate Register	Contracts	a register of Contracts currently operating within the Council
Corporate Strategy	Procurement	the Council's strategy for procuring goods, works and services on a corporate basis
Corporate Agreement	Purchasing	a Contract or Framework Agreement which has been endorsed and approved for corporate use by the Head of Audit and Procurement and its use shall be mandatory. This includes joint procurement arrangements and membership of official planning consortiums
Council		Conwy County Borough Council
Development Agreement		an agreement which regulates the relationship between a developer, funding institution and tenant
Director		Chief Executive or a Director of the Council
Dynamic System	Purchasing	A Dynamic Purchasing System (DPS) is similar to a framework agreement with the exception that new suppliers can join at any time and it is to be run as a completely electronic process. All contractors who satisfy the selection criteria must be admitted onto the DPS with no limit on the numbers who can join. All suppliers must be invited to bid for a particular contract with the award based on the best tender as per the criteria set out in the contract notice
E-Sourcing		electronic systems for the facilitation and conducting of procurement exercises
EU		European Union
EU Contract		a contract covered by the Public Contracts Regulations 2015
Framework Agreement		an agreement which allows a Responsible Officer to Call Off or undertake a mini competition to provide goods, services or

	works in accordance with the terms of the agreement. The Framework Agreement usually constitutes a non-binding offer with no obligations to Call Off from the Contractor. If the Council Calls Off from the Contractor a binding contract comes into being
Finance and Resources Portfolio Holder	the Cabinet Member who is designated to have responsibility for the Council's finance and Resources portfolio
Head of Audit and Procurement	the Officer who is designated to have responsibility for the Internal Audit Service and Corporate Procurement Unit
Head of Service	the Head of Service of a Council service area
Invitation to Tender	invitation to tender documents in the form required by these Contract Procedure Rules
Member(s)	means a Member of the Council
Monitoring Officer	the Officer designated by the Council as its statutory Monitoring Officer from time to time
Month	Means a calendar month
Most Economically Advantageous Tender	the tender which is the most advantageous to the Council based on a combination of price and quality criterion
Officer	any permanent or temporary staff member or consultant or any other person working for the Council
OJEU	Official Journal of the European Union
OJEU Thresholds	the values that are determined by the European Union every two years
Personal Social Care	care provided following as assessment under the NHS and Community Care Act 1990. Incidental and ancillary services will include, but are not limited to, Supporting People services, Approved Landlord services, substance misuse services and advice services
Portfolio Lead Member	the Cabinet Member who is designated to have responsibility for the relevant service are

Quotation		a quotation of price and any other relevant matter made without the formal issue of an Invitation to Tender
Procurement Checklist	Plan	the checklist which must be completed by all Responsible Officers prior to undertaking a procurement exercise
Relevant Service	Head of	the Head of Service whose directorate or department is responsible for the procurement exercise in question
Responsible Officer		any permanent or temporary staff member or consultant or any other person properly authorised by the Council to carry out any of the Council's contracts functions
Section 151 Officer		the officer designated by the Council to undertake its duties under section 151 of the Local Government Act 1972
SLT		Strategic Leadership Team
SMT		Senior Management Team
Sub-OJEU		the values below the threshold that are determined by the European Union every two years
Tender		a Contractor's formal proposal submitted in response to an invitation to tender
Tenderer		a contractor who is invited to submit a Tender for the provision of works, services, goods or concessions to the Council
Value for Money		the optimum combination of whole life costs, quality and benefits to meet the Council's requirement. Such term equates to the EU procurement requirement of "most economically advantageous offer"
Working Day		any day other than a Saturday or a Sunday or a day which is a bank or a public holiday throughout Wales

- 1.2 Unless the context otherwise requires, words in the singular shall include the plural and in the plural include the singular.

- 1.3 Unless the context otherwise requires, a reference to one gender shall include a reference to the other genders.
- 1.4 Any reference to actions within these Contract Procedure Rules can also be undertaken by Responsible Officers with the appropriate delegated authority to carry out such tasks.
- 1.5 Unless the context otherwise requires, reference to any clause, sub-clause or schedule is to a clause, sub-clause or schedule of or to these Contract Procedure Rules.
- 1.6 Under these Contract Procedure Rules, periods expressed as a certain number of days from a particular event run from the day following that on which the event takes place. If the last day of the period falls on a Saturday, Sunday or a bank or public holiday it will end on the next Working Day.
- 1.7 Periods will include public holidays and weekends unless these are expressly excluded or the periods are expressed as a certain number of Working Days.

2. Compliance with Contract Procedure Rules and Legislation

- 2.1 These Contract Procedure Rules apply to all Contracts entered into by or on behalf of the Council.
- 2.2 The Head of Audit and Procurement, Monitoring Officer or Section 151 Officer shall advise on the implementation and interpretation of the Council's Contract Procedure Rules.
- 2.3 Every Contract entered into by the Council or on its behalf shall be entered into pursuant to, or in connection with, the Council's functions and shall comply with:
 - 2.3.1 all relevant statutory provisions;
 - 2.3.2 the relevant EU law and the EU public procurement rules (including the EC treaty, the general principles of EU law and the EU public procurement directives implemented by the UK regulations);
 - 2.3.3 the Council's constitution including these Contract Procedure Rules and the Council's Financial Regulations;
 - 2.3.4 schemes of delegation;
 - 2.3.5 the Council's strategic objectives and policies;
 - 2.3.6 the relevant data protection legislation;
 - 2.3.7 the Council's Corporate Procurement Strategy and any other relevant Council policies.

- 2.4 Should there be a conflict between the provisions of the Council's Contract Procedure Rules and any provision of an EU directive or any domestic legislation, the directive or legislation shall prevail.
- 2.5 All Responsible Officers must comply with the Council's Contract Procedure Rules and Financial Regulations. Other Officers must not enter into Contracts on behalf of the Council.
- 2.6 Any failure by a Responsible Officer to comply with any of the provisions of these Contract Procedure Rules or the Council's Financial Regulations or associated guidance adopted by the Council or any UK or European legal requirements may result in disciplinary action.
- 2.7 Any failure to comply with these Contract Procedure Rules by Responsible Officers shall be reported immediately to the Relevant Head of Service or the Section 151 Officer or Head of Audit and Procurement.
- 2.8 Any failure to comply with these Contract Procedure Rules by Members shall be reported immediately to the Monitoring Officer.
- 2.9 Arrangements for Contracts made by schools operating under local management arrangements shall not be subject to these Contract Procedure Rules but shall be subject to their own contract procedure rules for schools.

3. Responsible Officers' and Members' Duties

- 3.1 The highest standards of probity are required of all Responsible Officers and Members involved in the procurement, award and management of Council Contracts.
- 3.2 Responsible Officers shall always:
 - 3.2.1 seek Value for Money;
 - 3.2.2 show no undue favour to any Contractor or Tenderer, nor discriminate against any Contractor or Tenderer;
 - 3.2.3 ensure that all procurement is in accordance with the highest standards of propriety and proper practice (including respecting the confidentiality of commercial information);
 - 3.2.4 do nothing that contravenes EU or domestic law;
 - 3.2.5 ensure that adequate Contract Files are kept for Contracts upon which they are engaged.
- 3.3 As a general rule, Members and Responsible Officers must not accept from Contractors or Tenderers, or from any firm or organisation with whom the Council has had, is having or may have any dealings of any kind any gift or hospitality without the written authorisation of the Relevant Head of Service or Director.

- 3.4 Members shall comply with the Members' Code of Conduct.
- 3.5 Responsible Officers shall comply with the Officers' Code of Conduct and the Council's Gift and Hospitality Policy.
- 3.6 Members and Officers should seek advice from the Monitoring Officer in respect of any matter arising out of these Contract Procedure Rules whenever there is any doubt as to the correct procedure.

4. Declaration of Interests

- 4.1 No Member, Officer or agent of the Council shall improperly use their position to obtain any personal or private benefit from any Contract entered into by the Council.
- 4.2 The following shall declare any interests which may affect the contract process:
 - 4.2.1 all Responsible Officers who play any role in the procurement process, including those designated under a scheme of delegation in CPR 5.3;
 - 4.2.2 Cabinet Members involved in the procurement process;
 - 4.2.3 external consultants.
- 4.3 Heads of Service or a Director shall ensure that Cabinet Members, Officers, Consultants or anyone else who is not an Officer of the Council appointed or agreed by them make declarations on their appointment and on any change in circumstances (and annually in the case of Officers), and shall either certify them as acceptable or take any necessary action in respect of potential conflicts of interest. Responsible Officers shall keep completed consultants' declarations on the Contract File.
- 4.4 All Officers must complete a declaration of interest form, which must be appropriately approved in compliance with the Council's Declaration of Interests Policy. Heads of Service shall keep a register of declarations indicating the names and grades of those declaring and the nature of their declaration. All declarations shall also be recorded on the E-Sourcing solution (where available).

