



FINANCIAL REGULATIONS

Revised June 2009

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1. Introduction

- 1.1 These Financial Regulations are based upon CIPFA guidance with amendments to reflect the Council's requirements.
 - 1.2 Financial Regulations provide the framework for managing the Council's financial affairs. They apply to every Member and officer of the Council and anyone acting on its behalf.
 - 1.3 All Members and officers have a general responsibility to provide for the security of the assets under their control, and for ensuring that the use of resources is legal, properly authorized and achieves best value.
 - 1.4 Financial Regulations are to be used in conjunction with the Constitution and Scheme of Delegation and the CFO, in consultation with the Monitoring Officer (Monitoring Officer), shall determine any matter on which conflict may arise.
 - 1.5 The CFO shall issue advice and guidance to underpin the financial regulations.
 - 1.6 The CFO shall review the Financial Regulations and submit any revisions necessary to the Council for approval. The CFO shall report, where appropriate, breaches of the Financial Regulations to the Council and/or other appropriate committees.
 - 1.7 The Regulations refer to the responsibilities of Chief Officers (COs) and Deputy Chief Officers (DCOs). In this context COs are the Chief Executive and Chief Officers as defined by the Local Government & Housing Act 1989. In practice this means the Monitoring Officer, Section 151 Officer and Directors. DCOs are as defined in the LGHA 1989 and are those senior officers responsible for managing services and who report directly to a CO. The advantage of using this terminology is that future changes to structure or job title will not render the Regulations out of date.
 - 1.8 Any duties and responsibilities of COs & DCOs in these Financial Regulations may be delegated to another officer with the agreement of the CFO. The terms of any such delegation shall be documented in a form approved by the CFO. Any reference to COs & DCOs in these Regulations shall be deemed to be a reference to such authorised officers.
 - 1.9 Failure to observe these Regulations may be classified as misconduct justifying disciplinary action.
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2. Financial Management

Introduction

- 2.1 Financial management covers all financial accountabilities in relation to the running of the Council, including the policy framework and budget.

Full Council

- 2.2 The Full Council shall adopt the Council's constitution and Members' code of conduct and approve the policy framework and budget within which the council operates. This includes responsibility for approving Financial Regulations, based upon recommendations by the Finance & Administration Committee.
- 2.3 The Full Council shall monitor compliance with the agreed policy and related decisions.

Committees

- 2.4 The Community & Housing, Development Control, Environment, Finance & Administration and Licensing Committees shall prepare annual estimates of revenue and capital expenditure for recommendation to the Finance & Administration Committee and Full Council as part of the annual budget setting process. These committees shall monitor the use of approved budgets. The terms of reference and scope of delegation for the Council's Committees are contained within the Council's delegation scheme.
- 2.5 The Performance Select Committee shall discharge the functions of an audit committee including approval of the annual statement of accounts and receiving internal audit and external audit reports. The Committee shall monitor progress against improvement plans including those arising from the external audit and inspection programme.
- 2.6 The Scrutiny Committee shall review and scrutinize the policies and performance of the Council including the scrutiny of financial management arrangements and the examination of specific financial issues or areas of underperformance at the request of the Council or Committees.

Chief Finance Officer (CFO)

- 2.7 The CFO has statutory duties in relation to the financial administration and stewardship of the Council. This statutory responsibility cannot be overridden. The statutory duties arise from:
- Local Government Act 1972
 - Local Government Finance Act 1988
 - Local Government Act 2003
 - Accounts and Audit Regulations
- 2.8 Under Section 151 of the Local Government Act 1972 the CFO is responsible for the proper administration of the Council's financial affairs.

