

**FINANCIAL REGULATIONS**  
**ANTRIM BOROUGH COUNCIL**

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# **FOREWORD**

## **Background**

- 1 Every large organisation needs a financial framework which provides the necessary control on financial matters whilst at the same time encouraging “best practice”, “best value” and promoting local accountability.
- 2 Antrim Borough Council is charged with the responsibility for decision-making and the Financial Regulations provide a framework to achieve the objectives of the Corporate Plan. They provide reassurance to Councillors that their decisions are taken and implemented according to best practice and best value whilst providing transparency and accountability. The regulations are further supported by the Committee system and internal audit programme on which Councillors can also place reliance.
- 3 Financial Regulations are one of a set of management documents which collectively control and co-ordinate the affairs of the Council. Whilst intended to be self-contained, they should therefore be read in the wider context of:
  - All relevant legislation
  - All relevant constitutional articles (for regulating the Council’s proceedings and business)
  - Manual of Personnel Procedures
  - Code of Conduct for Local Government Officers
- 4 These regulations are meant to encapsulate best practice but as systems change and evolve so too will the regulations require revision.
- 5 The essence of the Chief Executive’s statutory role as chief financial officer is laid down by the Local Government Act (Northern Ireland) 1972. This role is further explained in the professional guidance issued by CIPFA. ‘Role of the Finance Director in Local Government.’
- 6 The Local Government Act (Northern Ireland) 1972 requires that the chief financial officer should determine the accounting system, form of accounts and supporting accounting records, and ensures that the accounting systems determined by him are observed and that the accounts and supporting records of the Authority are maintained in accordance with proper practices and kept up to date.
- 7 The chief financial officer, therefore, has specific legal duties to ensure adequate standards of financial administration throughout the Council. It is clear that other departments will carry out much of the administration, but the chief executive cannot simply declare that he will leave it to them because he retains legal responsibility.
- 8 These Financial Regulations therefore provide a framework through which the chief executive can satisfy himself that proper financial administration is being achieved. The aim of the Regulations is to help ensure that high standards of propriety and best value are achieved. All the Council’s members and employees have a duty to promote these aims, not just by following Financial Regulations but in their general approach. Concern with propriety and best value is as much an

attitude of mind as a matter of following regulations.

- 9** Financial Regulations are not intended to keep an oppressive grip, but to provide a clear and helpful framework within which employees can act in confidence, without fear that the financial appropriateness of their actions might be open to question. In this sense the Regulations are intended to enable, not to restrict. In addition the Regulations are supplemented by Financial Procedures which are cross referenced to the relevant Financial Regulations. Each section can then develop their own handbooks and work procedures which derive directly from the Financial Regulations and Financial Procedures.
  
- 10** It is good practice to align financial and management responsibilities whenever possible, otherwise financial decisions may be made regardless of the effect on services and services may be managed without regard to finance. Financial Regulations are intended to facilitate this by advising budget holders of how to approach budget setting, virement, ordering, certification of payments etc. The basic framework can readily be supplemented by advice from the Corporate Services Department. Advice rather than instruction is the preferred style throughout the Regulations. At times the management style's 'recognition of the risks' may lead such advice to be questioned. This is accepted, but there are also times when, in view of the Chief Executives statutory responsibilities, his advice must be followed.

# **1 GENERAL**

- 1.1** These regulations outline the approved system of corporate financial control to secure the proper administration of the Council's financial affairs, as required by Section 151 of the Local Government Act 1972.
- 1.2** The regulations contain both regulations that must be adhered to and more general guidelines and examples to facilitate good financial control. Amendments to these regulations in bold can only be made by the Council. Associated with each Financial Regulation will be a Financial Procedure which will set out the standards and working procedures expected. The Director of Corporate Services will add, amend or delete these Procedures to reflect the overall needs of Departments and changing circumstances such as price increases affecting financial thresholds.
- 1.3** The regulations shall not override any statutory provisions that apply. In addition, with the agreement of the Director of Corporate Services, the Resources Committee may waive compliance with any of these regulations in a particular case or in any particular class of case. Separate provisions exist for alternative courses of action (e.g. for tendering) within specific regulations.
- 1.4** Each Director is responsible for ensuring that these Regulations are strictly adhered to, throughout the department under their control. Except where otherwise stated, all references in these Regulations to "Director" should be read as meaning heads of department including all officers that are carrying out duties on behalf of a Director. Such delegation by Directors should be formally approved and documented.
- 1.5** Each Director should ensure that all staff in their department are made aware of and fully understand the requirements and implications of Financial Regulations as far as they relate to their professional duties and responsibilities. However, this does not remove the requirement for all staff to make themselves conversant with these regulations and comply with their requirements.
- 1.6** Consultants or agencies acting for the Council will be bound by these regulations and it should be a condition of their employment or engagement that they do so. The provisions of these regulations shall also apply to services carried out under agency arrangements for any other authority or organisation, except where otherwise required by that Authority.
- 1.7** The Director of Corporate Services is ultimately responsible for interpreting these Regulations and determining what is considered "substantial", "significant", "adequate", "prompt" etc. as required by these Regulations. Contact details are given at the start of each regulation to facilitate the provision of advice from Director of Corporate Services' Department. However, in the majority of day-to-day cases it is envisaged that officers will seek advice from the Finance Section.
- 1.8** Substantial breaches of Financial Regulations shall be reported to the Director of Corporate Services and other relevant Director and may be treated as disciplinary offences. Where the Director of Corporate Services considers it appropriate he will report to the next meeting of the Resources Committee any substantial breach of these Regulations that is identified.

- 1.9** The Director of Corporate Services shall be responsible for ensuring the Council's continuing compliance with the Local government (Accounts and Audit) Regulations (NI) 2006 and all relevant Accounting Codes of Practice and Auditing Standards.
- 1.10** No report having financial implications shall be submitted to Members without adequately timed prior consultation with the Director of Corporate Services.
- 1.11** These regulations shall be reviewed regularly by the Assistant Director of Finance and approved by the Director of Corporate Services but at least every 3 years. The Resources Committee should approve all amendments and summaries of changes resulting from reviews of codes of best practice, procedures or explanatory notes. Relevant financial thresholds (e.g. write-offs, petty cash payments) should additionally be reviewed against inflation on an annual basis wherever possible.

## **2 PREPARATION OF BUDGETS**

### **Revenue Budget**

- 2.1** Prior to the start of the revenue budget process, Directors will submit to the Director of Corporate Services, in accordance with a timetable laid down by the Assistant Director of Finance, projections of anticipated real changes (including statutory and demographic factors) over a predetermined period for the services that they manage, this will be for at least three years. Directors will also submit to the Director of Corporate Services appropriate supporting information and documentation as specified by him or her. The Assistant Director of Finance will use this information to compile a forecast of the Council's revenue expenditure and income for consideration by the Director of Corporate Services and the Chief Executive.
- 2.2** Prior to each financial year, in accordance with the timetable laid down, draft estimates of income and expenditure for the ensuing year will be prepared jointly by each Director for the Service(s), the service manager and the Assistant Director of Finance, for presentation to the CXMT.
- 2.3** The Director of Corporate Services shall then ensure that the summarised budgets for all Departments are presented, together with an estimate of the sums necessary to meet anticipated inflation and other specific items for the following financial year to the Chief Executive's Management Team to allow them to advise the Resources Committee on the striking of a revised rate.

### **Capital Programme**

- 2.4** The Director of Corporate Services has overall responsibility for ensuring that the programme is prepared on an annual basis. This programme will be considered by the Chief Executive's Management Team before submission to the full Council.

### **3 BUDGETARY CONTROL**

- 3.1** Directors are responsible for the control of their department's expenditure and income in accordance with the Council's approved Revenue and Capital Budgets.
- 3.2** No officer shall incur expenditure outside the limits of the annual revenue budget or the approved capital programme, as amended from time to time by the CXMT, except as provided for by the "Scheme of Virement" (see Scheme) or as provided for in 3.3 below.
- 3.3** Even if there is insufficient budgetary provision a Director may incur expenditure that is necessary to carry out any repair, replacement or other work which is of such extreme urgency that it must be done immediately. When such an occasion arises, the Director shall advise the Director of Corporate Services and report to the CXMT. In the event of a major environmental disaster or a full scale emergency this can be done retrospectively.
- 3.4** The relevant Director must consult the Director of Corporate Services on any matter within their remit that could materially affect the financial position of the Council.
- 3.5** A report on the final accounts will be submitted by the Director of Corporate Services to the CXMT as soon as practical after the end of each financial year. The final accounts will need to be approved by the Council in accordance with the Local Government (Accounts and Audit) Regulations (NI) 2006.

## **4 FINANCIAL PROCEDURES AND ACCOUNTING ARRANGEMENTS**

- 4.1** Directors and Section Managers are responsible for maintaining all accounting and financial records for systems under their control, including automated or computerised systems, in a form approved by the Finance Department.
- 4.2** The Local Government (Accounts and Audit) Regulations (NI) 2006 require that the Authority's accounting system and the form of their accounts and supporting accounting records shall be determined by the responsible financial officer.
- 4.3** Where new financial systems are proposed or significant amendments are planned to existing financial systems, the Director of Corporate Services' advice shall be sought. No changes to any accounting procedures or form of accounts shall be made without the approval of the Director of Corporate Services
- 4.4** Each Director shall, in consultation with the Director of Corporate Services, prepare such financial instructions as are considered necessary for the proper financial management, operation and control of the services for which they are responsible, in accordance with Financial Regulations.
- 4.5** Such financial instructions shall, in accordance with the Local Government (Accounts and Audit) Regulations (NI) 2006, contain measures to:
- Record entries from day to day of all sums of money received and expended appropriately analysed
  - Ensure that the financial transactions of the authority are recorded as soon as reasonably practical and as accurately as reasonably possible;
  - Enable the prevention and detection of inaccuracies and fraud; and
  - Facilitate the ability to reconstitute any lost records.

### **Separation of Duties**

- 4.6** Each Director is responsible for ensuring, so far as is reasonably practicable, that there is adequate internal separation of duties in their department in relation to significant financial transactions. For example:
- staff responsible for calculating, checking and recording monies due to or due to be paid by the Council shall not receive or make such payments;
  - staff examining and checking the accounts of cash transactions shall not carry out (i.e. process) such transactions;
  - staff who sign orders, confirm receipt of goods or services, and certify payments shall not perform more than one function for the same transaction.

### **Authorised Signatories**

- 4.7** Each Director, in consultation with the Finance Department, shall determine which officers in their department are authorised to sign for all main financial transactions

on their behalf. These should as a minimum include:

- a orders for goods, works or services;
- b payment of accounts;
- c travel, subsistence and special assistance claims;
- d payroll documents (e.g. overtime claims, timesheets)
- e recommendations for asset write-off
- f contract variations

**4.8** The Director of each Department shall maintain current lists of all authorised officers together with copies of their specimen signatures, financial limits that apply and the types of transactions that can be authorised. Copies of these lists and specimen signatures shall be provided to the Director of Corporate Services, Finance Section, Procurement Section and the Internal Auditor.

**4.9** The following role definitions will normally apply (notwithstanding that different terms may be in common day to day use within departments):

- a **Initiating Officer Role:** an officer authorised by their Director to raise official orders on behalf of the Council. They would normally identify the potential supplier; ensure budget provision is available and that best value is obtained by following the procedures in Section 5 and 6 of these Financial Regulations, or recommendation from their line manager or Council decision. **All orders must be signed by the Authorising Officer.** An order cannot be signed authorising expenditure from another department/section budget without the approval of the budget holder.  
**To ensure segregation** of duties is adhered to, the Initiating Officer cannot also sign an order that they have raised. However, the Initiating officer will be responsible for confirming that the goods have been received.

Further details on ordering procedures are detailed in Section 7 of these Financial Regulations.

- b **Authorising Officer Role:** an officer, other than (a) or (c), **who, through their signature or electronic approval via epurchasing software, authorises purchase orders** and passes invoices for certification. For purchase orders, this signature or electronic approval confirms that the purchase is necessary, that there is sufficient budget for the purchase and that the Financial Regulations have been adhered to. For invoices where no purchase order is required, this signature or electronic approval confirms that they have checked the arithmetical accuracy, quantities, prices etc. of the invoice.
- c **Certifying Officer Role:** an officer other than (a) or (b), designated by Chief Executive to certify individual invoices for payment. In certifying an invoice for payment the Certifying Officer is indicating that all relevant Financial Regulations have been complied with and evidenced in paying the invoice, prior to input and certification onto Accounts Payable.

## **Write-Offs**

**4.10** No uncollectable amounts, including bad debts, should be written off except with

the approval of the Director of Corporate Services, whether exercised personally or properly delegated by him to a member of his staff for this purpose.

- 4.11** Further guidance in this area is given in the Financial Procedure for Income Collection under Write Off Procedure.

## **Retention of Documents**

- 4.12** Directors shall be responsible for ensuring that the accounts and supporting records of the authority are maintained securely in accordance with proper practices and for the safe custody and proper use of controlled stationery (i.e. having an implicit monetary value) within their department.

- 4.13** Directors shall also ensure that accounting records are retained in safe custody for such period as shall be determined by the Director of Corporate Services and no voucher or other document shall be destroyed before the specified period has elapsed. Details of the minimum periods for which certain records are to be retained (usually six years are provided in Council's "Records Management Guidelines").

- 4.14** The ultimate disposal of financial records should be arranged by each Director as "confidential waste" and on no account should sensitive information be disposed of through the normal waste collection process.

## **External Arrangements**

### Partnerships

- 4.15** The Director of Corporate Services must ensure that the accounting arrangements to be adopted relating to partnerships and joint ventures are satisfactory and must also consider the overall corporate governance arrangements in respect of financial issues when arranging contracts with external bodies. The Director of Corporate Services must also ensure that the financial risks have been fully appraised before agreements are entered into with external bodies.

- 4.16** Directors are responsible for ensuring that appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies.

### External funding

- 4.17** The Director of Corporate Services is responsible for identifying all the financial implications, including long term issues, resulting from entering into agreements with external bodies. He/she is also responsible for ensuring that all funding notified by external bodies is received and properly recorded in the authority's accounts.

## **5 ECONOMIC APPRAISAL – GUIDANCE NOTES**

### **What is Economic Appraisal?**

Economic Appraisal (hereafter appraisal) is a systematic process for examining alternative uses of resources. It is designed to assist in defining problems and finding the solutions that offer the best value for money (VFM). It is a way of thinking expenditure proposals through, right from emergence of the need for a project to its implementation. In other words, appraisal is a tool that is used to present managers with the relevant information in order to assist their decision-making regarding spending decisions.

### **Why is appraisal important?**

Good Appraisal leads to better decisions and VFM. It facilitates good project management and project evaluation. Appraisal is an essential part of good financial management, which is vital to sound decision-making and *crucial to accountability to the ratepayer*.

### **When is an Economic Appraisal necessary?**

Where the expenditure is for a capital scheme, an asset, a vehicle or for new revenue expenditure in excess of £20,000, it is essential to complete an economic appraisal.

### **Appraisal and Best Value Reviews:**

Best Value reviews are local governments' primary methodology for analysing what should be provided, at what level, and how. The main strands of Best Value are the four C's: Challenge, Compare, Consult and Compete. Best Value reviews are best conducted on a large scale because for decisions involving small expenditures the effort required for a full Best Value review is disproportionately high.

Appraisal sits comfortably within the Best Value framework. It is basically a tool designed to do more or less the same thing. Yet, appraisal is structured around a tighter step-by-step methodology, which is very flexible with regard to the size of the expenditure involved. In principle, Best Value reviews could be carried out using the appraisal methodology.