5. Scheme of Delegation

- 5.1 Only Responsible Officers with appropriate delegated authority may enter into any Contract on behalf of the Council.
- 5.2 Each Head of Service or Director has delegated powers from the General Scheme of Delegation of Executive and Non-Executive Functions to Officers, as set out in the constitution, to enter into Contracts (CPR 32), to grant exemptions (CPR 13 and CPR 14) and to approve Contract variations (CPR 45) on behalf of the Council to specified financial limits.

- 5.3 Each Head of Service shall compile and maintain a scheme of delegation specific to their service, detailing the names and grades of Responsible Officers approved for the purposes of obtaining Quotations, tendering, entering into Contracts and placing orders on behalf of the Council and the maximum Contract or order value allocated to each Responsible Officer for these purposes.
- 5.4 Each Head of Service must provide the Head of Audit and Procurement with their scheme of delegation before the start of each financial year and on making any amendment.
- 5.5 The Head of Audit and Procurement shall keep a register of all schemes of delegation and shall ensure the appropriate scheme of delegation is replicated within the purchase-to-pay solution (for ordering, receipting and payments) and the E-Sourcing solution when operational (for sourcing and contracting).

6. Electronic Procurement Solutions

- 6.1 All purchase to pay processes including requisitioning, ordering, receipting and invoice payments shall be conducted via the corporate purchase-to-pay solution (where available).
- 6.2 All e-sourcing processes including request for Quotations, tendering, e-auctions, contract management, supplier performance management and approved list management shall be conducted via the corporate e-sourcing solution (where available), which has been approved by the Head of Audit and Procurement.
- 6.3 The use of any alternative e-procurement or E-Sourcing solutions is not permitted without the prior approval of the Head of Audit and Procurement.

7. Corporate Purchasing Agreements & Dynamic Purchasing Agreements

- 7.1 Any membership of an official purchasing consortium which requires upfront Council commitment shall be approved by Cabinet prior to the involvement by or on behalf of the Council.
- 7.2 The use of the following Corporate Purchasing Agreements as endorsed by the Head of Audit and Procurement shall be mandatory, unless a justification not to use them has been made in writing and been approved by the Head of Audit and Procurement:
 - 7.2.1 Corporate Purchasing Agreements resulting from the National Procurement Service or any other approved official purchasing consortiums;
 - 7.2.2 Any other Framework Agreements and any subsequent Call Off arrangements;
 - 7.2.3 joint procurement arrangements; and

7.2.4 Electronic catalogues within the purchase-to-pay solution.

7.3 Any Service wishing to adopt a Dynamic Purchasing System must do so in consultation with Corporate Procurement and Internal Audit Services.

8. Use of Consultants

8.1 The engagement of consultants must be approved, in the first instance, by the Relevant Head of Service and such approval shall be recorded on the Corporate Contracts Register.

8.2 When calculating the estimated value of the Contract, due consideration must be given to any follow on work that may result from the original Contract. Where it is proposed that consultants are engaged by the Council, the Relevant Head of Service shall ensure that:

8.2.1 there is a clear identification of need. In particular, the availability of in-house resources must be considered before seeking to engage external consultants;

8.2.2 a budget has been agreed;

8.2.3 a project brief has been prepared;

8.2.4 tenders have been invited in accordance with these Contract Procedure Rules, unless CPR 14 applies;

8.2.5 comprehensive criteria against which proposals will be evaluated are set;

8.2.6 the selection decision is clearly documented;

8.2.7 a formal agreement or detailed letter of engagement is prepared and signed;

8.2.8 fee payments and progress are monitored;

8.2.9 a detailed Contract File is maintained;

8.2.10 performance is reviewed and adequate management monitoring and reporting is in place, including implementation of any recommendations made by consultants;

8.2.11 there is a clear requirement for knowledge and skills transfer from the consultant to in-house staff;

8.2.12 declare any interests which may affect the Contract process.

8.3 Consultants shall be required to provide evidence of and maintain professional indemnity policies to the satisfaction of the Relevant Head of Service for the periods specified in the respective agreement. The excess for any one claim shall be no more than £20,000 except with the approval of the Section 151 Officer. Any queries in relation to the appropriate levels of insurance shall be referred to the Section 151 Officer or his nominated representative.

8.4 For the engagement of technical external staff such as architects, surveyors, engineers and lawyers, the Relevant Head of Service shall annually review the level of use of such external staff.

- 8.5 Where consultants or technical external staff such as architects, surveyors, engineers or lawyers are appointed to be responsible for supervision of a Contract on behalf of the Council, it shall be a condition of appointment that they shall comply with these Contract Procedure Rules and the Council's Financial Procedure Rules in relation to that Contract as if they were an Officer of the Council and that on completion of the Contract they shall submit all relevant records to the Relevant Head of Service.

PROCUREMENT PLANNING

9. Purchasing Need and Procurement Planning Approval

- 9.1 The Relevant Head of Service shall, having established and identified a purchasing need, nominate a Responsible Officer to fully assess the purchasing need.
- 9.2 Before undertaking a procurement exercise the Responsible Officer shall ensure that:
- 9.2.1 the authority exists within the Council's approved budget for such expenditure, or will exist before expenditure is committed and that he has the delegated authority to spend from such budget;
 - 9.2.2 due consideration is given to the use of existing Contracts detailed within the Corporate Contracts Register;
 - 9.2.3 due consideration is given to the use of other Council departments for the delivery of the contract requirement;
 - 9.2.4 they complete the Procurement Plan Checklist and ensure that due consideration is given to the timescales required for the procurement exercise, as set out in the Procurement Timetable;
 - 9.2.5 they have obtained all necessary approvals.
- 9.3 With respect to procurement projects with a value below £100,000 a Procurement Plan Checklist must be completed and retained on the Contract File for inspection.
- 9.4 With respect to procurement projects with a value of £100,000 or more, the completed Procurement Plan Checklist must be reviewed by the Head of Audit and Procurement prior to undertaking any competitive market testing or negotiation.
- 9.5 With respect to the following specific procurement projects, approval shall be required from the following Heads of Service, in addition to the Relevant Head of Service:
- 9.5.1 ICT procurement projects – approval will be required from the Head of ICT or their designated Responsible Officer;

- 9.5.2 property and works related procurement projects – Responsible Officers must consider the Council's adopted Asset Management Assessment Process and Initiation of Assessment Process Terms of Reference and follow this process where applicable. Approval also will be required from the Head of Environment, Roads & Facilities or his designated Responsible Officer;
- 9.5.3 temporary staff agencies and interim staff agencies – additional approval will be required from the Head of Corporate Human Resources or their designated Responsible Officer.

10. Contract Value and Aggregation

- 10.1 Before conducting any procurement exercise the Responsible Officer will estimate and record the total monetary value and expected cost of a proposed Contract, including any Contract extensions, incidental or ancillary costs net of VAT over the full duration of the Contract. For construction contracts the estimate must be produced by a suitably qualified Officer.
- 10.2 Where a service or supply Contract does not stipulate a total price, the value shall be estimated as follows:
 - 10.2.1 fixed term service Contracts of up to 48 Months: total consideration payable over the term;
 - 10.2.2 service Contracts or Contracts for the hire of goods for an indefinite or uncertain period or for a fixed term of more than 48 Months: consideration payable in respect of each Month multiplied by 48.
- 10.3 The value of regular or renewable service or supply Contracts shall be estimated either:
 - 10.3.1 by aggregating the value of similar Contracts for the same categories of services or supplies awarded by the Council over the previous financial year or 12 Months, adjusted where possible for anticipated changes in quantity or value over the next 12 Months; or
 - 10.3.2 by taking the estimated aggregate value during the twelve Months following the first supply or service performed, or during the term of the Contract where this is greater than 12 Months.
- 10.4 A Contract cannot be artificially divided, nor a valuation method selected with the intention of avoiding any clauses within these Contract Procedure Rules. Contracts shall be packaged to ensure best service delivery, competition and Value for Money.