- 2.9 Section 114 of the Local Government Finance Act 1988 requires the CFO to report to the Full Council and external auditor if the Council or one of its officers:
- has made, or is about to make, a decision which involves incurring unlawful expenditure
 - has taken, or is about to take, an unlawful action which has resulted or would result in a loss or deficiency to the Council
 - is about to make an unlawful entry in the Council's accounts.
- 2.10 Section 114 of the 1988 Act also requires:
- the CFO to nominate a properly qualified member of staff to deputize should he or she be unable to perform the duties under section 114 personally
 - the Council to provide the CFO with sufficient staff, accommodation and other resources – including legal advice where this is necessary – to carry out the duties under section 114.
- 2.11 Under Section 25 of the Local Government Act 2003, the CFO shall provide advice to the Council on the robustness of estimates and adequacy of reserves. The Council shall take account of this advice when determining its annual budget and council tax requirement.
- 2.12 The CFO shall advise the policy committee or Full Council about whether a decision is likely to be considered contrary or not wholly in accordance with the budget. Actions that may be 'contrary to the budget' include:
- initiating a new policy without sufficient funding in place for its implementation
 - committing expenditure in future years
 - incurring internal transfers above virement limits.
- 2.13 The CFO shall establish accounting policies and ensure that they are applied consistently.
- 2.14 The CFO shall determine the accounting procedures and records for the Council.
- 2.15 The CFO shall ensure that the annual statement of accounts is prepared in accordance with the *CIPFA Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice*. The Performance Select Committee shall approve the annual statement of accounts.
- 2.16 The CFO is generally responsible for determining financial procedures and for advising Members and Officers on financial administration and management.

Chief Officers (COs) and Deputy Chief Officers (DCOs)

- 2.17 COs & DCOs are defined in paragraph 1.8 above.
- 2.18 COs & DCOs shall ensure that appropriate Members are advised of the financial implications of all proposals and that the financial implications have been agreed by the CFO or his nominee.

- 2.19 COs & DCOs shall consult collectively and individually with the CFO and seek approval on any matter liable to affect the Council's finances before any commitments are incurred.
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3. Financial Planning

Introduction

- 3.1 The Full Council shall agree the Council's policy framework and budget, the latter being coordinated and proposed by the Finance & Administration Committee. In terms of financial planning, the key elements are:
- Corporate Plan
 - Medium Term Financial Strategy
 - General Fund annual revenue budget and Council Tax resolution
 - Housing Revenue Account annual revenue budget
 - Capital Programme
 - Treasury Management Strategy.

Policy framework

- 3.2 The Full Council shall approve procedures for agreeing variations to approved budgets. The Full Council shall set the level at which the policy committees may reallocate budget funds from one service to another. Each policy committee shall take in-year decisions on resources and priorities in order to deliver the budget policy framework within the financial limits set by the Council. In practice, approval of these Financial Regulations by the Council includes *inter alia* approval of these items.

Budget preparation

- 3.3 The CFO shall develop and maintain a resource allocation process that ensures due consideration of Full Council's policy framework. This shall involve both revenue and capital expenditure projections together with ensuring that all funding opportunities are investigated.
- 3.4 The CFO shall ensure that a Council revenue budget requirement is prepared on an annual basis and a general revenue projection on a minimum three-yearly basis for consideration by the Finance & Administration Committee, before submission to Full Council.
- 3.5 The CFO shall ensure that a capital programme is prepared on an annual basis for consideration by the Finance & Administration Committee before submission to Full Council.
- 3.6 COs & DCOs shall ensure that budget estimates reflecting agreed service plans are submitted to the appropriate policy committee and that these estimates are prepared in line with guidance issued by the Finance & Administration Committee. Full Council may amend the budget or ask the relevant committee(s) to reconsider it before approving it.

Budget monitoring and control

- 3.7 The CFO shall provide appropriate financial information to enable budgets to be monitored effectively. The CFO shall monitor expenditure against budget allocations and report to all policy committees on their own position, and to the Finance & Administration Committee on the overall position, on a regular basis.
- 3.8 COs & DCOs shall control income and expenditure within their area and monitor performance, taking account of financial information provided by the CFO and advice provided by finance staff. They shall report on variances within their own areas. They shall take any action necessary to avoid exceeding their budget allocation and alert the CFO to any problems.

Maintenance of reserves

- 3.9 The CFO shall advise the Full Council on prudent levels of reserves for the Council and to monitor that the target level of reserves is maintained.
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4. Risk Management

Introduction

- 4.1 It is essential that robust, integrated systems are developed and maintained for identifying and evaluating all significant operational risks to the Council. This should include the proactive participation of all those associated with planning and delivering services.