The real advantage of the appraisal methodology is the step-by-step approach, which ensures that all the important factors impacting on the decision at hand are taken into consideration.

### **Steps of Appraisal:**

The main steps of appraisal are:

- 1 Strategic Context
- 2 Establish Need
- 3 Objectives and Targets
- 4 Identification of Options
- 5 Monetary Costs and Benefits

- 6 Optimism Bias
- 7 Net Present Value Calculations
- 8 Non-Monetary Costs and Benefits
- 9 Risks and Uncertainty
- 10 Identification of the preferred option
- 11 Monitoring, Management and Evaluation

All of these must be addressed to some degree when carrying out an appraisal. Yet, the appropriate level of detail depends on the scale and nature of the project.

### **New TSN (Targeting Social Need):**

New TSN should be considered for every appraisal. New TSN comprises three complementary elements:

- Tackling unemployment and employability.
- Addressing inequalities in other key policy areas such as Health, Education and Housing.
- Promoting Social Inclusion.

The first crucial question to consider is *whether or not New TSN is relevant?* This should be established at the outset of the appraisal process. If relevant, New TSN should be considered at the establish need, objectives and targets and non-monetary costs and benefits sections of the appraisal.

The main source of new TSN relevant empirical information is contained within the Noble Report: 'Measures of Deprivation in Northern Ireland' (Social Disadvantage Research Centre, Department of Social Policy and Social Work, University of Oxford, June 2001).

The Noble Report contains a wide selection of deprivation measures, which has been produced at ward level or enumeration District or Local Government District. The Northern Ireland Measures of Deprivation (Noble Report) is available on the NISRA Website: <http://www.nisra.gov.uk>

The best guide to appraising New TSN issues is found in: The Northern Ireland Practical Guide to the Green Book, Appendix 5, 2003. This document can be found on the Internet at: [www.dfpni.gov.uk/economic\\_appraisal\\_guidance](http://www.dfpni.gov.uk/economic_appraisal_guidance)

### **5.1 Strategic Content**

The strategic context section should show that the project is consistent with the relevant local government strategies/policies (e.g. Council business or development plans).

Please state the relevant aims and objectives of the local government body involved and explain how the project will contribute to the achievement of these.

Reference could be made to any other relevant government strategies/policies at Northern Ireland (NI), UK, EU or global level. Corporate and Business Plans may also be usefully referred to.

If funding bodies other than the local council are to contribute to the project such as EU money, lottery funds, etc please state how the project meets the objectives of the appropriate body,

## 5.2 Assessment of Need

Rigorously establishing the need for a project is a fundamental part of good economic appraisal. *The need section should establish the rationale for expenditure.* The following points will help to do just that.

- Please give a detailed description of the project and discuss its importance to the people who visit, work and live in the council.
- Reference should be made to any published reports on the project - e.g. environmental assessments, feasibility studies, results of public consultations etc. that can point to the project's importance.
- The deficiencies or problems with the existing service should be described in detail. This might include lack of maintenance, poor quality of services etc.
- The beneficiaries of the project should be identified, e.g. tourists, residents, students etc. Any expected positive educational, tourism or economic development impacts of the project should be described.
- Any New TSN/Equality impacts should be discussed, if relevant. Identifying the specific people, groups or areas of social need that are to be targeted will help to inform the degree of New TSN need. The use of evidence (i.e. the Noble measures of deprivation) is crucial when carrying out this analysis.
- Where possible, appropriate quantification of need should be provided, e.g. the extent of the site (Sq. meters or hectares), the estimated number of current users, the projected number of future users after project implementation etc.
- If there will be any involvement in the project from central government, private, community or voluntary sectors, the extent of involvement should be discussed.

## 5.3 Define Objectives, Targets and Constraints

*Objectives and targets should be specified based on the need identified previously.* That is, It is important that the objectives and targets follow logically from the needs section.

### **Objectives:**

- Objectives should be expressed in terms of the *outcomes* the project seeks to achieve. In other words, they must reflect the eventual desired result of the project.
- Objectives should be specified such that a range of options can potentially

achieve them.

- Objectives might refer to or be based on the New TSN needs identified in the needs section. These could include the achievement of a reduction in unemployment or the improvement of the position of the most disadvantaged people within the Borough (in terms of health, housing etc)

#### Examples:

*To enhance the local leisure centre provision.*

*To increase the amount of waste that is recycled in the Borough.*

#### **Targets:**

- Targets should be set so as to aid the achievement of the objectives. *Targets should be as SMART as possible (Specific, Measurable, Achievable, Relevant and Time-bound)*. As a result, targets will be more specific than the objectives.
- Importantly, targets must not be so specific that they narrow down the range of options (see target 3) below).

#### Examples:

1 *To refurbish, by July 2004, the changing rooms of the local leisure centre.*

2 *In 2006 to have increased by 20% on current levels the amount of plastic, paper and glass that is recycled per household.*

*How not to specify a target (alternative to 2) above):*

3 *In 2006 to have increased by 20% on current levels the amount of plastic, paper and glass that is recycled per household by establishing an additional recycling centre.*

*Clearly, in 3) the options has been narrowed down (i.e. the method (an additional recycling centre) of reaching the final goal has been predetermined).*

#### **Constraints:**

*Constraints are factors that may impede on the successful implementation of the project.*

Any constraints involved with the project should also be documented, e.g. financial constraints, time constraints, availability of skills etc.

## **5.4 Identify and Describe the Options**

Comparison of alternative courses of action is necessary. *Importantly, the options should be logically based on the need, objectives and targets identified.* The

following guidelines should help identifying appropriate options:

- The range of options considered should generally be as wide as possible (e.g. Status Quo option, In-house option, Contract out option).
- The options selected for in-depth consideration should include a *Status Quo option*. The Status Quo option should represent the minimum input necessary to maintain the existing service levels. Alternatively, if the project involves purchasing a new type of equipment or service the Status Quo might simply involve no expenditure, but only if the service is non-existent at the moment.
- The *alternative options* should cover a range of levels of provision, from the minimum to a high specification. Other types of options include different management arrangements and different procurement scenarios.
- *All options should be described in detail in terms of the extent of the physical works required and the management arrangements proposed.*
- Where it is possible to identify an initial long list of options, which can then be reduced to a more manageable short list the grounds for early elimination should be clearly stated. In case options are eliminated at an early stage at least two options as well as the Status Quo should be carried forward for in depth appraisal.

## 5.5 Monetary Costs and Benefits

All relevant monetary costs and benefits should be identified for the options carried through for in depth assessment. It may be sufficient in some cases to compare in staff costs with contracted out costs. Please note that, in an economic appraisal, *the valuation of costs and benefits is carried on an opportunity cost basis (i.e. the amount of resources used up by each option) and shown in real terms (ignoring inflation)*. The following points should help with the identification and valuation of monetary costs and benefits:

### Valuation Basis

- It is important that appraisals take into account *all costs and benefits to NI and UK residents*. This means that all relevant costs and benefits falling on the government, the private and voluntary sectors as well as individuals should be included.
- The valuation on opportunity cost basis means that all land and buildings used in a project should be valued – even if they are already owned. This reflects the fact that these assets have an alternative use.
- Normally, the Valuations and Lands Agency (VLA) should be consulted when valuation of land is involved. However, for small expenditures where an alternative up to date valuation already exists it may be sufficient to include this if some variation in the value of the land will not affect the ranking of options.

- Adjustments must also be made to reflect 'optimism bias'<sup>1</sup> for costs. Further details on calculating optimism bias are included in Appendix A.
- Costs and benefits considered should normally be extended to cover the period of the useful lifetime of the assets encompassed by the options under consideration. *If long term costs and benefits are relevant an appendix showing the calculation of a Net Present Value should be included.* If so, the appropriate discount rate now used is 3.5% for a non-commercial project and 8% for a commercial project. Please consult Finance Section for assistance with this analysis.

## 5.6 Assess the Non-Monetary Costs and Benefits

There will be many important costs and benefits associated with a project which are difficult to value in monetary terms. This section seeks to identify and analyse these. It is essential that all non-monetary factors that may influence the choice of option are included.

- *The approach used could be an impact statement or a weighting and scoring mechanism. These methods are simple and work well to identify differences between options in terms of their non-monetary performance. If the latter approach is used it is essential that both the allocated weights and scores are properly justified.*
- *One possible factor is new TSN and equality impacts. New TSN is a policy that seeks to tackle social need in Northern Ireland by targeting resources on people, groups and areas in greatest social need. This criterion is a requirement of the revised guidance and must be considered for all projects, if relevant.*
- *The best quantitative measures used to assess social need are found in the report: Measures of Deprivation in Northern Ireland (2001). This report is available on the NISRA website. Measures such as the expected number of jobs created, trainee places provided etc (the specific criteria chosen depends on the nature of the project) for each option should be assessed. If New TSN does not apply simply indicate this by inserting N/A in the table and explain why in the text box below.*
- *Other non-monetary factors may include educational benefits, increased environmental awareness, tourism impacts, improvements in quality of life, enhanced recreational provision, better community relationships etc.*
- *Once you have listed the factors, you will need to estimate the impact that each option will have in bringing about each particular benefit or cost based on the key given.*

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<sup>1</sup> All too often, public sector appraisers are over optimistic when assessing projects. Costs and time-scales are underestimated and benefits are overestimated. To counteract this, Treasury are recommending pre-set uplifts be applied, initially at least, to planned capital costs and works' duration. If project appraisers can demonstrate that good practice has been adopted, (i.e. that the risk areas contributing to optimism bias have been effectively managed) then the adjustments may be reduced.

- *The next step is to explain the rationale behind the impacts that have been estimated for each option before giving an overall ranking.*

## 5.7 Risks, Uncertainties

Risk and uncertainty refer to the type of events that have more than one possible outcome (e.g. project costs, benefits and construction duration). *Optimism bias relate to the systematic tendency for project appraisers to be overly optimistic about costs and benefits.* That is, on average project appraisers tend to underestimate costs and overestimate benefits.

- *If applicable the following risks must be considered:* recurrent cost overruns, benefit shortfalls and construction duration increases.
- *Other risks, which are connected to the main risk categories above, include:* failure to achieve project objectives and targets, poor contractor capabilities, poor project management, funding availability etc.
- In terms of completing this section please *assess for each option whether the risk is high (H), medium (M) or low (L). Also, indicate the overall level of risk for each option.*
- Importantly, discuss how the risk will be managed. That is, *discuss ways in which action can be taken to totally or partially mitigate the risks identified.*

## 5.8 Conclusions and Recommendations

*The preferred option should be the one that displays the most preferable blend of costs, non-monetary benefits and risks involved.* A summary table will help to draw all the components of the analysis together.

- Clearly, in cases where the lowest cost option also exhibits the highest non-monetary benefits and relatively low risk it will necessarily be the preferred option. Although other factors, such as affordability, will also need to be taken into account.
- However, often a *trade-off* must be made between *high cost (and often high risk) options with high benefits and low cost options with lower benefits.* In this case it is up to the decision maker to make a reasonable judgement.

## 5.9 Displacement

Displacement relates to the extent to which the proposed activity under this project will affect the same of similar activity in another area either in a positive or negative way. *That is, will some other similar activity be replaced as a consequence of this project?* Ideally, displacement should be minimised.

## 5.10 Additionality

Additionality refers to the net impact of the project over and above what would have happened if the project did not go ahead. In other words, *it refers to the extent to which the project would have gone ahead without public sector support.*

For example, would the project have?

- Gone ahead unchanged
- Gone ahead but been delayed for a period
- Gone ahead but on a smaller scale, or to a lower quality, or not at all?

### **5.11 Financing**

It is important to know who will fund the project and whether funding has been secured (if not, this clearly presents a risk to the project). Also, the time profile of the outlay is useful to know.

- Please give details of all of the proposed sources of funding for this project (EU, other public sector, private sector, voluntary groups, Trusts, loans, etc)
- Indicate by a 'yes' or 'no' whether the funding has or has not been secured from each funding organisation.
- Please provide a profile of the funding by year.

### **5.12 Management**

- A brief statement of how the project will be managed should be provided e.g. formal reports, completion of timesheets, meetings.
- Where an organisation other than the council is to be the managing authority, a statement of the project management capabilities of that organisation should be provided.

### **5.13 Monitoring and Post Project Evaluation**

*An essential part of project appraisal and management is the monitoring and post project evaluation arrangements.*

- Information should be included on when, how and by whom these tasks will be undertaken.
- Monitoring allows actual progress to be compared with what was originally planned during project implementation; the factors to be monitored should be stated, e.g. construction costs, reports produced on time, number of days worked, user levels etc.
- Evaluation should be carried out as soon as possible after implementation of the project (preferably within 6 months of completion). However, in some cases benefits might not materialise straight away, which can make evaluation difficult and in these cases it might be worthwhile delaying evaluation a few years.

## **6 PROCUREMENT PROCEDURES**

### **6.1 What is Procurement?**

“Procurement” is the process of acquiring goods, works and services, covering both acquisitions from third parties and from in-house providers. The process spans the whole cycle from the identification of needs, through to the end of the useful life of an asset. It involves options appraisal and the critical “make or buy” decision which may result in the provision of services in-house in appropriate circumstances.

In the context of a procurement process, obtaining “best value for money” means choosing the bid that offers “the optimum combination of whole life costs and benefits to meet the customers’ requirement”. This is not the lowest initial price option and requires assessing the ongoing revenue/resource costs as well as initial capital investment. The Council’s requirement can include social, environmental and other strategic objectives and is defined at the earliest stages of the procurement cycle. The criterion of best value for money is used at the award stage to select the bid that meets the requirement.’ (National Procurement Strategy for Local Government ODPM October 2003)

### **6.2 Why is Procurement necessary?**

The Government has made it clear that an efficient public procurement process is one of the key pillars of both its reform agenda to deliver better resourced, customer-focused and responsive public services. The Independent Public sector Efficiency Review carried out by Sir Paul Gershon in 2004 focused on releasing major resources out of activities which can be undertaken more efficiently into front line services. Working closely with departments and other stakeholders, auditable and transparent efficiency gains of over 20 billion in 2007-2008 across the public sector have been identified and agreed.

Antrim Borough Council have therefore devised a Procurement Strategy to accommodate the core values of the Council as detailed in the Corporate Plan 2006 to 2010 which will be administered to ensure adherence to relevant UK and EC legislation and ultimately provide best value for money.

### **6.3 Antrim Borough Council Procurement Strategy**

The ethos of the Council’s Procurement Strategy will be Co-Operation, Co-Ordination and Collaboration.

The purpose of the Procurement Strategy is to help the Council achieve its objectives in the following ways: -

#### **AT CORPORATE LEVEL**

- to accommodate the core values of the Council as detailed in the Corporate Plan 2006 to 2010
- achieve cost savings and improve value for money

- contribute to the delivery of high quality services which meet user needs
- meet the targets set in the Government's Efficiency Review and e-procurement strategy
- enable the Council to manage and assess risks in the marketplace and supply chain

#### **AT COMMUNITY LEVEL**

- be sustainable in all procurement activities, thereby assisting in the development of the environmental and socio-economic well-being of the Borough
- promote social cohesion and equality of opportunity for service users, businesses and council staff
- work more closely with public and private sector bodies to increase and focus skills and capacity

#### **6.4 What does the Procurement Section do?**

The Procurement Section has been established to: -

- Formulate Procurement Policy and Procedures for the Council and continually review and develop the Procurement function within the Council
- Keep up to date with EU Public Procurement Regulations and other salient legislation to ensure compliance and thereby reduce the likelihood of legal challenge
- Disseminate agreed policies to the relevant officers within the Council
- Provide a tendering service and procurement advisory service to Council officers
- Continually improve and monitor procurement performance across the Council
- Promote best practice procurement within the Council
- Establish and maintain relationships with other Councils and Procurement bodies throughout UK and Ireland
- Develop an e-procurement strategy i.e. electronic ordering system, e-tendering, Procurement Cards

- Develop a Green Procurement Policy
- Develop Procurement information on the Council's intranet and internet sites such as Procurement Policy, tenders and contracts
- Promote collaborative procurement where this could lead to improved value for money

## 6.5 Procurement Objectives

**The primary** objective of the procurement procedures is to obtain best value for money spent on goods and services having due regard to the needs of the organisation/service. That is, to procure:

- the **right quality** of goods and services
- in the **right quantity**
- at the **right time**
- from the **right supplier**
- at the **right price**

**Supplementary** objectives should ensure that:

- The Council's Financial Regulations, together with EU Public Procurement Regulations, are implemented in appropriate circumstances
- Cost control of the organisation is improved through a system of committed expenditure
- The operational efficiency and effectiveness of the purchasing system is improved
- Antrim Borough Council meets its needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and the economy, while minimising damage to the environment."