11. Pre-Tender Enquiries

- 11.1 Enquiries of contractors may be made before Tenders are invited in order to:

- 11.1.1 establish whether goods, works or services that the Council wishes to purchase are available and within what price range;
 - 11.1.2 prepare the Invitation to Tender, price estimates and Contracts;
 - 11.1.3 establish whether particular contractors wish to be invited to tender or quote.
- 11.2 In making enquiries:
- 11.2.1 no information shall be disclosed to one contractor which is not then disclosed to all those of which enquiries are made, or who are subsequently invited to submit a Tender or Quotation;
 - 11.2.2 no contractor shall be led to believe that the information they offer will necessarily lead to them being invited to submit a Tender or Quotation, or being awarded the Contract;
 - 11.2.3 a written record, including notes of any meetings held, the responses and the names of all individuals present shall be kept by the Responsible Officer on the Contract File.

12. Sustainable Procurement & Safeguarding

- 12.1 The Authority has a duty under the Wellbeing of Future Generations (Wales) Act 2015 to act in accordance with the sustainability principle and to ensure this guides decision making. The Authority must act in a manner which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.
- 12.2 For all Contracts over £100,000 for goods and services the Council shall consider whether to take account of social, economic and environmental issues when setting the tender evaluation criteria.
- 12.3 For all Contracts exceeding £2,000,000 in value it will be mandatory to deliver a social, economic and environmental return on investment through the adoption of a Community Benefits approach.
- 12.4 For all Contracts below £2,000,000 in value it will be desirable to deliver a social, economic and environmental return on investment through the adoption of a Community Benefits approach.
- 12.5 All Contractors that will be required to deliver Community Benefits shall be required to complete the Community Benefits Toolkit as part of their contractual requirements.
- 12.6 The inclusion of sustainable procurement requirements arising from the sustainable risk assessment under CPR 12.2 shall be at the discretion of the Relevant Head of Service, having taken into considerations any financial impact of including such requirements.

- 12.7 All contractors, sub-contractors or other organisations funded by or on behalf of the Council are responsible for complying with the Authority's Corporate Safeguarding Policy to ensure that their staff comply with regulatory and contractual arrangements relating to safeguarding children and adults.

EXEMPTIONS

13. Exempt Contracts

- 13.1 An exempt Contract is one to which these Contract Procedure Rules do not apply.
- 13.2 The following Contracts are exempt from the requirements of these Contract Procedure Rules:
- 13.2.1 employment Contracts;
 - 13.2.2 agreements relating solely to disposal or acquisition of an interest in land with the exception of Development Agreements (see CPR 49);
 - 13.2.3 internal purchases or service provision;
 - 13.2.4 agreements formalising the funding of voluntary sector bodies, where the purpose of the agreement is to provide grant aid funding by the Council - any such agreements should be administered in accordance with the Council's Financial Regulations;
 - 13.2.5 contracts for the engagement of counsel;
 - 13.2.6 contracts for the engagement of an expert witness; and
 - 13.2.7 Bus Contracts

14. Exemption from Tendering Requirement

- 14.1 Exemption from tendering is where the requirement to seek market competition as per CPRs 19, 20, & 21 is suspended provided a justification can be demonstrated as per CPR 14.2.
- 14.2 If the Responsible Officer is seeking an exemption to any Contract Procedure Rule, a CPR Proforma must be prepared in compliance with CPR 14.3 setting out the reason for requiring the exemption and the Contract Procedure Rule from which the exemption is required. The CPR Proforma shall include a financial statement which will highlight any future commitments (whether or not of a financial character) which the proposed Contract might entail.
- 14.3 In order to justify an exemption the proforma will need to demonstrate that one of the following reasons is applicable:
- 14.3.1 the Contract involved is purely for the purpose of research, experiment, study or development under the conditions stated in Public Contracts Regulations 2015;

- 14.3.2 the works, goods or services can only be provided by a particular contractor for reasons that are technical, artistic or connected with the protection of exclusive rights;
- 14.3.3 urgency brought about by events unforeseeable by the Council and in accordance with the strict conditions stated in the Public Contracts Regulations 2015;
- 14.3.4 additional works, deliveries or services are required, which do not exceed 50% of the value of the original Contract and which, through unforeseen circumstances, were not included in the original Contract and which either are strictly necessary for the completion of the Contract or, for technical or economic reasons, cannot be carried out separately. Any works, goods or services ordered under this exemption must be ordered under the strict conditions set out in the Public Contracts Regulations 2015;
- 14.3.5 new works or services which constitute a repetition of existing works or services are ordered in accordance with the strict conditions stated in the Public Contracts Regulations 2015. In the case of EU contracts, the new works or services must be required within three years of the original Contract and the contract notice must have stated that a new Contract might be awarded by negotiation;
- 14.3.6 goods are required as a partial replacement or addition to existing goods or installations and obtaining them from another contractor would result in incompatibility or disproportionate technical difficulties in operation or maintenance;
- 14.3.7 the rules of a design contest require the Contract to be awarded to one of the successful candidates, provided that all successful candidates are invited to negotiate;
- 14.3.8 for supplies quoted and purchased on a commodity market or for the supply of goods or materials which are proprietary articles or are sold at a fixed price and no reasonable satisfactory alternative is available;
- 14.3.9 for the purchase of supplies on particularly advantageous terms from a supplier which is winding up its business activities or from the receivers or liquidators of a bankruptcy, arrangement with creditors or similar procedure;
- 14.3.10 where delay attributable to the procurement process would, in the estimation of the Relevant Head of Service, result in the Council incurring net expenditure or forfeiting net income in excess of the savings on the Contract sum that might reasonably be expected to accrue from competitive tendering;

- 14.3.11 where the delay attributable to the procurement process may result in physical or mental harm to any person or persons or would, in the opinion of the Relevant Head of Service or Director, result in or continue an unacceptable level or standard of service;
- 14.3.12 where Tenders have already been obtained in a proper manner by another public authority or group of authorities and are still valid and the Council is entitled to place Contracts against those Tenders;
- 14.3.13 a tender shall only be negotiated with a single contractor where the Council having considered all the circumstances decides that such a course is desirable in the public interest. Such a decision shall be made only after consideration by the Monitoring Officer and the Section 151 Officer, in consultation with the relevant Director, based on a completed CPR Proforma submitted by the Relevant Head of Service detailing the reasons for adopting this method of contracting and where such negotiation is not in breach of relevant UK or EU legislation.
- 14.3.14 Contracts for the provision of Personal Social Care including contracts for the provision of community support and incidental and/or ancillary services where one of the following reasons applies:
- i. evidence demonstrates that obtaining Quotations or tendering for the required services is unlikely to secure significant improvements in Value for Money, or is unlikely to secure sufficient improvement in Value for Money to justify the cost of obtaining Quotations or tendering, or any likely improvement in Value for Money will be outweighed by the potential cost of changing Contractor; or
 - ii. the equivalent annual value of the Contract for the new requirement does not differ from that of the existing Contract by more than 10% unless required by law; or
 - iii. no more than two previous Contracts for the required service have been exempted from obtaining Quotations or tendering; or
 - iv. improvements in Value for Money in respect of the Contract specification or Contract price or service quality have already been secured or will be secured under the terms of the new Contract for the required services; or
 - v. the required services, where applicable, are necessarily delivered in specific accommodation and there is a significant risk that a change in Contractor would result in the loss of that accommodation to the required services or service user(s) or a significant risk that alternative accommodation will not be secured within a reasonable and practical timescale; or

- vi. there is a reasonable probability that obtaining Quotations or tendering for the required services would result in significant distress or other detriment to the welfare of the service user(s) or would reverse or undermine the attainment of successful outcomes for the service user(s).
- 14.4 Exemptions from tendering on the basis of one of the reasons listed in CPR 14.3 may be granted in the following manner:
- 14.4.1 by the Section 151 Officer based on a completed CPR Proforma from the Relevant Head of Service, having consulted with the Internal Audit department, if the Contract value is less than £250,000;
 - 14.4.2 by the Monitoring Officer and Section 151 Officer, in consultation with the relevant Director based on a completed CPR Proforma from the Relevant Head of Service, having consulted with the Internal Audit department, if the Contract value is between £250,000 and £1,000,000;
 - 14.4.3 by Cabinet if the Contract value is over £1,000,000 based on a written report from the relevant Head of Service.
- 14.5 No exemptions may be granted:
- 14.5.1 which would result in a breach of European or domestic law;
 - 14.5.2 from CPR 3 (Responsible Officers' and Members' Duties), CPR 4 (Declaration of Interests); CPR 5 (Scheme of Delegation), CPR 7 (Corporate Purchasing Agreements); or
 - 14.5.3 from CPR 45 requiring approval of certain Contract variations.
- 14.6 Exemptions from these Contract Procedure Rules can only be granted in the following circumstances:
- 14.6.1 at the direction of the Section 151 Officer and Monitoring Officer subject to CPR 14.3 and CPR 14.4; or
 - 14.6.2 in order to meet the requirements of EU legislation or any domestic legislation including any regulations or directives from the Welsh Government.
- 14.7 All single Tenders resulting from an exemption from these Contract Procedure Rules or exemption from tendering shall be procured and evaluated via the E-Sourcing solution (where available).
- 14.8 Each Head of Service shall keep a copy of the approved exemptions granted in respect of their service, detailing the nature and value of the Contract, the circumstances justifying the approval and the name of the Contractor awarded the Contract. A central register of the same information will also be held by the

Head of Audit and Procurement.

Approved Lists

15. Council Approved Lists

- 15.1 Approved lists may be established for certain types of goods, works and service contracts. Generally these will be for low value high frequency works and approved provider lists for social care contracts.
- 15.2 The approval from the Head of Audit and Procurement must be sought prior to set up or adoption of an Approved List.
- 15.3 Council Approved Lists shall:
 - 15.3.1 indicate whether the contractors listed are approved for all contracts or for only some of the specified categories, values or amounts;
 - 15.3.2 be publicly advertised and reviewed in full at least every four years. As a minimum, a public advertisement must be published on the National Procurement Service website (Sell2Wales);
 - 15.3.3 be open to receive new expressions of interest from any Contractor;
 - 15.3.4 be an Approved List prepared by another public body providing that it has been composed in a proper manner by that body and that the Responsible Officer is satisfied that the procedure used does not conflict with the Council's policies and procedures.
- 15.4 The financial standing of Contractors may be subject to financial assessment. Where Heads of Service or Directors choose not to adhere to the financial assessment limits advised by the Head of Audit and Procurement, a documented risk assessment must be undertaken to support the decision.
- 15.5 A contractor shall not be placed on a Council Approved List or invited to tender if:
 - 15.5.1 it is bankrupt or is being wound up or is having its affairs administered by a court or has entered into an arrangement with creditors or has suspended its business activities or is subject to court proceedings regarding any of these matters;
 - 15.5.2 it, or any of its directors, have been convicted of an offence concerning professional conduct or have been guilty of grave professional misconduct;
 - 15.5.3 it has not fulfilled obligations relating to the payment of taxes or other statutory contributions;

- 15.5.4 it has fundamentally misrepresented information supplied to the Council.
- 15.6 Where an Approved List is in place, the consideration of other contractors shall only be permitted where the contractors are to be subject to a separate pre-qualification questionnaire exercise as part of a specific procurement exercise.
- 15.7 Responsible Officers must ensure a process of continual checking and verification is in place with respect to Contractors who are on an Approved Lists or Framework Agreements or have a Contract in place. Issues which shall be subject to verification shall include financial standing (see CPR 15.4), level of insurance cover (including any policy exclusions), accreditations, level of prosecutions and any other relevant information which may be subject to change or renewal.
- 16. Removal of a Contractor from an Approved List**
- 16.1 The Relevant Head of Service may, in consultation with the Head of Audit and Procurement, immediately suspend a Contractor from an Approved List, Framework Agreement, Dynamic Purchasing Agreement or (in exceptional circumstances) Contract, whenever there are substantiated concerns regarding the Contractor's financial standing or technical capability or compliance with health and safety requirements.
- 16.2 Investigations of the Contractor must take place immediately. If the suspicions are confirmed, the Contractor must be removed from the Approved List, Framework Agreement or Dynamic Purchasing Agreement. If the suspicions are dispelled, the Relevant Head of Service must immediately reinstate the Contractor. The Head of Audit and Procurement shall be kept informed of any decision made in respect of a Contractor.
- 16.3 A Contractor may be removed from an Approved List, Framework Agreement or Dynamic Purchasing Agreement if the Relevant Head of Service considers that the Contractor or its staff have breached standards of conduct that are relevant to the nature of the work performed by the Contractor. Action may be taken under this paragraph even if there are no doubts about the financial standing or technical capability of the contractor. Any decision to remove a Contractor under this paragraph shall be reported to the Head of Audit and Procurement.
- 16.4 In the event that a Contractor is removed from an Approved List, Framework Agreement or Dynamic Purchasing Agreement, the Strategic Leadership Team shall be notified of the decision.
- 16.5 A Contractor which has been removed from an Approved List, Framework Agreement or Dynamic Purchasing Agreement shall have the right to appeal the decision within 7 Working Days of receipt of the letter informing them of their removal.

- 16.6 Any appeal under CPR 16.5 shall be heard by the Monitoring Officer and Section 151 Officer.

Quotations and Tendering

17. Requirements for All Contracts

- 17.1 The Responsible Officer shall check whether a Corporate Purchasing Agreement is in place for the particular purchasing requirement. If so, an order shall be placed under the Corporate Purchasing Agreement accordingly.
- 17.2 A purchase order must be sent via the purchase-to-pay solution (where available) following award of the Contract.

18. Contracts Valued at less than £15,000 (Goods, Works & Services)

- 18.1 Where practical, competition is required for Contracts with an estimated value of less than £15,000. The need to obtain written Quotations shall be at the Relevant Head of Service's discretion although this does not alleviate the Relevant Head of Service of his responsibility to demonstrate that Value for Money has been obtained.
- 18.2 The Responsible Officer shall obtain quotations which must be sourced from the general list of registered suppliers on the E-Sourcing solution (where available) or by public advertisement on the National Procurement Service website (Sell2Wales).
- 18.3 The request for Quotation shall be received through the E-Sourcing solution (where available) or alternatively by written submissions by paper or e-mail. The request for Quotation shall include as a minimum a technical specification, pricing schedule and terms and conditions.

19. Contracts Valued between £15,000 and £50,000 (Goods, Works & Services)

- 19.1 The Responsible Officer shall invite as a minimum three Quotations / Tenders, which must be sourced from the general list of registered suppliers on the E-Sourcing solution (where available) or by public advertisement on the National Procurement Service website (Sell2Wales).
- 19.2 The Quotations / Tenders shall be received electronically through the E-Sourcing solution (where available) or alternatively through written submissions by paper or secure locked e-mail. All Tenders received shall not be opened until the specified closing time and date has elapsed.

20. Contracts Valued between £50,000 and OJEU Threshold (Goods, Works & Services)

- 20.1 The Responsible Officer shall invite Tenders which must be sourced through a public advertisement via the National Procurement Service website (Sell2Wales).
- 20.2 The Tenders shall be received through the E-Sourcing solution (where available) or alternatively through written submissions by paper or secure locked e-mail. All Tenders received shall not be opened until the specified closing time and date has elapsed.