## 6.6 Achieving Objectives

The procurement method adopted to achieve the defined objectives is designed to maintain **a limited central co-ordination and control function** and delegated authority to **budget holders** appropriate to their requirements.

## 6.7 Methods of Supply

The four main methods of supply are:

- (a) Purchases made in compliance with EU Public Procurement Regulations, Financial Regulations and Council's Procurement Policy

- (b) Call off contracts e.g., OGC Buying Solutions Contracts, Supplies and Services Contracts, Jobbing Contractors, Maintenance Agreements and Framework agreements
- (c) Spot Purchases
- (d) Central stores, Parks stores and Forum Leisure Centre stores

## **6.8 Contracts Portfolio**

The Corporate Services Department is striving to increase the portfolio of contracts for goods and services available to staff. The aim is to aggregate purchases from different departments to achieve cost and efficiency savings across the Council. The Procurement Manager will continue to develop the intranet site to provide salient Procurement information and which will also detail established contracts for goods and services which are available to Council staff for call-off. Further information on the regulations surrounding Contracts can be found in Section 9.

**If a product/ service required by the budget holder can be sourced from a Council Contract, orders must be placed with the successful tenderer on that contract.**

## **6.9 Purchase Ordering**

Detailed information on raising purchase orders and the authorisation thresholds applicable to purchases are contained within Section 7 of these regulations.

## **6.10 Tenders and Quotations**

Detailed information on seeking tenders and quotations, including the thresholds applicable to each purchase are contained within Section 10 of these regulations.

## **6.11 Compliance with Procurement Procedures**

The procedures outlined in this section are compulsory for all purchases made by the Council. Where any procedure outlined in this document is not complied with, the incident will be subject to investigation by the relevant Director who is responsible for instituting disciplinary action where necessary.

## **6.12 Procedure Review**

The procedures in this document are subject to review from time to time to ensure that organisational and departmental objectives are met.

## **6.13 Annual Tenders**

The Annual Tenders or Supplies and Services Contracts are a Council Wide Portfolio of contracts created to help the Council achieve best value for money in purchases of : -

- Frequently used services e.g. minor building works
- Aggregated supplies e.g. cleaning materials

Each contract is estimated to have purchases or “call-offs” from it in excess of the tender threshold of £20,000 (excluding VAT) throughout the duration of the contract period.

The following procedures must be used when making purchases from Annual Tender Contracts: -

#### **6.14 Supplies Contracts**

Please ensure that the Procedures on the ordering of goods (Section A) are followed. All orders for supplies from Annual Contracts must state the contract reference on the order.

#### **6.15 Annual Works Contracts**

Annual works contracts have been set up as a two-tiered award as follows: -

- For works up to the value of £5,000 (excluding VAT) one successful supplier has been appointed to provide this service (however the Council reserves the right to seek quotations from the select list of contractors for any works to ensure that value for money is being received).
- For works over £5,000.00 and below £20,000.00 quotations will be sought from a Select List of 4 Contractors derived from the tender exercise.
- For works over £20,000 (excluding VAT) the Council’s normal tendering procedures will apply.

## **7 PURCHASE ORDERS FOR GOODS, WORKS & SERVICES**

- 7.1** Directors are responsible for the control of all orders held and issued by their department. They should determine which officers in their department should be allowed to be Initiating Officers and raise and authorise orders on their behalf - see 4.9 (a).
- 7.2** It shall be the responsibility of an officer issuing an order to ensure, as far as is responsible and practicable, that value for money is obtained in respect of each transaction. If a product/ service required by the budget holder can be sourced from a Council Contract, orders must be placed with the successful tenderer on that contract.
- 7.3** Where an order exceeds the quotation threshold of £1,500.00 (excluding VAT) the Council's Policy on Quotations and Tenders must be followed (see Section 10) before raising an order.
- 7.4** An official order, or its equivalent, must be raised for all goods, works and services except:
- a where a specific formal contract exists which does not incorporate any facility for the regular draw-down of services;
  - b rents, business rates and utility services as supplies of a continuous and obligatory nature;
  - c petty cash payments.
- 7.5** Official orders, or their equivalent, shall as a minimum:
- a Be clearly identifiable as an order from Antrim Borough Council
  - b Be serially numbered
  - c State the full name and address of the firm supplying the goods or providing the service
  - d State the name, department and delivery location of the officer ordering the goods
  - e Include the quantity, description and price of the goods ordered
  - f Detail the cost of carriage of goods/postage and packaging where appropriate
  - g Identify the correct Accounts codes for each item for committed expenditure allocation

- h Detail the Tender/Quotation File Reference if goods/services are being purchased from an existing contract.
- i Indicate whether VAT is chargeable on the product/service. All prices stated should be exclusive of VAT.
- j Be physically or electronically signed by an authorised officer
- k Contain the date the order was placed

This information is necessary to enable adequate pre-payment checks to be undertaken in accordance with Section 9 of these Financial Regulations.

**7.6** Provided that 7.4 is fully satisfied, the method by which an official order, or its equivalent, is issued shall be at the discretion of the Initiating Officer, having regard to the requirements of 7.2, and the supplier e.g. by post, fax, by internet e-mail or via the supplier's web site. A carbon copy, photocopy or electronic copy (as appropriate) of all signed/electronically authorised orders should be retained in the form issued.

**7.7** Written orders from the Council's order books are to be distributed as follows: -

Yellow copy	–	Accounts
Pink copy	–	Supplier
White copy	–	Held by Department

**7.8** Where circumstances dictate urgency and an order cannot be detailed in advance of the purchase, a verbal order may be given to the supplier. The serial number of the purchase order **must** be issued as confirmation of the purchase to the supplier and should be completed at the earliest opportunity by the budget holder.

**7.9** All goods, works and services ordered shall be for the exclusive use of the Council or an organisation which has established arrangements to make purchases through the Council's accounts.

**7.10** All leasing arrangements must have the Director of Corporate Services' prior approval.

### **Budget Implications**

**7.11** No order shall be raised unless there is uncommitted budgetary provision to meet the estimated cost unless it relates to works necessary within Section 3.3 of these Regulations.

### **Ordering Thresholds**

**7.12** Before placing an order the Initiating Officer shall estimate the probable cost of the goods, works or services required. This estimated cost will determine the procedure to be followed in obtaining quotations or tenders (see Section 9.5).

- 7.13** If the cost of the purchase is below the quotation threshold of £1,500.00 (excluding VAT), proceed to raising an order. If the purchase can be made from a Council contract, the successful contractor must be used.
- 7.14** If the cost of the purchase is above the quotation threshold of £1,500.00 (excluding VAT) and there is an existing contract in place, then the successful contractor on that contract must be used.
- 7.15** If the cost of the purchase is above the quotation threshold of £1,500.00 (excluding VAT) and there is no existing contract in place, the Council's Policy on Quotations and Tenders must be followed (see Section 8) before raising an order.
- 7.16** For orders over £1,500.00 (excluding VAT) the source of supply must be clearly marked on the order, from the following categories:
- a OGC Buying Solutions Contract (state contract reference number)
  - b Antrim Borough Council Contract (state tender file reference)
  - c Quotations sought (state quotation file reference)
  - d Council minute approving purchase (state minute reference and date)
  - e Sole Source – where only one supplier exists – which should be evidenced
  - f Other agreement or contract where Antrim Borough Council has been included in the contract terms and conditions e.g. ARC21
- 7.17** Once an order has been issued to the supplier, a paper or electronic copy of the order is sent to the Accounts Section for processing with the invoice

### **Receipt of Goods**

- 7.18** Following receipt of the goods/services/works the officer responsible for the purchase will confirm the delivery of the goods via physical or electronic signature.

### **Segregation of Duties**

- 7.19** The procedures detailed in Sections 4.6 to 4.9 in relation to segregation of duties must be followed by all officers responsible for raising purchase orders.

## **8 CAPITAL PROJECTS PROPOSALS**

**8.1** That is projects not charged to recurrent maintenance, are to be supported by:

- (a) an initial budget for the project presented to the appropriate committee. Such a budget should include a breakdown of costs including professional fees and VAT and the funding sources from which the projected expenditure will be met, together with;
- (b) an evaluation of the plans in financial terms and their effect upon future revenue; together with advice on the effect of alternative plans;
- (c) an economic appraisal (including risk assessment) for the project setting out the reasons for undertaking the work and the economic and other justifications thereof and recommendations on financial objectives where appropriate;
- (d) compliance with all tenders, quotations and contract regulations as detailed in Sections 9 & 10;
- (e) forecast of cash flow;
- (f) outline of the proposed accounting treatment of the project and an assessment of its impact on the Council's annual accounts;
- (g) a final report to the same committee reporting actual expenditure against agreed budget and reconciling funding arrangements where a variance occurs.

Further information can be found in the Green Book for appraisal of projects.

### **8.2 Guidelines as to appraisal limits:**

Appraisals should be performed on all capitalised spend greater than £5,000. It is important that the level of appraisal performed should be "proportional to cost and complexity", i.e. at £5,000 one paragraph may suffice and the decision quite straightforward. However, it would still be good practice to bear in mind the questions posed by the "economic appraisal" pro-forma in appendix 1 as a guide. All projects exceeding £15,000 will require completion of the economic appraisal pro-forma.

## **9 CONTRACTS**

### **9.1 Introduction**

In these procedures:-

- a the expression 'the Council' shall include where appropriate a Committee, Sub Committee or person acting in accordance with delegated authority on behalf of the Council.
- b 'The Statutory Amount' shall mean £30,000. The "Statutory Amount" was raised from £15,000 to £30,000 under Article 6 of the Local Government (Miscellaneous Provisions) (Northern Ireland) Order 1995 which came into operation on 16 May 1995 (exclusive of VAT) or such other amount as shall be determined from time to time by the Department of the Environment for Northern Ireland under Section 100 (1) of the Local Government Act (Northern Ireland) 1972.

### **9.2 Exceptions**

Exceptions from the Procurement Procedures can only be allowed:

- a by direction of the Council acting on a recommendation from the Director of Corporate Services that the exception is justified in special circumstances.
- b by the Director of Corporate Services following consultation with the department, certifying that there is an extreme urgency and provided that he/she has first consulted the Procurement Manager and that the action is subsequently reported to the next available Council/Committee meeting.
- c in the case of purchases or sales by auction or at public fairs or markets, or from or to a government department, local authority or other public body.

### **9.3 Estimates**

Before entering into a contract for the execution of work which is likely to cost more than the statutory amount or the Council's Tender Threshold (whichever is the lower value), the Initialising Officer shall obtain a written estimate of the probable expense and also, where practicable, an estimate of annual maintenance expenses. For capitalized expenditure, please follow the procedures detailed in Section 8.

### **9.4 Budget Provision**

Directors shall ensure that no contract shall be entered into unless there is uncommitted budgetary provision to meet the estimated cost unless it relates to works necessary within Section 3.3 of these Regulations.

### **9.5 Determining the Purchase Cost**

In determining the estimated cost of the purchase (mentioned in FR 7.12) the

following shall apply:-

- a officers shall not sub-divide work which could reasonably be treated as a single contract;
- b the total estimated value of orders for a year for a given type of goods, works or services should wherever practicable be amalgamated for the purpose of determining the appropriate procurement procedure to be taken.
- c if a contract / service arrangement is for a period greater than one year then the estimated value of orders to be placed over the full period should be calculated to determine the appropriate procedure;
- d where leasing arrangements are used, the total amount payable over the life of the lease shall determine the appropriate procedure;
- e where contracts entail both revenue and capital costs (e.g. acquisition and support for IT systems) the revenue costs shall be estimated according to paragraph (d) above;
- f if the lowest quotation obtained exceeds the Council's tender threshold, the Director should consider whether the procedures for tendering should be applied. If this is not considered appropriate, the reasons for not applying higher category procedures should be recorded.
- g if the lowest quotation obtained exceeds the Statutory Amount, then the requirement must be advertised for public tender.
- h if the lowest tender obtained exceeds the EU thresholds, the tender must be re-advertised using the EU procurement procedures.
- i VAT is excluded for threshold purposes.

## **9.6 Entering into a Contract**

Every contract for goods, works or services up to £20,000 may be entered into by means of the written acceptance of a written quotation. The acceptance must be effected by means of an official purchase order, or its equivalent, complying with Antrim Borough Council Financial Regulation 7.4.

Every contract for goods, services or works over £20,000 shall require written tenders with written acceptance signed by either the Procurement Manager, the Director of Corporate Services (or other officer delegated by the Director of Corporate Services)

## **9.7 Tendering**

Every contract for the supply of services, goods, materials, or the execution of work, which is likely to exceed either the statutory amount or the tender threshold in these procedures (whichever is the lower in value) but which falls below the EU Public Procurement thresholds shall, subject to permitted exceptions, be made available for

public tender in accordance with one of the following procedures:

(a) Open Procedure

At least ten working days' public notice must be given on the Council's website or nominated procurement portal presented in a way that potential bidders can easily become aware of the information.

Tenders shall state -

- that hard copy tenders will only be considered if received in a plain sealed envelope marked 'Tender for (subject)', with no marking on the envelope to indicate the identity of the sender;
- that tenders will only be considered if received by the electronic tender software or for hard copy documents, if received at the Council officers prior to the prescribed date and time of closing;

(b) Restricted Procedure - Select List of Contractors

Public notice must be given in respect of a particular contract in the manner set out in paragraph (a), inviting applications from interested persons to be placed on an approved list.

This select list shall:

- be subject to evaluation by pre-determined criteria;
- contain the names of all persons who wish to be included in it and who have been approved by the Council;
- contain not less than four and not more than ten economic providers (with the exception of European Threshold tenders, where the select list must contain not less than five economic providers)

Where a Select List is formed, invitations to tender for the contract shall be sent to all of the persons included on the select list, or if fewer than four persons have applied and are considered suitable, to all those persons so long as the officers involved in the procurement are satisfied that there are sufficient economic providers to ensure genuine competition.

It shall be a condition of tendering and of inclusion or retention on a Select List, that a contractor shall not be an unqualified person for the purposes of Sections 64 to 66 of the Fair Employment and Treatment (NI) Order 1998. Detailed procedures for the creation of Select Lists can be found at FR10.20.

## **9.8 Receipt of Tenders**

### **Envelopes received by post**

The envelope is date stamped and the date and time of receipt is detailed on the receipt sheet. The corresponding envelope number must be written onto the envelope.

### **Envelopes received by hand**

The envelope is date stamped and the date and time of receipt is detailed on the receipt sheet. The corresponding envelope number must be written onto the envelope.

When issuing a receipt, only the tender envelope number should be recorded on the receipt rather than the organisation's contact details. The Council has an obligation to ensure that the identity of tenderers is not available until after the tenders have been opened and a receipt book with the company's details in it could conflict with this obligation.