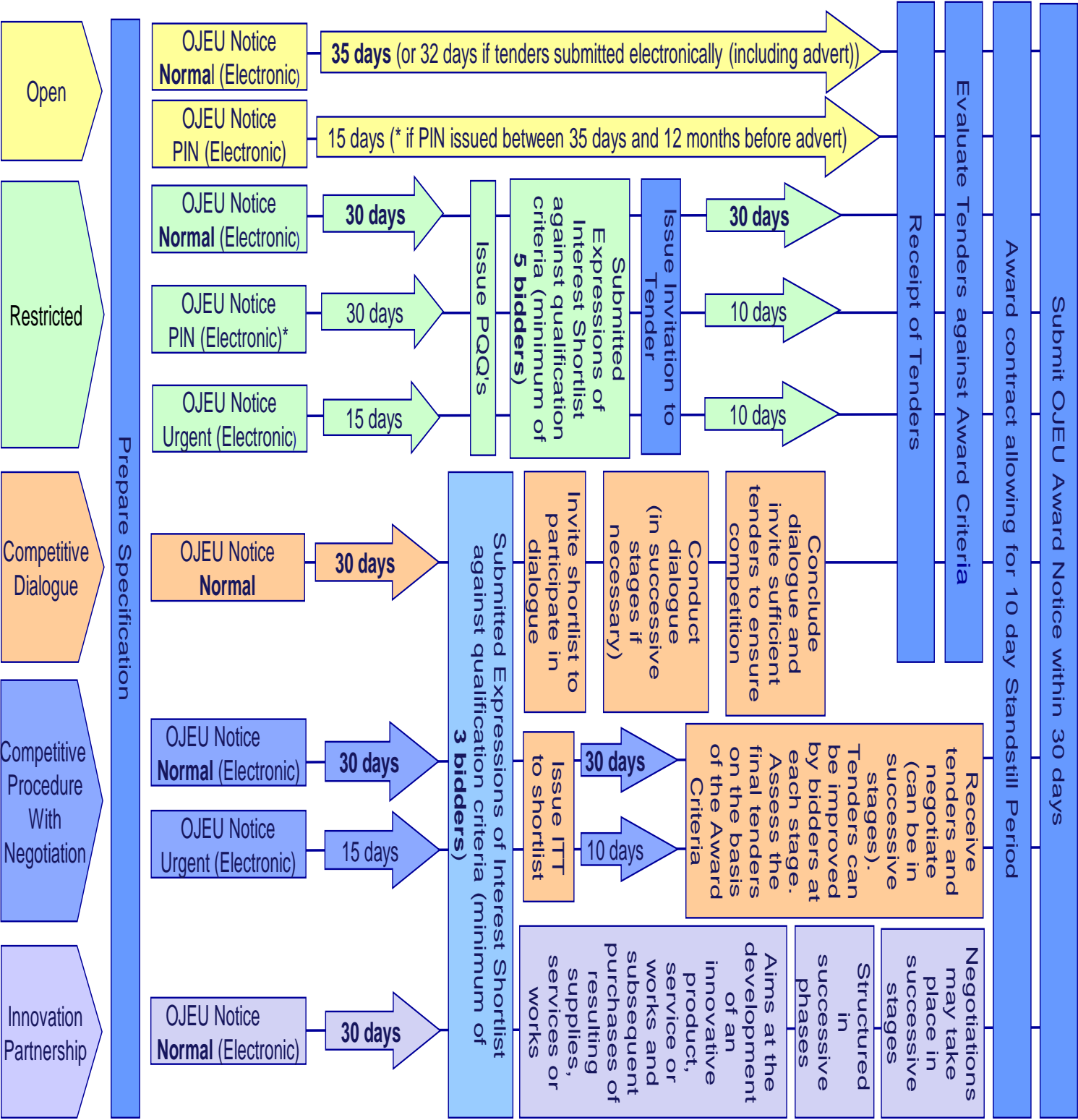
21. Contracts Valued over OJEU Threshold (Goods, Works & Services)

- 21.1 The Responsible Officer shall invite Tenders which must be sourced as a minimum through a public advertisement via the National Procurement Service website (Sell2Wales), which will also publish the same advertisement in the OJEU.
- 21.2 The Tenders shall be received through the E-Sourcing solution (where available) or alternatively through written submissions by paper or through secure locked e-mail. All Tenders received shall not be opened until the specified closing time and date has elapsed.
- 21.4 All Tender notices for projects above the OJEU Threshold for goods and services shall be administered by the Head of Audit and Procurement.

22. Timescales for receiving Requests for Quotes and Tenders

- 22.1 For all Sub-OJEU procurements for goods, works and services there is no prescribed timescale for receipt of pre-qualification questionnaires or Tenders. All projects must be assessed based on their own complexity and to allow sufficient time for contractors to provide suitable Tenders. Responsible Officers should consider the timescales set out in the Procurement Timetable to be best practice.
- 22.2 For all procurements above the OJEU Threshold for goods, services or works the timescales set out in the following process chart must be followed:

OJEU Process Chart



Scottish Public Procurement Toolkit

23. Request for Quotes and Invitation to Tender Documentation

- 23.1 The Invitation to Tender and all other procurement documentation (including requests for Quotation, pre-qualification questionnaires and Contract award letters) used shall be in compliance with the corporate standard documentation as approved or amended from time to time by the Head of Audit and Procurement.
- 23.2 Every set of procurement documents shall state the nature and purpose of the Contract for which Tenders are invited, specify the last date and time when Tenders will be received and state that the Council reserves the right not to accept any Tender or to accept a Tender other than the lowest where payment is to be made by the Council or the highest where payment is to be received by the Council.
- 23.3 The Invitation to Tender must include an indication of the method of selection of the successful Tender i.e. price basis, quality basis or a combination of price and quality (Most Economically Advantageous Tender).
- 23.4 Instructions must be given to Tenderers regarding submission of documents which state that Tenders must be received by the time and date indicated on the Invitation to Tender. Receipts will be issued by the Head of Law and Governance for hand delivered Tenders.
- 23.5 All Tenderers shall be required to submit a signed statement to the effect that their Tender price has not been communicated to others apart from that disclosed in confidence to insurers and that they have not adjusted the amount of any Tender or Quotation in accordance with any agreement or arrangement between the proposed Tenderer and any other person.

24. Tender Specifications

- 24.1 The Responsible Officer shall ensure the Invitation to Tender specifies the quality, performance, safety and other characteristics required of the works or goods or services or supplies. Specifications may include requirements relating to methods of construction, design and costing, tests, testing methods, inspection and acceptance, quality assurance, packaging, marking and labelling.
- 24.2 Technical specifications shall be defined by reference to relevant European specifications or, where they do not exist, in the following order: to British technical specifications, British standards implementing international standards, other British standards and technical approvals or any other standards. Where an appropriate standard is current at the date of tender, all works, goods, services and supplies shall be at least of equal quality.
- 24.3 Specifications shall not refer to goods of a particular make or source unless:
 - 24.3.1 it is justified by the purchasing requirement; or

- 24.3.2 the purchasing requirement cannot otherwise be described precisely and intelligibly, provided references are accompanied by the words 'or equivalent'.

25. Tender Bid Clarifications

- 25.1 At all times during the procurement process the Council shall ensure that all Tenderers and contractors are treated equally and in a non-discriminatory and transparent manner.
- 25.2 Tenderers must be provided with an opportunity to ask questions of the Council in relation to the procurement exercise and contract requirement. Where a Tenderer seeks clarification from the Council prior to Tender submission, the Responsible Officer shall ensure that the clarification question and response are brought to the attention of all Tenderers.
- 25.3 Following receipt of Tenders, the Responsible Officer may seek clarification from Tenderers where appropriate in consultation with the Head of Audit and Procurement.

26. Tender Submissions

- 26.1 The principles governing the submission of tenders should apply to both electronic and written (paper) submissions. All electronic tenders shall be submitted in accordance with the requirements of the E-Sourcing solution (where available) or the National Procurement Service website (Sell2Wales) and in compliance with the instructions to tenderers issued as part of the invitation to tender.
- 26.2 All written submissions above £50,000 shall require the Tenderer to submit his Tender to the Head of Law and Governance in a plain sealed envelope which shall be duly marked "Tender for the" according to the subject to which it relates, and the Tender conditions shall clearly indicate the last day and time for receipt of Tenders. The Head of Law and Governance shall duly endorse on each Tender envelope the date and time received and arrange for the safe custody of all submitted Tenders, which shall remain unopened until the time appointed for their opening.
- 26.3 Heads of Service must ensure that there is a system in place for the submission, opening and registration of Quotations and Tenders below £50,000 that replicates that for Tenders above £50,000, whereby the probity and transparency of the process cannot be called into question. Heads of Service may comply with the Tender submission process outlined in CPR 26.2 in respect of Quotations and Tenders below £50,000 if it is considered appropriate.
- 26.4 The envelope should bear no mark or reference which could identify the Tenderer. The Council does not have to reject Tenders where the envelopes have been marked with the name of the sender.

If a Tenderer continues to submit Tenders with its name on the Tender envelope, the Relevant Head of Service should write to the Tenderer concerned, stating that the practice should cease.

26.5 If a Tender is opened in error, no attempt shall be made to ascertain any contents of the Tender or its origin and the matter shall be reported to the Relevant Head of Service. The envelope shall be resealed immediately and signed by the Officer concerned and passed to the Head of Law and Governance.

26.6 No Responsible Officer or Member shall communicate with any Tenderer once the Invitation to Tender has been posted to, or collected by the Tenderer. No information relating to that procurement process shall be disclosed to anyone not involved directly in arranging the Contract, except where it is necessary:

26.6.1 for an Officer or Tenderer to carry out an inspection of works, in which case all Tenderers shall be offered an equal opportunity to carry out an inspection; or

26.6.2 to inform Tenderers of a change in the procurement arrangements, including the supply of additional or changed information, in which case all Tenderers shall be sent the same information at the same time; or

26.6.3 in response to a request for clarification.