### **Electronic Tenders**

Electronically submitted tenders shall be logged and receipted via the Council's electronic procurement software.

### **Closing Date/Time**

Tenders should be stored in a secure location until the closing date/time has passed, at which stage the Procurement Manager will collect the tenders received in preparation for opening

## **9.9 Late Tenders**

Any tender which is received after the closing date and time will be excluded from consideration, with a record kept of such cases and the reason for exclusion. There will be no exceptions to this rule.

## **9.10 Extension of Closing Date/Time**

The Director of Corporate Services or the Procurement Manager may decide to extend the closing date and time of a tender in the event of a postal strike or other unavoidable circumstances. However, FR 10.23 will still apply once agreement has been made on the new closing date/time.

## **9.11 Engagement of Consultants**

All engagements of architects, engineers, surveyors or other consultants will be subject to the Quotations and Tenders Policies contained within this document.

It shall be a condition of the engagement of any architect, engineer, surveyor or other consultant (who is not an officer of the Council) who is retained to supervise a contract on behalf of the Council that he/she will -

- (a) comply with these Procurement Procedures;
- (b) produce for inspection to any Council Officer on request all records kept by him/her in relation to the contract.

An architect, engineer or other consultant on contracts shall not receive any payment in commission or fees on any extra work over the approved contract price unless the Council approves the extra work beforehand.

## **9.12 Advertising of Tenders**

EU Guidelines (2006/C 179/02) state that advertising on a contracting entity's own website is a flexible and cost effective way to advertise tenders.

If the Chief Officer deems it to be appropriate in some circumstances, an advertisement can also be placed in local newspaper(s) circulating in the Council's district and in any other newspapers or trade journals as the Chief Officer considers appropriate. The advertisement must at the very least state the nature and purpose of the contract and indicate a date by which tenders must be received. Where appropriate, the advertisement of contracts must comply with requirements of European Union procurement legislation in regard to advertising in the Official Journal.

## **9.13 Sealing, Damages and Bonds**

- (a) Every contract which exceeds £250,000 in value shall be made under the Corporate Seal and held by Records Management in the Tender file or in other secure storage
- (b) Where the Council is in receipt of income or net benefit under a contract is should be signed as a Deed or in the event the consideration passing to the Council exceeds or is likely to exceed £250,000 in value, should be sealed.

## **9.14 Specifications and Standards**

- (a) All tenders for the execution of works or the supply of goods or materials shall be based so far as possible on a definite specification, except to the extent that the Council in a particular case otherwise decides.
- (b) All written contracts shall require, as a minimum, that goods and materials shall be in accordance with relevant British Standards Institute and European Community standards and specifications.
- (c) Where there is an appropriate British Standard Specification or Code of Practice this shall be referred to in the contract documentation. Where contracts valued

in excess of the EU thresholds are awarded, the equivalent standard or Code of Practice issued by the EU shall be referred to.

### **9.15 Minimum Contract Conditions**

Every contract shall specify as a minimum:-

- details of all parties bound by the Contract
- the goods, works or services to be provided
- the price to be paid either as capital or revenue and a statement of any discounts or other reductions or benefits to be received by the Council (e.g. sponsorship)
- The period(s) within which the contract is to be performed.

### **9.16 Other Contract Conditions**

Every written contract for the execution of works or for the supply of goods and services and having a value exceeding the statutory amount shall provide that the Council can cancel the contract and recover any resulting losses if the contractor or his/her employees or agents with or without his/her knowledge:

- (a) does anything improper to influence the Council to award him/her the contract;  
or
- (b) commits an offence under the Prevention of Corruption Acts 1889 to 1916 or Sections 46 or 47 of the Local Government Act (Northern Ireland) 1972.

### **Retention of Documents**

**9.17** Records Management should ensure that relevant contract documentation is retained for an appropriate period. Further guidance on the retention of contract documents is provided in the Financial Procedures. This guidance outlines the appropriate periods for various categories of documentation.

### **Sub-Contracts**

**9.18** Where a sub-contractor or supplier is to be nominated to a main contractor the provisions of these Regulations regarding the obtaining of quotations or tenders shall also apply to the sub-contract. Any and all sub contracting arrangements subsequent to the letting of a contract will need authorisation by the responsible contract officer.

### **Supervising Officer**

**9.19** It shall be a condition of the employment by the Council of any person (not being

an officer of the Council) to supervise a contract, that these Regulations should be complied with fully in undertaking the supervision.

### **Financial Vetting, Liquidated Damages and Performance Bonds**

- 9.20** Where any contract for the provision of works, goods or services is estimated as likely to exceed £500,000 the initiating officer shall, in conjunction with the Director of Corporate Services, ascertain the financial status of any contractor and their technical, operational and managerial competence to perform the required contract. The extent of the vetting required shall be related to the value of the contract and the level of risk to which the Council will be exposed should the successful contractor cease to trade or otherwise default. Such vetting may include credit reference checks or consideration of audited accounts.
- 9.21** The Director in conjunction with the Director of Corporate Services shall consider the need for the imposition of conditions in any contract requiring the payment of liquidated or ascertained damages in the event of default. Any such damages must not be a penalty but reflect genuine pre-estimate of loss. Indemnity provisions against direct loss may also be required from the successful contractor.
- 9.22** The Director shall consider the need for a Performance Bond or Parent Company Guarantee. This is principally to protect the Council against the risk of a contractor going into liquidation or otherwise ceasing to trade and will provide access to monies to enable the Council to re-tender or assign the contract.
- 9.23** Since the Bond or Guarantee is generally reflected in higher tender prices an assessment should be made as to the level of risk which will be reflected in the value of the contract – generally, contracts valued at less than £150,000 may not justify such security - or in the nature of the goods, services or works required (some may be ‘high profile’ services where continuity of provision is essential e.g. IT provision) - or the financial status of the contractor.

The decision taken by the Director should be formally recorded. However, if a contract exceeds £150,000 over the life of the contract such security should be sought unless the Director, after consultation personally with the Director of Corporate Services considers it inappropriate. The reasons for the Director’s views and those of the Director of Corporate Services should be formally recorded.

### **Power to Cancel Contracts for Improper Conduct**

- 9.24** There shall be inserted in every contract a clause empowering the Council to cancel the contract and recover from the contractor the amount of any loss resulting from such cancellation, if the contractor is guilty of improper conduct.

### **Canvassing and Pecuniary Interests**

- 9.25** Councillors and staff must ensure that they do not participate in any action, which may be deemed to be:
- Canvassing by any party with a material interest in the procurement
  - Release of commercial in confidence information prior to tender award

- Collusion – i.e. collaboration between parties involved in the procurement process

Any approach or known evidence of canvassing, breach of confidentiality or collusion must be reported to the Chief Executive Officer.

- 9.26** Where an officer involved in procurement negotiations or evaluation of offers identifies a Conflict of Interest, the Chief Executive Officer is to be advised in writing as to the nature of the conflict and the officer concerned must withdraw from the transaction.

Conflicts of Interest include the procurement of goods and services from:

- (a) elected members or companies in which elected members have an interest;
- (b) relatives or companies in which relatives of the Council officer have an interest; and/or,
- (c) friends or companies in which friends of the Council officer have an interest.

Where a tenderer for a contract with Council has a business or other association with a Councillor or Council officer, such that a Councillor or Council officer has or is likely to have a material interest in the contract being awarded to the tenderer, a declaration to that effect shall be included in the tender documentation.

## **Variation to Contracts**

- 9.27** Where it is envisaged that there may be a need to a variation to the Council's requirements during the period of a contract, appropriate conditions should be included allowing for the valuation of any subsequent changes. This may necessitate changes to schedules of rates or bills of quantities.
- 9.28** No variation may be issued unless there is appropriate budgetary provision for each contract or where authorised by Chief Executive's Management Team or appropriate Committee.
- 9.29** Care should be taken in evaluating tenders where it is anticipated there may be subsequent changes to Council requirements whether in terms of more or less quality or quantity of goods, services or works. Flexibility of a contract with regard to changes in requirements may be a non-monetary factor in tender appraisal but in general, great care as regards cost should be taken in considering changes to Council requirements.
- 9.30** All Variation Orders must be placed promptly and authorised before the work is undertaken. All variations will still be within agreed limits for each contract and made within accordance with the authorisation limits determined by the Director. (See 4.7)
- 9.31** Subject to the above all variation orders will be permitted up to a limit of 10% of the tender value. Over 10% must have the approval of the appropriate Director. The above figures are cumulative and relate to all works over £20,000. It is a requirement of Financial Regulations that a Variation Order must be authorised before the work is undertaken. No variation can be issued unless there is an adequate budgetary provision.

## **Contract Extensions**

- 9.32** Where a contract over £20,000 does not have any provision for an extension one extension may be agreed by the Council in exceptional circumstances, where identical terms and conditions apply. Such an extension should be reported to the relevant committee for approval.

## **Reassignment of Contracts – Review of Public Administration**

- 9.33** The following paragraph may be included in tender documentation in order to address any contractual issues which may result from the organisational changes under RPA:

‘This Contract will be awarded to the successful tenderer(s) on the understanding that at a time within the duration of the Contract, there may be a need for reassignment from the Contracting authority to an alternatively named body. The name of the alternative body will be that as defined under the current Review of Public Administration and any subsequent enabling legislation. It is understood that without prejudice the successful tenderer(s) will accept any reassignment of this Contract. The Contracting authority will not be liable to pay any compensation whatsoever in connection therewith.’

## **10 TENDERS, QUOTATIONS AND CONTRACT PROCEDURES**

### **10.1 Quotations/Tender Thresholds**

- a If the cost of the purchase(s) as determined in 9.5 is below £1,500.00 then no quotations are required.
- b If the cost of the purchase(s) is above £1,500.00 but below £5,000.00, then a minimum of 3 quotations must be sought
- c If the cost of the purchase(s) is above £5,000.00 but below £20,000.00, then a minimum of 4 quotations must be sought
- d If the cost of the purchase(s) exceeds £20,000.00, then the requirement must be tendered or purchased from an OGC Buying Solutions Contract
- e If the cost of the purchase(s) exceeds the European Union procurement thresholds, then the requirement must follow the procedures for European tendering

### **10.2 Creating a Specification**

It cannot be emphasised strongly enough that the contract specification is critical in any procurement exercise and must clearly define what the Council's need and expectation is.

- 10.3** In accordance with the principles of best value, specifications and contract conditions shall be drawn up so far as practicable to secure continuous improvements, best value for money and sustainability. Before inviting tenders an estimate of works, goods or services must be obtained.
- 10.4** This will entail the inclusion in appropriate contracts of national and local performance indicators as well as clauses permitting flexibility in both specification requirements and performance targets.
- 10.5** Where, in the view of the relevant Director, supported by the Procurement Manager or Director of Corporate Services, there is insufficient knowledge of an area to be tendered to allow a sufficiently detailed specification to be prepared, external advice may be sought. Wherever possible this should be from an independent source.
- 10.6** Where a consultancy service is required, the appointment of the consultant is also subject to the procurement procedures.
- 10.7** Where potential tenderers are approached to assist in the preparation of specifications, wherever practical, at least two should be considered.
- 10.8** Specifications should not be prescriptive to the extent that they would exclude potential applicants from submitting a tender bid. Where a particular brand/type of product is specified, applicants must be given the opportunity to tender for a suitable equivalent.

- 10.9** Where potential tenderers request further details of the Council's requirements, full details of the enquiry and of the response given should be recorded. So far as reasonable, to ensure equality between potential tenderers, details of any requests and responses given should be circulated to other tenderers.
- 10.10** Where the Council intends to provide or make available goods, services or premises to contractor(s) the relevant Director(s) shall provide appropriate valuations for rent or other charges to be met by contractor(s) should they avail themselves of such premises, goods or services. The details thereof shall be included in the tender documents.
- 10.11** Wherever possible and commensurate with both cost and issues of security and confidentiality, the opportunity should be taken to use internet and e-mail facilities to advertise contracts, seek expressions of interest, transmit documents and accept tenders or quotations by authorized officers.
- 10.12** Specifications should contain as a general guideline: -
- the nature of the project to be undertaken;
  - the time within which the project is to be started and completed (including details of key stages);
  - the objectives of the project and the expected results;
  - the procedures for reporting back to the Council, with details of contact names, etc;
  - details of facilities etc. to be provided by the Council;
  - details of any known constraints or other factors which might affect the project;
  - details of any performance bond or penalty arrangements (i.e. liquidated damages) that will apply;
  - other relevant information, including the general terms and conditions under which the contract is to be performed.
- 10.13** It may also be relevant to specify beforehand the pricing structure that the Council would prefer to be adopted. For example, consultants use a variety of pricing practices including time-based rates, lump sum fees, percentage arrangements, and so forth. It obviously becomes more difficult to evaluate tenders submitted on varying bases of pricing and Departments should determine prior to tendering what pricing structure it would wish tenders to be based on. In some cases it is appropriate to agree to reimbursement of expenses. The specification should clearly identify the rate of expenses, which should normally be by reference to those applied to Council staff at an appropriate level. A budget for any expenses should also be agreed prior to awarding the Contract.
- 10.14** In terms of goods and materials, Departments should generally provide a pricing schedule itemising the type of goods required, the estimated or fixed quantity (if

known) and a price per line item. Officers should consider the following areas when drafting a specification for goods or materials:

**Right place** - Could the delivery be made direct to the point of use and thereby avoid double handling? Are the delivery instructions clear? Does the person to whom the item will be delivered know to expect delivery?

**Right time** - Do particular opening hours apply? Are we receiving the item before it can be used therefore paying additional costs? Do we require the item at a particular time?

**Right quality** - Do we have a clear idea of the quality we want? Emphasis should be placed on fitness for purpose.

**Right quantity** - Are we ordering enough to get the benefits of bulk discounts? Are we ordering too much and therefore risking the item becoming obsolete or incurring additional storage costs?

**Right price** - price has traditionally been the focus of Council procurement. You should be aware that paying too much will reduce the available budget, while paying too little may sacrifice quality. The Council policy is that total acquisition costs/whole life costs should be considered as opposed to merely price.

## **Evaluation of Tenders**

**10.15** The principles of Best Value will apply not only to the preparation of the specification but also to the process by which services, goods or works are procured and contractors ultimately selected.

**10.16** All tenders will be evaluated by the Initialising Officer and the Procurement Manager as a minimum. Where appropriate, an evaluation panel should be formed to review tender applications.

**10.17** The Initiating Officer and the Procurement Manager shall set out in the tender documentation the criteria against which tenders will be evaluated. Where the most economically advantageous tender is not accepted or where the contract is concluded under the EU Negotiated Procedure, the Initiating Officer shall agree the evaluation result with the Director of Corporate Services or the Procurement Manager. The Director shall also approve the selection.

## **10.18 Quotations Procedure**

a The Budget Holder identifies the need to procure a particular good/service and requests a file from the Records Management Officer.

b If the purchase(s) will be taken from the capital budget, then the procedures in Section 8 relating to Capital Projects must be followed.

c Where the quotation will result in the establishment of a contract, the Procurement Manager must be informed to ensure that the appropriate terms

and conditions are sent with the invitation to quote (see Section 9 on Contracts)

- d The officer requiring a purchase, or a group of purchases exceeding the threshold of £1,500.00 excluding VAT, shall seek the appropriate number of quotations (as per the thresholds above) in writing. **Verbal quotations are not acceptable.** Quotations will be accepted only by post, fax or email.
- e In order to stimulate and develop economic growth in the Borough, officers are expected to include Small/Medium Enterprises (SME's) from the Borough as much as possible in the quotations process. The Antrim Borough Council business directory is a good source to seek local suppliers.
- f Once the quotation responses have been received, the officer must complete the Quotation Summary Form (see Appendix C)
- g The Quotation Summary Form shall be signed by the initialising officer and authorised by their line manager.
- h The Procurement Manager will then ensure that the procurement procedures have been adhered to and that the most economically advantageous offer has been accepted.
- i The Procurement Manager will inform the initialising officer that the quotations have been approved and that a purchase order can now be raised.
- j The Budget Holder raises a purchase order for the successful bidder and informs the unsuccessful bidders of the outcome.
- k All signed summary forms will be held centrally by Records Management to ensure an adequate audit trail for purchases over £1,500.00.
- l Where the quotations sought result in a contract being established, the contract information will be placed onto the Intranet for use by all Council Officers and onto the finance software.