27. Tender Opening

27.1 All Tenders shall be opened at the same time and place after the closing time for receipt of Tenders as stated in the Invitation to Tender or as early as reasonably practical thereafter.

27.2 Where the estimated value of a Contract is above £50,000 the tender opening shall be arranged by the Head of Law and Governance. Tenders shall be opened at the same time in the presence of at least two Officers of the Council designated for the purpose by the Head of Law and Governance and the Relevant Head of the Service.

27.3 The Head of Law and Governance shall record the following details of each Tender:

27.3.1 the last date and time for the receipt of Tenders;

27.3.2 the time and date the Tender was received;

27.3.3 the name of each Tenderer and where practicable the value of each Tender;

27.3.4 the date the Tenders were opened;

27.3.5 Contract title;

and the record shall be signed by all designated persons present at the Tender opening.

- 27.4 The information recorded under CPR 27.3 shall also be recorded on the E-Sourcing solution (where available).

28. Late Tenders Received

- 28.1 Any Tender received after the specified time shall be endorsed with the time and date of receipt.

- 28.2 If all other Tenders have been opened, the late Tender shall not be considered for evaluation and shall be opened only to ascertain the name of the Tenderer. No other details of the Tender shall be disclosed. The Responsible Officer shall arrange for the Tender to be returned to the Tenderer immediately. A notification letter explaining why the Tender has not been considered shall be sent to the Tenderer.

- 28.3 The late Tender may be considered, providing that the other Tenders have not been opened and that the Monitoring Officer or Head of Audit and Procurement is satisfied:

28.3.1 that there is evidence that the late Tender was posted or submitted in time for delivery by the due date in the normal course of postal service or internet service; or

28.3.2 that exceptional circumstances surrounds the submission of the late Tender.

- 28.4 Any decision made under CPR 28.3 is to be recorded on the Tender opening document and a copy of the decision is to be forwarded to the Head of Law and Governance for inclusion in the register.

29. Tender Evaluation

- 29.1 Heads of Service shall ensure that all Officers evaluating Tenders shall have the required skills. Responsible Officers shall also ensure an appropriate skill-mix is represented on any evaluation panel.

- 29.2 All Tenders above £100,000 for goods, services or works shall be evaluated and awarded on the basis of Most Economically Advantageous Tender, which shall include a combination of price and quality criteria, unless an exemption to this requirement has been approved by the Head of Audit and Procurement (see CPR 29.4).

- 29.3 Lowest price evaluation may only be used as an option for Contracts below £100,000. Any exception to this requirement shall need prior approval by the Head of Audit and Procurement.

- 29.4 Where a Contract is to be awarded on the basis of Most Economically Advantageous Tender, the Tenders shall be evaluated by an evaluation panel consisting of a minimum of three Officers, in accordance with the criteria stated in the Invitation to Tender. With respect to procurements above OJEU Thresholds, the Corporate Procurement Unit shall be notified of the evaluation process by the Responsible Officer and the Corporate Procurement Unit shall be involved in overseeing the Tender evaluation process, in order to ensure its robustness.
- 29.5 Any scoring or weighting attributable to any criteria or sub-criteria must be clearly stated in the Invitation to Tender. The criteria shall be strictly observed and remain unchanged at all times throughout the evaluation process. It must be noted that prior disclosure of and adherence to award criteria and weightings is a fundamental requirement of the core principle of transparency. The core procurement principles of transparency, equal treatment and non-discrimination apply to all procurements.

30. Errors in Tenders

- 30.1 As a general rule no adjustment or qualification to any Tender shall be permitted. However, errors identified during the examination of Tenders may be addressed. Invitations to Tender must state the method to be used for dealing with errors in Tenders.
- 30.2 Responsible Officers may invite Tenderers to amend their Tender to correct genuine arithmetical error(s). In this case, no other adjustment revision or qualification is permitted.
- 30.3 Where examination of Tenders reveals other errors not stated in CPR 30.2 or omissions which would affect the Tender figure, the Tenderer shall be given details of such errors and an opportunity of confirming or withdrawing its Tender.
- 30.4 Where a standard form contract is used, the Responsible Officer shall deal with errors in accordance with the rules applicable to that form of contract.
- 30.5 The Responsible Officer shall ensure that the forms of Tender are scrutinised in order to identify any errors or other discrepancy affecting the validity of the Tender. Where Tender values are compiled from a detailed bill of quantities the Responsible Officer shall also scrutinise the priced bill of quantities supporting the lowest Tender received and any others he considers appropriate.
- 30.6 If a Tenderer withdraws or a corrected Tender is no longer the highest ranking, the Tender from the next highest ranking Tenderer in competitive order will be examined in more detail.

31. Negotiations

- 31.1 Where procurement is conducted pursuant to the Public Contracts Regulations 2015 through either the open or restricted procedures, no negotiations are permitted following Tender submission. The Responsible Officer may seek clarification from Tenderers where appropriate. Negotiations on price are never permissible.
- 31.2 At all times during the procurement (whether subject to the Public Contracts Regulations 2015 or not), the Council shall consider and implement the principles of non-discrimination, equal treatment and transparency.
- 31.3 The Responsible Officer shall keep a written record of all negotiations, including notes of all meetings and the names of all individuals present and signed as such by all participants. At least two Officers should be present when conducting negotiations; these procedures also apply where it is proposed to extend an existing Contract by negotiation.
- 31.4 Where negotiation results in a fundamental change to the specification or Contract terms, the Contract must not be awarded but re-tendered.

32. Contract Award

- 32.1 The Council shall only award a Contract where it represents best Value for Money. Tenders duly invited and submitted in accordance with the provisions of these Contract Procedure Rules may be awarded as follows:
 - 32.1.1 Where the value does not exceed £250,000, by the Relevant Head of Service, provided there is specific financial provision in the Council's approved annual revenue estimates or capital programme and the Tender sum is within that provision;
 - 32.1.2 Contracts with a value between £250,000 and £1,000,000 shall be referred to the Monitoring Officer and Section 151 Officer, in consultation with the relevant Director, based on a completed CPR Proforma from the Relevant Head of Service;
 - 32.1.3 Contracts with a value in excess of £1,000,000 shall be referred to Cabinet, based on a written report from the Relevant Head of Service.
- 32.2 In respect of Contracts where the lowest price is predetermined to be the appropriate criteria for award, a Tender or Quotation other than the lowest if payment is to be made by the Council or the highest if payment is to be received by the Council shall not be accepted until the Monitoring Officer and Section 151 Officer, in consultation with the relevant Director has considered a written report from the Relevant Head of Service.

33. Joint Procurements

- 33.1 Any joint procurement arrangement with any other public sector organisation that results in the Council being committed to contractual obligations on behalf of those other organisations (not including Framework Agreements) shall be approved in the following manner prior to the commitment stage:

- 33.1.1 if the Council's estimated contribution over the Contract period is less than £250,000, by the Relevant Head of Service having consulted with the Section 151 Officer and Head of Audit and Procurement;
 - 33.1.2 if the Council's estimated contribution over the Contract period is between £250,000 and £1,000,000, by the Relevant Head of Service having consulted with the Section 151 Officer and Head of Audit and Procurement, relevant Portfolio Lead Member and Finance Portfolio Holder;
 - 33.1.3 if the Council's estimated contribution over the Contract period is over £1,000,000, by Cabinet based on a report from the Relevant Head of Service having consulted with the Section 151 Officer and Head of Audit and Procurement.
- 33.2 The use of any Framework Agreements or joint Contracts resulting from a procurement exercise involving other public bodies as the lead authority shall be approved by the Head of Audit and Procurement prior to their use. All such requests shall be made in writing to the Head of Audit and Procurement and, once approved; the Responsible Officer shall ensure that the Framework Agreement or joint Contract shall be inputted onto the Corporate Contract Register and within the E-Sourcing solution (where available).
- 33.3 The Relevant Head of Service will ensure that the Contract Procedure Rules or equivalent of the lead authority or organisation will be acceptable to the Council and are to be followed throughout the procurement exercise and the duration of the Contract.

34. Standstill Period

- 34.1 'Standstill' letters issued as part of the process for procurements over the OJEU Threshold under the Public Contracts Regulations 2015 or optionally as part of any Sub OJEU procurement process must not be issued prior to confirmation of Contract award.
- 34.2 There must be a mandatory standstill period between communicating the award decision to all Tenderers and conclusion of the Contract with respect to procurements above the OJEU Threshold. This standstill period shall be 10 calendar days if sent electronically or 15 calendar days for notices sent by other methods. Where the last day of the standstill period is not a Working Day, the standstill period is extended to midnight at the end of the next Working Day.
- 34.3 With respect to Contract awards involving mini competitions undertaken within a Framework Agreement or Contract awards with respect to Sub OJEU procurements a standstill period of 10 calendar days is recommended.

35. Notification of Tender Award and De-briefing Requests

- 35.1 The notification letters which are sent to any Tenderer who was successful or unsuccessful at either pre-qualification or Contract award stage shall be sent promptly once the decision has been made. The unsuccessful Tenderer shall be informed of the reasons for being unsuccessful and shall also be informed of the characteristics and relative advantages of the successful Contractor as well as the name of Contractor awarded the Contract.

36. Post-Contract Award Requirements

- 36.1 Following approval for Contract award and having received no legal challenges during the 'standstill' period, the Responsible Officer shall ensure all Contracts are in writing as per CPR 39 and that a purchase order is entered on to the purchase-to-pay solution (where available), once the Contract has been signed.
- 36.2 The Responsible Officer shall record all Contracts awarded by their service on the Corporate Contracts Register along with the E-Sourcing solution (where available).
- 36.3 The Responsible Officer shall send a Contract award notice to the OJEU within 30 days of the award with respect to an above OJEU Threshold Contract. The Responsible Officer shall publish a Contract award note to be published on the National Procurement Service (Sell2Wales) website for Sub OJEU Contracts.

37. Letters of Intent

- 37.1 Letters of intent must only be used in exceptional circumstances after prior approval in writing has been obtained from the Monitoring Officer and shall only be used as follows:
- 37.1.1 where the Contractor is required to provide services, goods or works prior to formal written acceptance by the Council; or
 - 37.1.2 where all the contractual terms and conditions have been agreed and there would be an unacceptable delay in waiting for the contractual documentation to be completed.

In all cases, where appropriate, Contract award letters should be used rather than a letter of intent.

38. Non-Concluded Terms and Conditions of Contract

- 38.1 The Council must always ensure that terms and conditions are fully agreed by including them in the Invitation to Tender and requiring Tenderers to accept them as part of the procurement process.
- 38.2 Where the terms and conditions of contract are not fully agreed, no Contractor shall be allowed to commence delivery of goods, works or services until all

terms and conditions have been agreed and signature or written agreement of both parties obtained.

- 38.3 Responsible Officers must in no circumstances contemplate entering into a Contract on the Contractor's own standard terms and conditions, or negotiate terms which are significantly different to those included or referred to during the procurement process without the prior approval of the Monitoring Officer and subject to CPR 31.

Form of Contract

39. Contracts in Writing

- 39.1 The following Contracts shall be in writing and executed under seal:

- 39.1.1 if the Council wishes to enforce the Contract for more than six years after its end;
- 39.1.2 where the price paid or received under the Contract is a nominal price or there is no consideration and does not reflect the value of the works, goods or services;
- 39.1.3 where there is any doubt about the authority of the person signing for the other contracting party;
- 39.1.4 where it is required by law; or
- 39.1.5 where the total value of the Contract exceeds £250,000.

The seal must not be affixed without the authority of Cabinet or of a Cabinet Member or Director or Head of Service acting under delegated powers. All Contracts under seal will also require an official purchase order to be created on the purchase-to-pay solution (where available).

- 39.2 All Contracts above £50,000 in value shall be in writing and in a form of contract approved by the Monitoring Officer and be signed by the Relevant Head of Service or their nominated representative. All Contracts above £50,000 will also require an official purchase order to be created on the purchase-to-pay solution (where available).
- 39.3 All Contracts below £50,000 in value shall be in the form of an official purchase order which refers to the Council's relevant General Terms of Conditions or such other terms and conditions included in request for Quotation. All such Contracts shall be created on the purchase-to-pay solution (where available) and can be approved or signed by the Relevant Head of Service or Director or their nominated representative.
- 39.4 Emergency Contracts awarded under CPR 14.3.3 or 14.3.11 need not be in writing before commencement but must be confirmed in writing as soon as possible.

- 39.5 All original Contracts in writing above £250,000 in value shall be stored and retained within Law and Governance. The responsibility to send original Contracts to Law and Governance shall rest with the Responsible Officer.
- 39.6 Where there is an appropriate national standard form of contract, that standard form shall be used, subject to any amendments as may be agreed with the Monitoring Officer in consultation with Relevant Head of Service. Responsible Officers must ensure that any standard form Contract used in any procurement is still in force, up to date and reflects current legislation.
- 39.7 Commencement of any Contract shall not take place until the written documentation is finalised, except in cases of emergency, in which case the written documentation shall be finalised as soon as practicable.

40. Bonds, Securities, Liquidated and Other Damages

- 40.1 The Responsible Officer shall undertake a risk assessment to determine whether a performance bond or performance guarantee is required.
- 40.2 All Contracts shall include a provision for liquidated damages to be paid by the Contractor where applicable in case the terms of the Contract are not duly performed, save where the Monitoring Officer approves another type of remedy.

41. Parent Company Guarantee

- 41.1 The Responsible Officer shall seek a Parent Company Guarantee when a Contractor is a subsidiary of a parent company and:
- 41.1.1 The award is based on evaluation of the parent company; or
 - 41.1.2 There is some concern over the stability of the Contractor.

Operation of Contract

42. Contract Management

- 42.1 All Contracts must have a named Contract manager for the duration of the Contract. Contract managers must comply with these Contract Procedure Rules and where appropriate Conwy's Project Management Framework.
- 42.2 All Contracts which are strategically critical or high risk or high value or high profile as determined by the Relevant Head of Service, are to be subject to a minimum monthly formal Contract review with the Contractor.
- 42.3 All Contract management activities shall be undertaken via the E-Sourcing solution (where available).

43. Contract Performance

- 43.1 All Contractors shall be subjected to regular Contract performance reviews, which shall be undertaken via the E-Sourcing solution (where available) through feedback received from external and internal stakeholders. Where appropriate, a performance review shall be undertaken at the end of each completed

Contract or job. This shall include a requirement to record good and poor performance including complaints, issues and defects arising under a Contract and to monitor the aggregation of Contractor defaults including performance issues.

- 43.2 Incidents of poor performance shall first be raised with the Contractor in writing or at a meeting where notes are made and sent to the Contractor before the annual report is despatched. In cases of particularly poor performance or persistent poor performance, the Responsible Officer shall consider whether to recommend suspension or exclusion from the Council's Framework Agreement or Dynamic Purchasing Agreement or to terminate early the Contract as per CPR 44. The Strategic Leadership Team should be informed of any action to suspend a contractor under this clause.
- 43.3 A customer satisfaction form will be devised and issued on a random and periodic basis to Contractors in order for them to express their views and opinions on the operation of a Framework Agreement, Dynamic Purchasing Agreement or Contract.

44. Termination of Contract

- 44.1 Legal advice should be sought prior to the early termination of any Contract.
- 44.2 Contracts of less than £250,000 may be terminated early by the Relevant Head of Service or Director in consultation with the Monitoring Officer based on a written report by the Relevant Head of Service.
- 44.3 Contracts with a value above £250,000 may be terminated early by the Monitoring Officer in consultation with the Section 151 Officer, based on a written report by the Relevant Head of Service.
- 44.4 Any Contracts that are terminated early must be recorded against the Contract entry on the Corporate Contracts Register.

45. Contract Variations and Contract Extensions

- 45.1 Any Contract may be varied or extended in accordance with its terms.
- 45.2 Where the terms do not expressly provide for variation or extension then variations or extensions may be made with the agreement of the other contracting parties:
- 45.2.1 by a Head of Service if the Contract value is under £100,000 (including the variation) providing that the variation costs can be met within the budget;
 - 45.2.2 by the Monitoring Officer and Section 151 Officer, in consultation with the relevant Director based on a completed CPR Proforma from the Relevant Head of Service, if the Contract value is over £100,000, providing that the variation costs can be met within budget;

45.2.3 by Cabinet if the Contract value is over £1,000,000 based on a written report from the relevant Head of Service.

PROVIDED THAT no variation or extension may be made if the proposed variation would:

- (a) extend the Contract period by more than six calendar months, or
- (b) add more than 20% to the agreed Contract sum, or
- (c) mean the works, services or goods to be added to or deleted from the original Contract are substantially different in scope, or
- (d) be in breach of UK or EU legislation.