#### **10.19 Open Tender Procedure**

- a Budget Holder identifies the need for the procurement of a particular good/service and notifies the Procurement Manager.
- b Tender file and reference is obtained from Records Management by the Procurement Manager.
- c If the purchase(s) are from the capital budget or is new revenue spend in excess of £20,000 (excl VAT), then an Economic Appraisal must be completed and approved by the Management Accountant or the Assistant Director of Finance.
- d The Budget Holder must seek Loan Sanction approval from the Finance Department where necessary.

- e Following approval, the Budget Holder creates a draft specification for the goods/services required.
- f Budget Holder liaises with the Procurement Manager to revise (where applicable) the specification and discuss suitable contract terms, conditions, evaluation criteria and the timescale for the contract.
- g Public advertisement is placed on the Council's website and in the Local Press by the Procurement Manager following agreement of the specification.
- h Tender documents are placed on Council website under 'Tenders' section inviting applicants to received documentation via download (or hardcopy if necessary).
- i Closing date for tenders will be at least ten working days from placement of tender advertisement.
- j Tenders are received and held in the custody of the Procurement Manager.
- k Tenders are opened at a Council/ Committee meeting by a nominated Councillor of the Committee and the Committee Clerk. A receipt sheet detailing the names of the companies who have submitted bids along with the receipt date and time is compiled and signed off by the nominated Councillor and the Committee Clerk.
- l Where there is urgency in the tender process, tenders may be opened in the presence of the initialising officer, the Procurement Manager (or other officer delegated by the Procurement Manager) and two Councillors. A receipt sheet detailing the names of the companies who have submitted bids along with the receipt date and time is compiled and signed off by all those present at the opening.
- m A summary of the bids received and copies of Tenders complete with brochures, etc are evaluated against the pre-determined criteria by the Initialising Officer and the Procurement Manager to ensure it is carried out in line with all legislation and best practice.
- n Recommendation is compiled for submission in the form of a tender report to Committee/Council by the Procurement Manager.
- o The successful tender(s) will be the most economically advantageous in accordance with the pre-determined criteria as stated in the tender documentation.
- p Following Council approval, the budget holder is notified by the Procurement Manager. The budget holder is requested to have a purchase order raised (if applicable) and authorised by the Director.
- q Purchase orders are issued with acceptance letters to successful bidders and regret letters are issued to unsuccessful bidders, by the Procurement Manager.

- r Procurement Manager notifies Finance of capital purchases for addition to the asset register and informs Administration for any additions to the Property or Insurance register.

## **10.20 Restricted Procedures – Select List**

- a Budget Holder identifies the need for the procurement of a particular good/service and notifies the Procurement Manager.
- b Tender file and reference is obtained from Records Management by the Procurement Manager.
- c If the purchase(s) are from the capital budget or is new revenue spend in excess of £20,000 (excl VAT), then an Economic Appraisal must be completed and approved by the Management Accountant or the Assistant Director of Finance.
- d The Budget Holder must seek Loan Sanction approval from the Finance Department where necessary.
- e Following approval, the Budget Holder liaises with the Procurement Manager to create a select list application document including suitable contract terms, conditions, evaluation criteria and the timescale for the contract.
- f Public advertisement is placed on the Council's website and in the Local Press by the Procurement Manager following agreement of the documentation.
- g Select List application documents are placed on Council website under 'Tenders' section inviting applicants to received documentation via download (or hardcopy if necessary).
- h Closing date for select list applications will be at least ten working days from placement of tender advertisement.
- i Select List applications are received and held in the custody of the Procurement Manager.
- j Select List applications are opened by the Procurement Manager (or other officer delegated by the Procurement Manager) and the Director of Corporate Services (or their nominated representative). A receipt sheet detailing the names of the companies who have submitted bids along with the receipt date and time is compiled and signed off by the Procurement Manager and Director of Corporate Services.
- k Applications are evaluated against the pre-determined criteria by the Initialising Officer and the Procurement Manager along with other evaluation panel members where necessary, to ensure it is carried out in line with all legislation and best practice.

- l Procurement Manager sends out successful and unsuccessful letters to select list applicants following agreement of the select list by the evaluators.
- m Tender documents are issued to the select list by either the nominated consultant or the Procurement Manager
- n Closing date for receipt of tenders will be at least ten working days from issue of documentation.
- o Tenders are received and held in the custody of the Procurement Manager.
- p Tenders are opened at a Council/ Committee meeting by a nominated Councillor of the Committee and the Committee Clerk. A receipt sheet detailing the names of the companies who have submitted bids along with the receipt date and time is compiled and signed off by the nominated Councillor and the Committee Clerk.
- q Where there is urgency in the tender process, tenders may be opened in the presence of the initialising officer, the Procurement Manager (or other officer delegated by the Procurement Manager) and two Councillors. A receipt sheet detailing the names of the companies who have submitted bids along with the receipt date and time is compiled and signed off by all those present at the opening.
- r A summary of the bids received and copies of Tenders complete with brochures, etc are evaluated against the pre-determined criteria by the Initialising Officer and the Procurement Manager to ensure it is carried out in line with all legislation and best practice.
- s Recommendation is compiled for submission in the form of a tender report to Committee/Council by the Procurement Manager.
- t The successful tender(s) will be the most economically advantageous in accordance with the pre-determined criteria as stated in the tender documentation.
- u Following Council approval, the budget holder is notified by the Procurement Manager. The budget holder is requested to have a purchase order raised (if applicable) and authorised by the Director.
- v Purchase orders are issued with acceptance letters to successful bidders and regret letters are issued to unsuccessful bidders, by the Procurement Manager.
- w Procurement Manager notifies Finance of capital purchases for addition to the asset register and informs Administration for any additions to the Property or Insurance register.

## **10.21 European Union Tender Procedures**

The Government Procurement Agreement is the World Trade Organisation's (WTO) procurement Agreement and has a direct relationship with the EU

directives on procurement. It is a plurilateral agreement with only certain Member States as signatories, including all EU Member States, Canada, Japan and the US. The GPA provides benefits to its Members by guaranteeing open markets, non-discrimination and offers dispute settlement arrangements.

The current EU Public Procurement Directive is 2004/18/EC and has been implemented in Northern Ireland through the following regulations: -

- The Public Contract Regulations SI 2006 No.5
- The Public Contracts and Utilities Contracts (Amendment) Regulations 2007 No. 3542

## 10.22 EU Tender Thresholds

The thresholds applicable to these directives from 1 January 2008 are: -

AUTHORITY TYPE	PUBLIC PROCUREMENT REGULATIONS		
	SUPPLIES	SERVICES	WORKS
Other public sector contracting authorities	£139,893 (€206,000)	£139,893 (€206,000)	£3,497,313 (€5,150,000)

AUTHORITY TYPE	UTILITIES REGULATIONS		
	SUPPLIES	SERVICES	WORKS
All sectors	£279,785 (€412,000)	£279,785 (€412,000)	£3,497,313 (€5,150,000)

## 10.23 Timescales for European Tenders

TYPE OF PROCEDURE	DOCUMENTS ISSUED ELECTRONICALLY AND AVAILABLE ONLINE	EXPRESSIONS OF INTEREST	TENDER RESPONSE
Open Procedure	NO	N/A	52
Open Procedure	YES	N/A	47
Restricted	NO	37	40
Restricted	YES	30	35
Negotiated	N/A	37	N/A
Restricted Accelerated	YES	15	10

## 10.24 Description of Procedures

TYPE OF PROCEDURE	DESCRIPTION
Open	All interested persons may tender.
Restricted	Persons selected by the contracting authority may tender.
Negotiated	Contracting authority negotiates terms of contract with one or more persons selected by it – only in specified circumstances.
Accelerated Restricted/Negotiated	As above but procedure is reduced in timescale due to extenuating circumstances.
Dynamic Purchasing System	Dynamic purchasing systems are intended to address commonly used purchases. They are a kind of electronic framework which bidders can apply to join at any point during its lifetime.
Competitive Dialogue	Competitive dialogue is a new procedure for use where purchasers consider that the open or restricted procedure will not allow the award of the contract. It can only be used with the most economically advantageous award criteria and this must be stated in the contract notice or accompanying descriptive document. Purchasers' needs must also be stated in one of these documents.
E-Auctions	Electronic auctions are on line auctions where selected bidders submit offers electronically against the purchaser's specification. All communication following and including the invitation to pre qualified bidders to submit new prices and/or values must be instantaneous (electronic).

**10.25** If any officer or department identifies a need for goods, services, works or utilities which exceeds the thresholds above, it is imperative that they contact the Procurement Manager to guide them through the process.

### Late Tenders

**10.26** Any tender which is received after the closing date and time will be excluded from consideration, with a record kept of such cases and the reason for exclusion. There will be no exceptions to this rule.

### Extension of Closing Date

**10.27** The Director of Corporate Services or the Procurement Manager may decide to extend the closing date and time of a tender in the event of a postal strike or other

unavoidable circumstances. However, FR 10.26 will still apply once agreement has been made on the new closing date/time.

## **Arithmetic Errors**

- 10.28** Arithmetic errors in quotes or tenders identified by the Council should be referred to the contractor or supplier concerned who should explain in writing the nature of the error to the satisfaction of the Director. They should normally then be given the option of:-
- (a) standing by their quote/tender or withdrawing it if the error favours the Council or
  - (b) standing by their quote/tender or amending it if the error favours the Contractor.
- 10.29** There may also be a need for the Council to clarify tenders both in terms of prices (other than arithmetic issues) and the Council's requirements or a tenderer's proposal. As a result of their discussions there may be changes to price. However, nothing should be done which could distort the tendering process.
- 10.30** Whilst the Initiating Officer may principally conduct such discussions and clarification, at least one other officer should also be involved whether directly or as a monitor of the actions being taken. Full details of all discussions and clarification should be promptly recorded in writing by both officers and confirmed to the relevant contractor or tenderer. Such records shall be retained for the same period as contract documentation. Any matter of general information arising from such discussions should be passed on in writing to other (shortlisted) tenderers where appropriate. The outcome of these negotiations will be reported for approval by the relevant evaluation panel.
- 10.31** Where upon receipt and opening of tenders but prior to awarding the contract it is considered desirable to negotiate variations to the Specification or other contract documents and the Director is of the view that re-tendering is not in the best interests of the Council, negotiations may take place with the tenderers provided that:-
- (a) where the contract value exceeds the current EU threshold the Director of Corporate Services has confirmed in writing that the circumstances of the negotiations do not breach the relevant legislation;
  - (b) where changes to the Specification or contract documents are significant and could affect the level or standard of works or services delivered, the approval of the Budget Holder of the relevant service shall be obtained before such negotiation takes place;
  - (c) all negotiations shall be properly and promptly documented as per 10.30.
- 10.32** The Director must personally be concerned in the negotiation process and should consider whether the use of a sealed envelope process should be applied to the responses required.

- 10.33** Where contracts are tendered on the basis that tenderers are entitled to submit alternative proposals or solutions to Specification requirements, this must be expressly stated in the contract documentation.

### **Committee Approval**

- 10.34** Results of the tendering process should be communicated to the relevant committee for approval and then be ratified at the Council meeting.

### **Insufficient Quotations / Tenders**

- 10.35** The reasons for all decisions taken and relevant approvals obtained must be documented and retained and comply with 10.15.
- 10.36** For orders valued at between £1,500 - £20,000, if at least 2 quotations are received the relevant Director or their delegate shall have authority to accept a quote which they consider represents best value to the Council.
- 10.37** For contracts valued at between £20,000 – EU thresholds, if at least 2 tenders are received the relevant Director shall have authority to accept a bid which they considers represents best value to the Council.
- 10.38** For contracts valued above the EU threshold where less than the number of tenders specified in the Contract Notice (if any) are received, the Director shall determine in personal consultation and with the agreement of the Director of Corporate Services, whether to re-tender, negotiate or follow some other procedure or accept one of the submitted tenders.
- 10.39** In all cases where the selected quote/ tender exceeds the approved budget on contracts over £20,000 the Director shall determine whether to re-tender or seek approval from the relevant Portfolio Holder and obtain a supplementary budget.

## **11 PAYMENT OF ACCOUNTS**

### **Payment Arrangements**

- 11.1** The Director of Corporate Services is responsible for making safe and efficient arrangements for all payment of accounts. All payments on behalf of the Council shall therefore be made by the Director of Corporate Services or under arrangements approved by him.
- 11.2** Payments should normally be made against official invoices (or their equivalent e.g. Contractor Certificate of Payment) received from suppliers, and not against statements, delivery notes etc. The Director of Corporate Services must specifically approve exceptions to this requirement, taking account of the risk and any compensating controls in place.
- 11.3** Payment against copy invoices (i.e. duplicates / photocopies) should only be made where detailed checking has confirmed that no payment has been made against an original and the Certifying Officer should endorse the copy invoice to that effect.
- 11.4** The Director of Corporate Services shall be responsible for deciding the most appropriate method of payment. The preferred method of payment is by BACS.
- 11.5** Payments in advance should only be made where there is no practical alternative, and the reasons should be recorded. Any invoice subsequently obtained should be filed with the original payment documentation, and endorsed appropriately to prevent duplicate payments.
- 11.6** Payments must be made under the Council's normal payment procedures unless there is good reason to make an urgent payment (e.g. to obtain a discount). The reason for the exceptional payment must be approved by the Certifying Officer.

### **Approval of Payments**

- 11.7** Directors should ensure that all invoices input onto Accounts Payable for payment have been properly authorised and certified, with evidence of at least three designated officers having been involved in the whole process (ordering / receipt of goods or services / payment). The Director of Corporate Services must specifically approve exceptions to this requirement e.g. where authorisation / certification is performed electronically or where less than three officers are involved in the process.
- 11.8** All payments of invoices or accounts for payment shall be approved by at least two officers (prior to input onto the Accounts Payable system), neither of whom has signed the original order.
- 11.9** The Director of Corporate Services or delegated officer shall give final approval to all invoices prior to payment.

### **Checking Required**

- 11.10** The overriding principle to be adhered to is that authorisation and certification checks should be meaningful. To this end, they should be carried out and

evidenced by those officers who are in a position to judge, for instance, whether goods / services have actually been received or whether invoice prices are correct. The evidence should also be unambiguous e.g. an isolated signature on an invoice does not make it clear what has been checked or what is being authorised or certified and is therefore not acceptable.

**11.11** The certifying of individual invoices shall only be on the payment certification slip attached by the Finance Department. No invoice shall be passed for payment where the Certification Slip is blank, either because (a) the invoice itself has been signed (see 8.14 above) or (b) the Certifying Officer is relying on the subsequent approval by the Director of Corporate Services to replace invoice certification.

**11.12** Certifying Officers are responsible for ensuring that adequate checks are performed and evidenced prior to the payment of an invoice to satisfy themselves that the payment is accurate and due to be paid. The following checks are regarded by the Director of Corporate Services to be good practice.

**For all invoices, that:**

- (a) where appropriate, a match is made with the official order, agreement, Council resolution or other document authorising the expenditure;
- (b) payment details are recorded on the official order or other suitable record;
- (c) prices are in accordance with quotations or are otherwise reasonable;
- (d) that the invoice arithmetic is correct
- (e) Goods have been received, examined and approved with regard to quantity and quality and / or that work done or services rendered have been satisfactorily carried out or provided.
- (f) where VAT is charged that the invoice carries the VAT registration number of the supplier;
- (g) the invoice has not been previously passed for payment;
- (h) The invoice is a proper liability of the Council, has been duly authorised and is, to the best of the Certifying Officer's belief, legal expenditure.
- (i) expenditure codings are correct. This must be one of the cost centre codes included in the budget holder's area of responsibility and must correspond with the type of goods, works or services described on the invoice;
- (j) VAT has been properly accounted for (NB VAT invoices should never be amended by officers). If an officer has a query on the VAT on an invoice he/she should refer to the Director of Corporate Services;
- (k) where appropriate, that any assets have been entered into the relevant departmental inventory or stores record (see Section 16).

## **Creditors Provision**

- 11.13** As soon as is practicable after the end of each financial year Directors at the request of the Director of Corporate Services must provide details of the outstanding payments, over and above items paid by invoice in the normal course of business, relating to that year for which creditors provision should be made in the final accounts, e.g. industrial tribunals, outstanding legal cases or unpaid grant claims.

## **12 INVOICE PROCESSING**

### **12.1 Registration Procedures**

### **12.2 Receipt of Invoice**

The majority of invoices are sent directly to The Steeple by the suppliers. A minority are sent to individual officers or sections of Council.

**In such cases officers should forward the invoices to the accounts office immediately – i.e. on the day of receipt.**

### **12.3 Registration of Invoices**

Following receipt of invoices accounts officers will carry out the following initial processing procedures:

- (i) Date stamp the invoice on day of receipt
- (ii) Attach invoice voucher. The voucher will normally be white but, where the invoice is accorded priority (for example, settlement discount available or major capital payment) a coloured invoice voucher (blue or pink) will be used to facilitate easy identification of urgent/high priority payments
- (iii) Match each invoice to the relevant yellow (or blue) copy order and staple together – to include any documents attached to copy order (for example, Minute or quotations)
- (iv) Copy accounts code from yellow (or blue) order on to the invoice voucher. If the ordering officer has neglected to include the accounts code on the copy order, accounts staff will be compelled to assign a (provisional) code at this point
- (v) Write on to the voucher supplier reference number, invoice date, invoice number, internal reference number, net price, value added tax, and gross price
- (vi) Key the invoice details on to the computerised invoice register. This invoice register not only provides the preliminary record of all transactions which are “in the system” but also provides a record of “committed” expenditures
- (vii) Forward invoices to individual Departments for checking and authorisation.

The “target” timescale for the initial processing and registration procedures is 3 to 4 days. This is included as an official “Performance Indicator” for accounts.

## **12.4 Part Orders**

Where an invoice relates to only part of an order rather than the entire order, the preliminary processing procedures differ slightly from those specified at (4.2) above. Accounts officers will:

- (i) Tick on the yellow (or blue) copy order those items covered by the invoice, recording also the invoice number and date
- (ii) Mark "PO" (part order) in the order number box on the invoice voucher
- (iii) Retain the copy order for attachment to the final invoice in the series
- (iv) Write "BAL" (balance) in the order number box on the invoice voucher attached to the final invoice in the series.

## **12.5 Invoice Processing**

### **12.6 Care of Invoices**

All officers handling invoices and attachments are asked to exercise due care and attention. Mislaid or permanently lost invoices occasion serious delays, threats of legal action and problems with settlement. They may also necessitate use of duplicates, which is always an undesirable and perilous practice.

### **12.7 Level of Check**

Current procedures require a 100% check – i.e. a full check must be applied to all invoices. Although an unusual procedure in most organisations, 100% checking has long been ingrained in many District Councils. As from 1 April 2003 and subject to the agreement of the Local Government Auditor it is intended to propose a system whereby:

- All invoices of £250 or more must be fully checked;
- A representative sample of invoices below £250 must also be fully checked;
- Other invoices below £250 can be subjected to an abbreviated check – verifying only that the invoice is addressed to Council, is of recent date, and that the goods/services are relevant to Council. In these cases the invoice voucher can simply be stamped "selective check" instead of initialling all the individual boxes.

### **12.8 Prioritisation**

Priority should be accorded to invoices containing a coloured voucher as distinct from a white one – for example invoices offering early settlement discount.

## 12.9 Departmental Checks

In each Department the undernoted checks must either be carried out by the officer who placed the order or delegated to another departmental officer.

- (i) Check the accounts code – particularly if the ordering officer has neglected to record it on the copy order
- (ii) Check the invoice against the order. Any discrepancy (in quantity for example) must either be resolved with the supplier or, if accepted, a brief explanation must be written on the invoice or copy order
- (iii) Where a transaction should be covered by an order, and is found not to be so covered, a brief written explanation must be recorded on the invoice. Checkers should be particularly alert to invoices which either do not quote an order number or simply substitute an officer's name or a phrase such as "verbal order" If a transaction is placed verbally in the first instance an official order must still be written immediately thereafter. Apart from invoices for rates, utilities etc. all invoices for goods and services should cite an order number.
- (iv) The delivery note should be attached to the invoice to evidence that the goods have been received. The checker should initial or tick the "delivery note" box as evidence that this has been done. Individual departments should make their own arrangements for collecting delivery notes and matching them to the subsequent invoices.
- (v) The "goods received/work done" box must be initialled to verify that the correct quantity of goods has been received, that they are of acceptable quality, or, in the case of a service, that the work has been performed to a satisfactory standard. In the absence of a delivery note (see (iv) above) an initial in the "goods received/work done" box will suffice.
- (vi) The "prices correct" box must be initialled as an acceptance of the charge levied. This may involve checking a specific price (on a quotation or annual tender for example) or may simply verify that the price is accepted as reasonable and is in line with expectations.
- (vii) The "calculations and totals" box must be initialled to evidence the arithmetical accuracy of the invoice.
- (viii) Where relevant the "minute ref" box should be marked with the appropriate Committee reference – for example "D & L 9/02" for Development and Leisure September 2002.
- (ix) Where relevant the "annual tender ref" box should be marked with the appropriate annual tender reference number.
- (x) Where relevant the "quotations" box should be initialled to evidence that quotations have been raised. If quotations have not been obtained on the grounds that only one supplier exists, the word "proprietary" should be written

in the box. Where the sum involved necessitates quotations, but none have been obtained, a written explanation must be given on the invoice or copy order and the quotations box narrated “see attached note”.

- (xi) Future printings of invoice vouchers will contain an inventory box. This should be ticked to indicate that the item(s) are to be recorded on inventory records.
- (xii) The procedures require that all supporting documentation other than delivery notes (i.e. Minute, quotations etc) be attached to the copy order originally forwarded to the accounts office. If any such supporting documents were not attached to the copy order then they should be attached to the invoice/order at this stage.
- (xiii) The invoice voucher must finally be signed by the ordering officer (under administration officer) and Director or nominated deputy (under Head of Department). These signatures verify that the officers are satisfied that the transaction is in order in all respects and that all checks have been duly performed and evidenced. In short the authorising officers will satisfy themselves that the goods/services are relevant and that all appropriate check boxes have been completed.
- (xiv) Following signature, the invoices will be forwarded to the accounts office for payment.
- (xv) The supplier should be contacted in the event of a query or dispute – for example if the number of hours charged by a sub-contractor for certain types of work (e.g. electrical, plumbing, vehicle servicing etc) appears excessive.

## **12.10 Urgent Payments**

Where settlement is urgently required officers should mark the invoice (or memorandum etc) “URGENT” using red ink and record the deadline for settlement. Urgent requests should be delivered separately (preferably in person) to the accounts office.

Requests for urgent payments should by their nature be kept to an absolute minimum.

## **12.11 Date of Return**

Authorised invoices must be returned to the accounts office at or before 1 pm on the Friday following the week in which they were first circulated for departmental check/approval. For example, invoices circulated on Wednesday 17 April must be checked, passed and returned to Finance by 1 pm on Friday 26 April at the latest. In order to facilitate adherence to this deadline officers should endeavour to spend at least a short spell each day (even 10-15 minutes) on invoice processing and hence keep the accounts moving through the system.

This procedure will also avoid bottlenecks and sudden surges in the processing workload.

Finance staff will circulate periodic schedules of overdue accounts, but all officers should endeavour to adhere to this timescale for throughput so as to avoid problems of late settlement, burgeoning supplier queries and customer bad will.

### **12.12 Withholding of Invoices**

On occasion officers may have a legitimate reason for the non-return of invoices – for example, awaiting a credit note following the return of goods, or a query relating to price, quality or quantity. When an officer is intentionally withholding an invoice he/she should complete a brief proforma (see Appendix 4) and forward a copy to the accounts office. The proforma will provide a brief explanation as to why the invoice is being withheld and will enable finance staff to address the inevitable enquiries from the supplier.

Once the situation has been resolved the officer concerned should again notify accounts staff accordingly.

### **12.13 Suppliers' Enquiries**

Queries as to settlement will be addressed by accounts staff where the invoice has been paid, or has been returned for payment, or where a proforma setting out the reason for non-return has been forwarded. In other circumstances enquiries will be referred to the relevant department.

### **12.14 Non-Invoiced Transactions**

Certain transactions, by their nature, will not be accompanied by orders and invoices, but by an alternative form of documentation – for example, mileage claims and payment requests by memoranda.

Where the payment is to be accompanied by correspondence (for example a letter to a grant recipient or artiste) the letter etc should be submitted in duplicate. The original will be forwarded to the recipient along with payment; the duplicate copy will be retained in the invoice files along with the memorandum/payment request.

Departments must take care that the same payment request is not issued by two separate officers; and that no memorandum request is issued for a payment which will be covered by an invoice in the usual way. Both of these scenarios are likely to result in duplicated payments for the same transaction.

It is not feasible to list every individual case of purchase transactions not covered by order, but the broad categories set out at Appendix 9 should address the vast majority of instances.

### **12.15 Payment**

On return of invoices to the accounts office the following payments procedures will be applied:

- (i) A cursory check by accounts staff for completeness and to ensure that the passing of the invoices has been evidenced by the requisite signatures

- (ii) Final review and signature by the Assistant Director – Finance or nominated deputy
- (iii) A computer “authorisation run” in the accounts office. At this stage any postings to the contracts ledger and assets register are effected. The contracts ledger is used to provide a further level of analysis – for example, a breakdown of costs for each individual vehicle, Councillor, or programme. The “authorisation run” removes the invoices from the invoice register and transfers them to an “awaiting payment” schedule. The latter is checked against the physical invoices for accuracy and completeness.
- (iv) Payments run. As a minimum two payment runs are made each month – on the second and fourth Tuesday. The two scheduled monthly runs are frequently supplemented by a third where the volume of traffic requires it. Hence all accounts will be paid within 1-14 days of their return to the accounts office. As many payments as possible are settled electronically by BACS; the remainder are settled by cheque. A Treasurer’s Advice, scheduling all payments, is produced for each payment run.
- (v) Urgent payments are frequently effected manually by cheque within the specified deadline.
- (vi) Payment run end routine. A “payment run end routine” is conducted for each individual payment run. At this stage the transactions are posted to the appropriate accounts on the Council’s general ledger.
- (vii) Filing. Paid invoices (and attachments) are filed according to payment date – alphabetically by suppliers’ reference.
- (viii) Creditor statements. Creditor statements are reconciled with creditors’ ledger balances and discrepancies investigated.
- (ix) Unmatched orders. Accounts officers will conduct periodic checks on yellow (or blue) copy orders so as to identify long outstanding orders still unfulfilled/uninvoiced.

## **13**     **PETTY CASH**

**13.1**     The Director of Corporate Services may, at his discretion and at the request of Directors, make available petty cash accounts to facilitate the cost-effective payment of minor items of expenditure on behalf of the Council.

**13.2**     Any officer to whom a petty cash account has been made available shall be responsible for the control and operation of the account. In particular, each such officer shall:

ensure that vouchers are obtained and retained to substantiate payments made;

- (i)     ensure that receipts, where possible, relating to expenditure from petty cash are attached to the relevant voucher;
- (ii)    ensure the safe custody of petty cash monies in their possession;
- (iii)   restrict the amount of any individual payment to £50 (including VAT), unless prior approval has been obtained from the Director of Corporate Services. Petty Cash holders must not sub-divide payments to a single recipient;
- (iv)    properly account for VAT on all account transactions (see Section 9)
- (v)     account to the appropriate Director for the amount advanced on leaving the employment of the Council or otherwise ceasing to be responsible for holding the petty cash account;
- (vi)    ensure that the account is reconciled regularly (quarterly at a minimum), that regular reimbursement is sought and that the adequacy of the float amount / continuing need for the account is regularly reviewed;
- (vii)   sign a statement at the end of each financial year confirming the amount of the petty cash held. This should also be counter-signed by a senior officer.

**13.3**     No sums received on behalf of the Council may be received directly into a petty cash account but shall be banked separately.

**13.4**     Every transfer of a petty cash account from one member of staff to another shall be evidenced in the records of the department concerned by the signatures of the officers concerned.

**13.5**     The general principle of petty cash accounting is that at any time the cash balance, together with the aggregate value of any receipts on hand and unreimbursed claims should total the approved account balance.

**13.6**     If it becomes apparent that the current level of float is insufficient, the items on which the petty cash is expended should be reviewed. If it is clear that there is no reasonable alternative to expenditure through the petty cash, a formal request in writing to have it increased should be made through the relevant section assistant director to the Director of Corporate Services.

- 13.7** No officer shall authorise their own claims from a petty cash account. Certification by or under delegation from a Director shall be taken to mean that the certifying officer is satisfied that the expenses and allowances claimed are properly and necessarily incurred and are properly payable.
- 13.8** Expenditure which should form part of the payroll system, e.g. car allowances, shall not be processed through petty cash accounts.
- 13.9** All non-computerised records relating to petty cash accounts shall be maintained in ink and correction fluid should never be used.
- 13.10** The encashment of personal cheques and the advancing of loans from petty cash are strictly forbidden.
- 13.11** All departments holding petty cash should ensure that, at all times, cash is adequately secured. As a minimum this should be in a cash box within a lockable drawer where the insurance limit is £250 (for the cupboard overall). Amounts in excess of £250 should be kept overnight in a safe with restricted access.

## **14**    **VAT**

- 14.1**    Directors must ensure that VAT is identified and correctly accounted for in respect of all income and expenditure (including petty cash) in accordance with current VAT regulations. Failure to do so can lead to loss of income and/or imposition of penalties by Customs and Excise.
- 14.2**    VAT should not be paid unless the supplier's VAT registration number is shown on the invoice. Certifying officers (as defined in Section 7 of these Regulations) shall satisfy themselves that all suppliers' invoices for goods, works or services have complied with relevant VAT legislation.
- 14.3**    Officers responsible for instigating income collection for the Council shall satisfy themselves that the Council has complied with the relevant VAT legislation with regard to the supply of its services. Please contact Finance Section with any VAT queries.
- 14.4**    VAT should only be accounted for on petty cash payments where the supplier's VAT registration number is shown on the receipt.
- 14.5**    All limits shown in these Regulations exclude VAT.
- 14.6**    Further guidance and advice on VAT matters should be sought in the first instance from the Director of Corporate Services.