45.3 In exceptional circumstances variations or extensions outside of the parameters set out in CPR 45.2 may be approved by the Monitoring Officer and Section 151 Officer, in consultation with the relevant Director on the basis of a completed CPR Proforma from the Relevant Head of Service.

45.4 The value of a variation or extension shall be calculated by taking the aggregate value of all variations or extensions made to the Contract. No variation which adds to the cost of the Contract shall be made until funding has been identified by the Relevant Head of Service.

45.5 Subject to CPR 45.2 and the provisions of the Contract, every other variation or extension shall, unless otherwise deemed appropriate, be authorised in writing by the Relevant Head of Service or the Responsible Officer as delegated by the Relevant Head of Service, providing that the variation costs can be met within budget.

45.6 CPR 45.2 shall not apply in cases of emergency or where the cost of Contract delay would exceed the variation or extension costs. In such cases, the variation or extension may be approved by the Relevant Head of Service providing that the same is reported as soon as practicable under the applicable thresholds as in CPR 45.2 to report on the impact of a variation order on a Contract, including budget implications.

45.7 As soon as it becomes known or apparent that the total cost of a scheme including variations will or is likely to exceed the Contract sum by more than 20% or £50,000 whichever is the lower, the Section 151 Officer or delegated accountant must be informed for financial monitoring purposes and may inform the Responsible Officer of any further financial requirements to be complied with.

45.8 Contract variations which change any significant term of the Contract, particularly as to price, quality or balance of risk, have the potential to amount to a new Contract and variations must therefore only be considered where:

- 45.8.1 The proposed variation is within the scope of the original Invitation to Tender, including any possible extensions or options which were included in the Contract notice or advertisement or procurement documents;
 - 45.8.2 The proposed variation does not significantly exceed the value of the original Contract, including any possible extensions or options which were included in the Contract notice or advertisement or procurement documents;
 - 45.8.3 Variations of the type proposed were contemplated at the time the original procurement exercise was carried out; or
 - 45.8.4 The variation is permitted under the terms and conditions of the Contract, provided that those terms and conditions were known to Tenderers at the time of the original Tender.
- 45.9 Variations which alter the balance of risk in favour of the Council may in certain circumstances be judged not to be anti-competitive and thus may be permissible. Permission of the Monitoring Officer in consultation with the Head of Audit and Procurement must always be sought to determine if the variation is deemed significant.
- 45.10 The decision to extend the Contract period may only be made before the original expiry date, where it is in accordance with the terms and conditions of the original Contract.
- 45.11 Where the terms of the Contract or original procurement exercise do not expressly provide for extension then such Contract may only be extended in exceptional circumstances, where legislation permits and Value for Money issues have been addressed. Such decision shall be made by the Monitoring Officer, Section 151 Officer and relevant Director based on a completed CPR Proforma from the Relevant Head of Service.
- 45.12 All Contract variations shall be entered on the E-Sourcing solution (where available) and an amendment shall be made to the original purchase order via the purchase-to-pay solution (where available).

46. Contract Payments

- 46.1 The Relevant Head of Service shall notify the Section 151 Officer of the Contract value as soon as possible after any formal Contract has been entered into by either ensuring a purchase order is submitted on the purchase-to-pay solution (where available) or by written notification, and shall make available the Contract documents and accepted Tenders to the Internal Audit department for inspection as and when required.
- 46.2 Where Contracts provide for payment to be made by installments, the Relevant Head of Service shall arrange for the keeping of a Contract register to show the state of account on each Contract between the Council and the Contractor in respect of all Contracts.

- 46.3 Payments to Contractors on account of Contracts shall be made only on a certificate issued by the Relevant Head of Service, or private consultant whenever engaged by the Council, or by an Officer nominated by the Relevant Head of Service as appropriate. The names of Officers authorised to approve such records shall be sent to the Section 151 Officer by each Head of Service, together with specimen signatures (if applicable), and shall be amended on the occasion of any change.
- 46.4 The final certificate of any Contract should not be issued until the Responsible Officer has produced to the Head of Audit and Procurement a detailed statement of account and all relevant documents if and when required. The Head of Audit and Procurement may, to the extent considered necessary, examine final accounts for Contracts and shall be entitled to make all such enquiries and receive such information and explanations as may be required, in order to be satisfied as to the accuracy of the accounts.
- 46.5 The Section 151 Officer may at his discretion set off any sums due from a Contractor to the Council against any sums due from the Council to the Contractor, provided that where a standard form contract is in place, any action taken under this CPR 46.5 must be in accordance with that standard form.
- 46.6 Claims from Contractors in respect of matters not clearly within the terms of any existing Contract shall be referred to the Monitoring Officer and Section 151 Officer before a settlement is reached.
- 46.7 The Responsible Officer shall consider applying liquidated damages in accordance with the conditions of the Contract where the requirements of the Contract are not duly performed.
- 46.8 The Responsible Officer approving invoices should be different to the Responsible Officer engaging the Contractor to ensure proper segregation of duties.

47. Assignments and Novation

- 47.1 Assignment of any contract to another contractor can be done providing this has been included as a Contract condition and is permissible under EU legislation. Any request for assignment or novation must be referred to the Head of Law and Governance at the earliest possible instance. The assignment or novation of any Contract may be approved:
- 47.1.1 by the relevant Head of Service where the remaining value of the contract does not exceed £250,000 and there is sufficient financial provision in the Council's approved annual revenue estimates or capital programme;
 - 47.1.2 where the remaining value of the contract is between £250,000 and £1,000,000 approval shall be referred to the Monitoring officer and Section 151 Officer, in consultation with the relevant Director, based on a completed CPR Proforma from the Relevant Head of Service;

- 47.1.3 Contracts with a remaining value in excess of £1,000,000 shall be referred to Cabinet, based on a written report from the relevant Head of Service.

48. Nominating Products or Contractors or Suppliers

- 48.1 The core procurement principles of transparency, non-discrimination and equal treatment are undermined by the nomination of products and suppliers.
- 48.2 Responsible Officers must seek to specify goods and services by reference to objective, non-product specific descriptions. Equivalent goods or services are nearly always capable of being specified. If this is not possible for genuine technical reasons, and a particular type of product or service or method of production or delivery has to be stated, then the words “or equivalent” must always be added.
- 48.3 The Council may provide potential main or principal Contractors with a list of Council-approved suppliers or sub-contractors provided that it is made clear that they are free to sub-contract to whoever they wish, subject to the Council's right to consent. The Council's consent shall not be unreasonably withheld. Any sub-contractors must meet the Council's reasonable requirements in relation to technical standards, financial standing and insurance levels.
- 48.4 These Contract Procedure Rules apply to the nomination of a sub-contractor or supplier for carrying out works or services or supplying goods. Sub-contractors or suppliers shall send with the Tender an undertaking to work for the main Contractor and indemnify them for the sub-contracted works, services or goods.

Specific Contracts

49. Land Contracts

- 49.1 All land transactions must comply with Section 120 - 123 of the Local Government Act 1972.
- 49.2 The appointment of a developer under a Development Agreement may be subject to the Public Contracts Regulations 2015 and CPRs 18, 19, 20 and 21 of these Contract Procedure Rules.
- 49.3 Advice must be sought from the Monitoring Officer in respect of any land transactions which involve Development Agreements.

Other

50. Retention of Contract Files

- 50.1 Where funding has been received from an external organisation, the Responsible Officer must ensure that the Contract and Contract File are retained for the length of time specified by that funding body. For example, with respect to Contracts funded via Wales European Funding Office grants, Contracts and Contract Files must be retained for twenty years from the expiry of the Contract term.

- 50.2 In all other cases, the Contract File prepared for all Contracts over £50,000 must be kept for six years from the end of the Contract term unless the Contract was executed under seal, in which case the Contract must be kept for twelve years from the end of the Contract term.
- 50.3 Documents relating to unsuccessful Tenderers may be micro-filed or electronically scanned or stored by some other suitable method after 12 Months from award of the Contract, provided there is no dispute about the award.

51. Review and Amendment of the Contract Procedure Rules

- 51.1 The Monitoring Officer may make any minor or consequential changes to these Contract Procedure Rules.
- 51.2 The Head of Audit and Procurement in conjunction with the Monitoring Officer shall continually review these Contract Procedure Rules and shall undertake a formal review every three years.