## **15 SALARIES & WAGES**

- 15.1** All payments of salaries, wages, compensation and other emoluments to all employees of the organisation (whether full-time, part-time or casual) shall be made by the Director of Corporate Services or under arrangements approved by him/her.
- 15.2** All payments, including travel, subsistence and other allowances shall be made in accordance with current legislation, Inland Revenue regulations and relevant decisions of the Council.
- 15.3** Each Director should nominate those officers within their department who will be authorised to certify timesheets, overtime claims and claims for travelling and subsistence.
- 15.4** Each Director, or their nominated representative, shall notify the Finance and Human Resources Sections as soon as is practicable of all matters affecting the payment of emoluments by the Director of Corporate Services, and in particular:
- appointments, resignations, retirements, dismissals, suspensions, secondments, transfers and deaths,
  - amounts to be recovered from pay e.g. repayment of training expenses on leaving;
  - absences from duty for sickness or other reason (e.g. jury service), apart from approved paid leave;
  - changes in remuneration (either permanent or temporary), other than normal increments, pay awards and agreements of general application;
  - information necessary to maintain records of service for income tax, national insurance etc. This will include information on benefits in kind necessary to complete Inland Revenue forms P11D for employees.
  - all time records affecting payments due.
  - Notification may be by on-line entry into systems where appropriate.
- 15.5** All salaries and wages records, including those relating to 11.3 will be in a form approved by the Director of Corporate Services and shall be certified by an officer authorised in accordance with 11.2. All such records should be submitted to the Director of Corporate Services in accordance with the timetables and deadlines determined by the Director.

### **Self-Employed Status**

- 15.6** All payments to individuals, who consider themselves to be self-employed in respect of services provided to the Council, shall still be processed through the payroll system unless the status of the individual has been confirmed as self-employed in accordance with the latest Inland Revenue Guidelines.

## **Travel, Subsistence & Other Allowances**

- 15.7** All claims for the payment of car allowances, subsistence allowances, travelling and incidental expenses in relation to the performance of official duties shall be completed electronically via the Council expenses and mileage system and paid in accordance with approved Council procedures as currently in force. Claims must be made within three months. After this period they will not be considered bar exceptional circumstances.
- 15.8** Below Director level, claims by officers must be certified by an appropriate line manager, authorised to do so by their Director. The certification by said officer shall be taken to mean that the journeys were authorised, the expenses properly and necessarily incurred and that the allowances are properly payable by the Council.

## **16**    **INCOME**

- 16.1** The identification of all monies due to the Council is the responsibility of the relevant Director.
- 16.2** Directors will take prompt action to either:
- collect the income due within arrangements approved by the Director of Corporate Services and Section 4 of these Regulations; or
  - raise an account for inclusion the Council's debtors system, to enable the Director of Corporate Services to ensure that appropriate recovery procedures are undertaken where necessary.
- 16.3** Every remittance or sum of money received by a cashier or other officer employed by the Council or received by a contractor on behalf of the Council, shall immediately be acknowledged by the issue of an official receipt, ticket or voucher except where special arrangements have been agreed by the Director of Corporate Services
- 16.4** If a payer by post or phone or other electronic means does not require a receipt, the amount should still be recorded with the receipt being retained. The form of all receipts, tickets vouchers or other official documents in use should be approved by the Director of Corporate Services. Receipt books should be serially numbered and a register should be kept of all receipts and issues of such documents to officers, which shall be acknowledged by the signature of the recipient.
- 16.5** All monies received on behalf of the Council should be banked forthwith under a system approved by the Director of Corporate Services direct to the credit of the Council. Every employee who receives monies shall maintain a record, in a form approved by the Director of Corporate Services, of all amounts received and deposited.
- 16.6** Every transfer of Council money from one member of staff to another will be evidenced in the records of the department concerned by the signature of the receiving officer.
- 16.7** All bankings must be made promptly (i.e. included within the next lodgement to be made) and intact i.e. personal cheques should not be cashed out of money received on behalf of the Council and official expenditure should not be incurred (i.e. deducted) from monies collected and due to be banked.
- 16.8** Responsibility for the safe keeping of all Council monies must be designated by Directors to specified officers within their departments.
- 16.9** Where monies are held overnight, secure arrangements must exist for their safekeeping. Keys to safes and other secure containers should be carried on the person of the key-holder or kept under secure conditions. Care should be taken to ensure that the monies held do not exceed the insurance value of the secure facilities provided (see Section 14).
- 16.10** All fees and charges determined by the Council shall be reviewed at least annually

(or at the specified date in the case of a franchise or lease agreement) by the appropriate Committee or by officers under delegated arrangements. Such reviews should consider the possibility of introducing charges where none are currently made.

- 16.11** Any decision to write-off an amount must be taken with the authority of the Director of Corporate Services, whether exercised personally or properly delegated by him to a member of his staff. The amounts involved, reason for write-off and approval granted, should be recorded in the accounting records. Write-off procedures are covered in the scheme.
- 16.12** As soon as is practicable after the end of each financial year Directors at the request of the Director of Corporate Services must provide details of the outstanding debts relating to that year for which debtors provision should be made in the final accounts.

## **17 BANKING ARRANGEMENTS**

- 17.1** All banking arrangements should be made through or by the Director of Corporate Services, who is responsible for liaising with the Council's bankers in all matters relating to the Council's bank accounts.
- 17.2** The Director of Corporate Services shall be authorised to operate such subsidiary bank accounts as he deems necessary. Only the Director of Corporate Services may open or close a bank account for dealing with Council's funds with the appropriate Committee approval. All bank accounts shall be in the name of the Council and never an individual.
- 17.3** An overdraft on the Council's main bank account shall be permitted only to the extent approved by the Director of Corporate Services.
- 17.4** The Director of Corporate Services shall ensure that the Council's main bank account is reconciled at least once a month and subject to independent review, with large or unusual items investigated as appropriate.
- 17.5** The appropriate Director shall ensure that all subsidiary accounts under their control are reconciled at least once a month, as above.
- 17.6** Adequate security arrangements shall be maintained by the appropriate Director for all unused cheques for accounts under their control.
- 17.7** Except for cheque stationery pre-printed with a facsimile signature of the Director of Corporate Services, cheques should only be signed by an approved signatory after the cheque (including its counterfoil) has been completed in full. They should not be pre-signed under any circumstances.
- 17.8** Every cheque for an amount of £250,000 or more shall be countersigned by a second authorised signatory.

## **18 LOANS AND INVESTMENTS**

- 18.1** Treasury Management comprises all the borrowing and investment activities of the Council. Specifically it includes the formulation and monitoring of strategy, cash management, debt management and banking arrangements.
- 18.2** A Treasury Policy Statement setting out its strategy and policies for cash management, long term investments and borrowings shall be adopted by the Council and thereafter its implementation, monitoring and review shall be governed by the Resources Committee.
- 18.3** All money in the hands of the Council shall be aggregated for the purposes of treasury management and shall be under the control of the Director of Corporate Services.
- 18.4** All executive decisions on borrowing, investment or financing (within policy parameters) shall be delegated to the Director of Corporate Services or through him to staff designated by him, who shall be required to act in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Treasury Management in Local Authorities. (See below)
- 18.5** All borrowing and investments shall be in the name of the Council and shall conform to any relevant regulatory requirements. The Director of Corporate Services and his staff are required to act in accordance with the Council's treasury management policy statement as approved by the Council.
- 18.6** The Director of Corporate Services shall report to the Resources Committee not less than four times in each financial year on the activities of the Treasury Management operation and on the exercise of the treasury management powers delegated to him including monitoring compliance. One such report shall comprise the Annual Report for presentation by 30 September of the succeeding financial year.

### **Code of Practice Requirements**

- 18.7** The Council adopts the key recommendations of CIPFA's *Treasury Management in the Public Services: Code of Practice* (the Code), as described in Section 4 of that Code.
- 18.8** Accordingly, Council will create and maintain, as cornerstones for effective treasury management:
- a treasury management policy statement, stating the policies and objectives of its treasury management activities.
  - suitable treasury management practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives and prescribing how it will manage and control those activities.

The content of the policy statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of Council. Such amendments

will not result in Council materially deviating from the Code's key recommendation.

- 18.9** Council will receive reports on its treasury management policies, practices and activities, including as a minimum, an annual strategy and plan in advance of the year, and an annual report after its close, in the form prescribed in its TMPs.
- 18.10** Council delegates responsibility for the implementation and monitoring of its treasury management policies and practices to the Resources Committee, and for the execution and administration of treasury management decisions to the Director of Corporate Services, who will act in accordance with the Council's policy statement and TMPs and, if he/she is a CIPFA member, CIPFA's *Standard of Professional Practice on Treasury Management*.

## **19 INSURANCE AND SECURITY OF ASSETS**

- 19.1** It is the overall responsibility of the CX Management Team and Senior Management Group to approve the Council's Risk Management strategy and to promote a culture of risk management awareness throughout the Council. The Director of Corporate Services shall be responsible for effecting or approving the arrangements for instituting all insurance cover on behalf of the Council, and for negotiating claims, after consultation where necessary with other officers. The Director of Corporate Services will also make arrangements to ensure that appropriate records are kept of all property and risks covered.
- 19.2** This responsibility is delegated on a day-to-day basis to the Insurance Officer in the Corporate Services Department, and covers all of the organisation's assets, as well as claims which may arise in connection with the provision of the Council's services, or from its legal liabilities as an employer, or to third parties.
- 19.3** Every Director shall notify the Director of Corporate Services promptly in writing of any proposals that will change cash storage or alter significantly the value of stocks or stores held within their department. Any additions, deletions or alterations in the functions of the department, that could increase or decrease insurable risk should also be notified in writing. The Director of Corporate Services will give advice as appropriate.
- 19.4** Every Director shall immediately notify the Director of Corporate Services and, where appropriate, the Police upon the occurrence of any loss, damage, liability or potential liability in connection with their department except that notification is not required if the value is less than £400 and results from malicious damage to Council property. Initial notification may be by telephone. Evidence supporting the claim should be provided in such form as may be required by the Director of Corporate Services. Notification in writing of every claim for material damage to Council property must be made in any event within 30 calendar days of the date of the loss or damage.
- 19.5** The Director of Corporate Services will advise Directors of maximum levels of cash holdings for insurance purposes. Directors are responsible for ensuring that these insurance limits are not exceeded in their departments.
- 19.6** Each Director is responsible for maintaining adequate security at all times for all assets under their control. All monies must be locked away when unattended and lockable cupboards should be used in the absence of a safe.
- 19.7** Keys to safes and similar receptacles shall be in the safekeeping of those responsible at all times. The loss of any such keys shall be reported to the relevant line manager immediately.
- 19.8** Directors must ensure that the Director of Corporate Services is kept informed of any changes as regards new safes or replacements.
- 19.9** All overnight cash holdings in safes must in practice be agreed with the Insurance Officer. A safe schedule will then be maintained containing relevant details e.g. location, type, permitted maximum holding (as determined by the insurance market) and the agreed amount for the particular location. The overnight limit

includes pure cash, postal orders, stamps etc. and anything negotiable as money, but not cheques.

- 19.10** The Director of Corporate Services is responsible for ensuring that all appropriate employees of the Council shall be included in suitable fidelity insurance.
- 19.11** No employee shall admit liability, take any action or enter into any correspondence admitting liability on behalf of the Council without first consulting with the Director of Corporate Services.
- 19.12** Any officer of the Council who is authorised to make use of their own vehicle in the execution of the Council's business shall be responsible for effecting adequate insurance cover for such use and shall produce to the Insurance Officer annually or upon request evidence of the adequacy of such cover along with evidence that the vehicle is roadworthy.
- 19.13** The Director of Corporate Services in conjunction with Departmental Directors shall be responsible for insuring leased or hired vehicles. It is the responsibility of each department to inform Corporate Services of any changes to vehicles.

## **20**     **STOCKS AND STORES**

- 20.1**     Directors are responsible for establishing adequate arrangements for the receipt, checking, care, safe custody and issue of the stocks and stores held by their department.
- 20.2**     Each Director shall ensure that stocks and stores holdings shall not be in excess of the reasonable requirements of their department. In determining reasonable requirements, due regard shall be paid to the value, usage and re-order periods of the items concerned as well as perishability and obsolescence.
- 20.3**     Each Director shall ensure that records are maintained of stores received, stores issued and balances held in respect of their department. The systems used for stores accounting in departments must have the approval of the Director of Corporate Services.
- 20.4**     Each Director shall arrange for regular stock taking of significant stores held by their Department, preferably involving examination by officers other than the storekeeper(s). This shall include an annual stocktaking following which a certificate of stock held shall be completed, a copy of which will be forwarded promptly to the Director of Corporate Services.

## **21 PLANT & EQUIPMENT**

**21.1** Directors are responsible for the safe custody of the plant, machinery, vehicles, furniture, equipment and other non-consumable property held within their department.

**21.2** Each Director shall maintain inventories listing all movable equipment (but not furniture, filing cabinets etc) in the custody of their department which:

(i) cost or is valued in its current condition at more than £1,000; or

(ii) is attractive and portable; and

(iii) is not in store.

The inventory should, where applicable, record details of make, model number etc of equipment held and wherever possible a serial number, and at least one copy should be held separately from the assets that it lists.

**21.3** Each Director shall arrange for physical verification of the items on their inventory records to be undertaken at least annually. This verification should be evidenced in writing, signed by the officer(s) concerned and retained for audit purposes.

**21.4** The Council's property shall not be removed except in the normal course of the Council's business or used otherwise than for the Council's purposes unless specifically authorised by the Director concerned. Where a Director authorises temporary removal of property (for example portable projectors), a formal record shall be maintained indicating where the property can be located and shall be signed by the officer responsible for its safekeeping.

**21.5** So far as is practical, all items should be effectively marked (using current security techniques e.g. invisible ink) as Council property.

**21.6** For disposal procedures see Section 29 and for write-off procedures see write offs.

## **22**     **LAND & PROPERTY**

- 22.1**     The Director of Corporate Services shall maintain a comprehensive register of all land and properties held by the Council.
- 22.2**     Each Director is responsible for making adequate arrangements for the maintenance of buildings under their control in accordance with the approved landlord / tenant split of responsibilities.
- 22.3**     The Director of Corporate Services shall have the custody of all the title deeds in the possession of the Council under secure arrangements.
- 22.4**     The Director of Corporate Services shall be responsible so far as land and property under his control is concerned for obtaining the best economic return possible consistent with Council policy to which end he shall insure that all rents etc. are reviewed regularly.
- 22.5**     For disposal procedures see Section 22.

## **23**     **DISPOSAL OF ASSETS**

**23.1** Each Director is responsible for ensuring that the best possible price is obtained from the disposal of assets under their control.

**23.2** Where the estimated current value of the asset exceeds £1,000 but is less than £40,000 the following should be considered:

- offer the item(s) to all Council departments;
- sealed tenders or offers;
- advertising;
- sale by public auction;
- sales to staff (this method of disposal should be used only where there are good reasons for not pursuing other alternatives and should always be by sealed offers unless otherwise agreed by the Director of Corporate Services).

**23.3** Where the estimated value of the asset(s) is over £20,000, the tendering procedures in Section 6 of these Regulations shall be followed. Subject to 18.4 where the estimated value of the asset is up to £20,000 at least two tenders should be sought and where the asset is estimated to exceed £20,000 in value, at least four competitive tenders should be sought and at least three obtained. All tenders should be received in plain sealed envelopes bearing the word "Tender" and the subject matter to which it relates. It shall not bear any name or mark which would identify the sender. Tenders should be opened at the same time by the Initiating Officer. Where the estimated value of the asset exceeds £150,000, another officer other than the one responsible for the acceptance of the highest bid shall be present.

**23.4** Where the assets to be disposed of consists of land or premises the Council must (other than the grant of a Lease or assignment of the remainder of a Lease for seven years or less) seek to secure the best consideration that can reasonably be obtained save with the consent of the Department. Valuation should be sought from Valuation and Lands Agency or other qualified body. In the event of land and property being sold for less than market value an economic appraisal is required to support the decision. The disposal may be effected by a single estate agent or land agent subject to the Director of Corporate Services approving the use of such agent. The Director of Corporate Services shall certify that he or she considers the use of additional agents or means of advertising or marketing is unnecessary to secure compliance with the aforesaid statutory duty. Where appropriate, the Director of Corporate Services may require the agent to accept offers by way of sealed bids or by way of public auction.

## **24**     **INTERNAL AUDIT**

**24.1**     An adequate and effective system of internal audit of the accounting records and control systems of the Authority will be maintained by the Director of Corporate Services, under delegated authority from the Council.

**24.2**     Internal Audit is an independent appraisal function established by the management of the Council for the review of the internal control system, as a service to the organisation. It objectively examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources.

**24.3**     Upon production of proof of identity and authority, the Director of Corporate Services or Chief Executive or Internal Auditor or his representative shall have the right to enter, without prior notice, every establishment or department of the Council and require any officer or member:

- to make available all documents of the Council which relate to their accounting and other records as appear to the auditor to be necessary for the purpose of the audit, including any information of a confidential nature;
- to supply such explanations and information as are considered necessary for the purpose of the audit;
- to produce cash, stores or any property of the Council in their custody.

**24.4**     The Accounts and Audit Regulations 2003 NI EQUIVALENT provide for internal auditors to have access to any information from the Authority, which they require in order to carry out their duties. Previously, their right of access was confined to the Authority's accounting records.

## **25 FRAUD & CORRUPTION**

- 25.1** Directors and nominated officers under the Whistleblowing Procedure shall inform the Director of Corporate Services immediately of any suspected irregularity affecting income, expenditure, cash, stores or other resource of the Council so that the Director of Corporate Services may, if he considers it appropriate, conduct an independent investigation thereof.
- 25.2** All employees have a responsibility for the security of the Council's assets. Any employee who becomes aware of non-compliance with these Regulations or suspects any irregularity in respect of the Council's systems and procedures should immediately notify their Director, normally through their line manager. If for any reason an employee feels unable to raise their concern through line management, they should do so through a nominated officer under the Council's Whistleblowing Procedure.
- 25.3** Further guidance is contained in Code of Conduct for Local Government Employees in the Personnel Handbook.

## **26**     **INFORMATION SYSTEMS**

- 26.1** All Council transactions must be processed through the corporate information systems of the Authority or its approved contractors
- 26.2** The Director of Corporate Services shall ensure that adequate procedures exist to ensure compliance with the Principles of the Data Protection Act 1998 and other relevant legislation including Freedom of Information and Human Rights Acts in respect of personal data held in computerised and manual information systems.
- 26.3** All employees have a responsibility to ensure that they do not cause the loss, unauthorised destruction or disclosure of personal data in contravention of such Principles.
- 26.4** The Director of Corporate Services or their nominated representative is the Council's Data Protection Officer and will be responsible for maintaining a central database, recording all systems to be included in notifications to the Data Protection Commissioner. He will be responsible for making such notifications as and when required by the Commissioner.
- 26.5** Each Director shall be responsible for ensuring that access to computer systems under their responsibility is properly controlled (e.g. appropriate use of, and regular changing of, confidential passwords) and that information is safeguarded by back up copies being taken and kept securely.
- 26.6** All Officers and Members should comply with the Council's published Acceptable Use Policy for E-Mail & Internet.

## **27 HOSPITALITY AND GIFTS**

- 27.1** All employees and Members of the Council shall be governed by the Council's Codes of Conduct for the acceptance of Hospitality and Gifts.
- 27.2** Material gifts or hospitality offered by an individual or company that does or could provide services to the Council should be refused where they are offered as an inducement to secure favour.
- 27.3** Council maintains a register of all hospitality and gifts received by individual members of staff in their department. Any hospitality or gifts accepted must be recorded in the register which is held in the Chief Executive's Office (items under £15.00). The Director of Corporate Services holds a separate register for Members for this purpose.
- 27.4** A further discussion on hospitality and gifts is contained within section 12 of "Code of Conduct for Local Government Employees, February 2004) within the Employee Handbook.

## **28 USE OF COUNCIL PURCHASING / CREDIT CARDS**

- 28.1** The Council may issue purchasing / credit cards to officers for the following purposes:
- (a) Payment of travel, subsistence and hospitality costs of approved Council business
  - (b) Purchase of goods and services to be used by Council
- 28.2** Officers issued with a purchasing card are required to verify all items contained on the statement relating to their card and provide invoices and receipts. An official Council order should be quoted where applicable.
- 28.3** Council purchasing / credit cards **must not** be used for personal expenditure.
- 28.4** Normal procurement rules apply as to thresholds for quotations etc where applicable. The periodic statement received from the purchasing card company and attached invoices / receipts must be verified by the appropriate authorising officer and certified by the Director of Corporate Services or person delegated by him / her prior for entry into the Council's financial system.
- 28.5** Council purchasing / credit cards **must not** be used for withdrawal of cash.
- 28.6** Although indemnified by Central Government officers issued with purchasing / credit cards should maintain their security at all times.

## **29**     **SCHEME OF VIREMENT**

### **29.1**    **Definition of Terms**

“Main Account” - refers to the total budget for employees, running expenses, individual special schemes, financing charges, recharges or income within a single service heading (main code).

“Contingent Budget” - refers to those provisions designated by the Director of Corporate Services which are mainly outside the direct control of the Authority.

### **29.2**    **Virement Arrangements**

- (a) No virement is allowed from or to any of the following budgets without the approval of the Director of Corporate Services
- a. Financing charges
  - b. Rates and other taxes
  - c. Recharges
  - d. Insurances
- (b) In addition CXMT approval is required for any proposal which:
- would cause the total budget to be exceeded in the current year or increase the commitment in future years.
  - is to be financed from savings arising from a period exceeding more than one year.
- (c) Virement will be allowed within one year between other main accounts as follows:
- on the approval of the appropriate Director for sums up to £50,000.
  - on the approval of the Chief Executives management team for sums between £50,000 and £250,000.
  - on the approval of the full Resources Committee for sums above £250,000
- (d) Virements actioned by a Director shall be included on the next quarterly monitoring report to the appropriate CXMT meeting and notified to the Director of Corporate Services.

## **30 WRITE OFF PROCEDURES**

### **Background**

- 30.1** The Authority has a duty to maximise revenue collection. However, circumstances may arise in which amounts due must, for all practical purposes, be deemed uncollectable.
- 30.2** The Local Government (Accounts and Audit) (Amendment) Regulations (Northern Ireland) 2006 require that in such circumstances a decision to write-off an amount must be taken with the authority of the “section 151 officer” (i.e. Director of Corporate Services ), whether exercised personally or properly delegated by him to a member of his staff. The amounts involved, and approval granted, should be recorded in the accounting records.
- 30.3** No such provisions apply where debts are “cancelled” i.e. because they were incorrectly raised (e.g. wrong amount, wrong debtor) or “waived” i.e. because an authorised policy decision was taken not to charge or to reduce the charge of an amount otherwise properly payable by a debtor.

### **Bad Debts / Loss of Income**

- 30.4** The Director of Corporate Services may approve the write-off of any amounts properly charged, but deemed uncollectable, in the following cases:
- (i) bankruptcy or liquidation (where every effort should be made to minimise the loss);
  - (ii) the company having ceased trading and there being no assets;
  - (iii) the debtor being untraceable or having moved abroad;
  - (iv) court decisions;
- 30.5** Other individual bad debts or loss of income, not falling into these categories, may be written off as follows:
- (i) by the Director of Corporate Services, if it does not exceed £5,000;
  - (ii) by the Director of Corporate Services after consulting with the relevant budget holder if over £5,000 not exceeding £25,000;
  - (iii) by the Director of Corporate Services with the approval of the Resources Committee if exceeding £25,000.

### **Stocks and Stores**

- 30.6** Stocks and Stores may be written off as follows:
- (i) If not exceeding £5,000 for one set of adjustments, the balances on stock records may be adjusted by the appropriate Director to reflect actual stock levels, following such investigations as he deems necessary. If cumulative

adjustments in any one year exceed £10,000 the Director of Corporate Services must be informed;

- (ii) If exceeding £5,000 but not exceeding £10,000 the appropriate Director must obtain the approval of the Director of Corporate Services prior to adjusting stock records to reflect actual stock records. The Director and Director of Corporate Services will jointly determine what investigations may be necessary for all adjustments in excess of £5,000.
- (iii) Approval of the relevant Budget Holder is required for adjustments exceeding £10,000.

**30.7** Details of all write-offs must be provided to the Director of Corporate Services.

### **Plant and Equipment**

**30.8** Directors may authorise items to be deleted from an inventory of their department where:

- (i) the item has become obsolete and / or is no longer adequate for the purpose intended;
- (ii) the item is broken or worn and of no further useful purpose;
- (iii) the item has become surplus to requirements;
- (iv) has been lost or stolen, in which case the Director of Corporate Services should be informed.

## 31 FRAUD & CORRUPTION PROTOCOL

### Introduction

**31.1** This protocol specifies how the Director of Corporate Services and other Directors should manage alleged cases of fraud or corruption. It clarifies responsibilities for carrying out investigations and advises on action to be taken. You are referred also the “Code of conduct for Local Government Employees” contained within the Personnel Handbook.

**31.2** **Fraud** for these purposes is defined as:

*“the intentional distortion of financial statements or other records by persons internal or external to the authority which is carried out to conceal the misappropriation of assets or otherwise for gain”*

**31.3** **Corruption** for these purposes is defined as:

*“the offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person”*

**31.4** All employees have a responsibility for the security of both the Council’s assets and for clients’ assets where Council employees may have some involvement. Any employee who suspects any irregularity should immediately inform their Director, normally through their line manager. If for any reason an employee feels unable to raise their concern through line management, then they should go through a nominated officer under the Council’s Raising Concerns Procedure (Financial Regulation 20.2).

**31.5** Directors and nominated officers, under the Raising Concerns Procedure, have a responsibility to inform the Director of Corporate Services immediately of any suspected irregularity affecting income, expenditure, cash, stores or other resource of the Council. The Director of Corporate Services may, if he then considers it appropriate, conduct an independent investigation. (Financial Regulation 20.1).

**31.6** The Council will take legal and/or disciplinary action in all cases of fraud or irregularity where it is considered appropriate.

### Initial Allegation or Suspicion

**31.7** Internal Audit and the appropriate Director should be promptly informed of any allegations or suspicions of fraud or irregularity. To facilitate a speedy and appropriate response to any concerns expressed, initial information provided should, where possible, outline the following:

- The nature of the potential or actual loss to the Council, or Council’s client
- When and how the matter came to light
- Officers and /or other parties alleged to be implicated (names and designations where appropriate)
- “Organisation” structure showing the position and responsibility of the

- person(s) allegedly involved
- identify those who are aware of the potential fraud/irregularity.

**31.8** Care needs to be taken to ensure that officers or members who may be involved in the suspected irregularity do not become aware of the situation. Staff should not carry out their own investigation prior to notifying Internal Audit as this can affect any subsequent investigation.

**31.9** Internal Audit will advise if the circumstances demand immediate action to safeguard evidence or to avoid further loss to the Authority. This may include removing documentation from the site and /or the suspension of employees.

**31.10** Internal Audit will also advise on whether, and if so when, the Police should be informed. Initial contact with them should be made by Internal Audit. As a general rule the Council can carry out its own investigations regardless of any police involvement.

(Note: there may be instances where it is not possible to contact Internal Audit promptly e.g. weekends or evenings. At such times, for cases of identified theft rather than suspected fraud or irregularity, it is more appropriate for the matter to be reported immediately to the local police station and a crime reference obtained. In these instances Internal Audi, line management and the Insurance Officer should be informed of the details the next working day.)

## Investigation

**31.11** Responsibility for carrying out independent investigations lies with Internal Audit. In some cases, however, it may be more appropriate for staff in the relevant Department to carry out the investigation with Internal Audit acting in an advisory capacity. The most appropriate approach will be decided by Internal Audit following the initial contact and may be revised during the investigation.

**31.12** Any investigation should be carried out promptly and thoroughly. To do this staff may need to be interviewed and documentation reviewed. All stages of the investigation should be thoroughly documented. The investigation should involve, as a minimum, the following:

- a clear understanding of the allegation/suspicion
- a review of all relevant documentation. Note that documents may need to be retained during the investigation
- identification and interviews with all appropriate staff/individuals to determine such things as relevant procedures and practices
- consideration of alternative explanations for the situation
- an evaluation of all the evidence
- a conclusion based on the findings

**31.13** The findings of the investigation could be used during disciplinary or legal action. Consequently care needs to be taken to ensure that evidence is safeguarded and that the investigation is thorough and the conclusions reached are valid. The findings of the investigation should be treated as confidential.

- 31.14** There will be instances where documentation is taken away by Internal Audit or the investigating officer for safeguarding during the investigation. The originals should be removed rather than copies. These should be kept secure and a statement prepared stating how, when and who removed the documents and where they will be stored. A decision on the removal of documents needs to be made early on in the investigation to avoid the risk of removal or tampering.
- 31.15** The appropriate Director should be kept informed of progress during the investigation. This can be done verbally and/or by preparing written progress reports. At the end of the investigation a report should be prepared for the appropriate Director. This should include all the issues listed above together with any other relevant information. This should form the basis of a decision for any further action to be taken.

### **Action**

- 31.16** It is for the appropriate Director to take appropriate action where there is evidence to support instances of fraud or irregularity. The Chief Executive should be kept informed of action taken and relevant outcomes. These could include referral to the police, disciplinary action and/or recovery of any amounts involved.
- 31.17** The Director is also responsible for ensuring that any system weaknesses identified during the investigation are addressed.

## **32     RETENTION OF DOCUMENTS**

### **32.1    Background**

Government requirements for local authorities to retain financial and accounting documents are not as prescriptive as those, say, in the NHS which are governed by tailored legislation. However, all officers need to ensure that other legislative requirements, relevant to local authorities, are observed, in particular those laid down by the HM Revenue and Customs in respect of:

- Minimum periods for which the Council must retain records; and
- The form in which documents may be retained.

**APPENDIX 1**

**QUOTATION SUMMARY FORM**



FILE REFERENCE

Q/

**QUOTATIONS SOUGHT**

**Quotes to be sought from the following organisations: -**

Minimum of 3 quotations to be sought for items between £1,500 and £5,000 \_\_\_\_\_

Minimum of 4 quotations to be sought for items between £5,000 and £20,000 \_\_\_\_\_

Justification for inadequate number of quotes sought \_\_\_\_\_

**QUOTATIONS RECEIVED**

**\*\* Please attach all received quotations to the back of this form \*\***

COMPANY NAME					
ASSESSMENT CRITERIA	SCORE				
e.g. Cost					
e.g. Delivery Time					
e.g. Methodology					
e.g. Quality of Samples					
<b>TOTAL SCORE</b>	<b>100</b>				
<b>TOTAL COST (Excluding VAT)</b>		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>

**RECOMMENDATION**

Accept Quotation from: \_\_\_\_\_

Highest Scoring Quote accepted (or lowest cost if no other criteria being used): **YES / NO** (delete as necessary)

If NO, please detail justification \_\_\_\_\_

Recommended by: \_\_\_\_\_  
 Initiating Officer ( ) Date

Approved by: \_\_\_\_\_  
 Authorising Officer ( ) Date

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Authorised by: \_\_\_\_\_  
 Procurement Manager Date

Conditions of Contract Declaration

Evidence of Liability Insurances (where applicable)

BACS Form