Risk management

- 4.2 The Performance Select Committee shall approve the Council's risk management policy statement and strategy and for reviewing the effectiveness of risk management. The Finance & Administration Committee shall ensure that proper insurance exists where appropriate.
- 4.3 The Monitoring Officer shall prepare the Council's risk management policy statement and promote it throughout the Council. The CFO shall advise the Finance & Administration Committee on proper insurance cover where appropriate.

Internal control

- 4.4 Internal control refers to the systems of control devised by management to help ensure the Council's objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the Council's assets and interests are safeguarded.
- 4.5 The CFO shall advise on effective systems of internal control. These arrangements need to ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice. They should ensure that public funds are properly safeguarded and used economically, efficiently, and in accordance with the statutory and other authorities that govern their use.

- 4.6 COs & DCOs shall establish sound arrangements for planning, appraising, authorizing and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and for achieving their financial performance targets.

Audit requirements

- 4.7 The Accounts and Audit Regulations 2003 as subsequently amended require every local authority to maintain an adequate and effective internal audit. The Monitoring Officer shall ensure that this is achieved.
- 4.8 The Audit Commission is responsible for appointing external auditors to each local authority. The basic duties of the external auditor are governed by section 15 of the Local Government Finance Act 1982, as amended by section 5 of the Audit Commission Act 1998.
- 4.9 The Council may, from time to time, be subject to audit, inspection or investigation by external bodies such as HM Revenue and Customs, who have statutory rights of access.

Preventing fraud and corruption

- 4.10 The Monitoring Officer shall develop and maintain an anti-fraud and anti-corruption policy.
- 4.11 All Members and Officers shall report instances of suspected fraud and corruption in accordance with the Council's Confidential Reporting Code (PPN61).

Money Laundering

- 4.12 The Monitoring Officer shall ensure that proper procedures are in place to combat the possibility of the Council being used for money laundering purposes.

Treasury management

- 4.13 The Council has adopted CIPFA's Code of Practice for *Treasury Management in the Public Services*.
- 4.14 The Full Council shall approve the treasury management policy and strategy setting out the matters detailed in CIPFA's Code of Practice. The CFO shall implement and monitor the policy and strategy.
- 4.15 The CFO shall report to the Finance & Administration Committee not less than twice in each financial year on the activities of the treasury management operation and on the exercise of his delegated treasury management powers. One such report shall comprise an annual report on treasury management for presentation by 30 September of the succeeding financial year.

5. Systems and Procedures

Introduction

- 5.1 Sound systems and procedures are essential to an effective framework of accountability and control.

Financial Systems

- 5.2 The CFO is responsible for the soundness of the Council's financial systems, the form of accounts and the supporting financial records. Any changes made by COs & DCOs to the existing financial systems or the establishment of new systems shall be approved by the CFO. This includes, but is not restricted to, financial systems and procedures relating to the following:

- Purchasing & procurement
- Supplier payments
- Payroll
- Treasury Management
- Council Tax
- NNDR
- Housing & Council Tax Benefits
- Income collection & revenues recovery

- 5.3 COs & DCOs shall ensure proper operation of financial processes in their own areas of operation.

- 5.4 COs & DCOs shall ensure that their staff receive relevant training on the use of financial systems that has been approved by the CFO.

Scheme of Delegation

- 5.5 COs & DCOs shall ensure that a proper scheme of delegation has been established within their area and is operating effectively. The scheme of delegation shall identify staff authorized to act on that person's behalf, or on behalf of the appropriate committee in respect of payments, income collection and placing orders, together with the limits of their authority.

6. External Arrangements

Introduction

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

Partnerships

- 6.2 The Council shall approve delegations, including frameworks for partnerships. The Council is a focus for forming partnerships with other local public, private, voluntary and community sector organizations to address local needs.

- 6.3 Members, the Chief Executive and other officers as appropriate, represent the authority on partnership and external bodies, in accordance with the scheme of delegation.
- 6.4 The CFO shall promote and maintain the same high standards of conduct with regard to financial administration in partnerships that apply throughout the Council.
- 6.5 The CFO shall ensure that the accounting arrangements to be adopted relating to partnerships and any joint ventures are satisfactory. In consultation with the Monitoring Officer, the CFO shall consider the overall corporate governance arrangements and legal issues when arranging contracts with external bodies. The CFO shall ensure that the risks have been fully appraised before agreements are entered into with external bodies.
- 6.6 COs & DCOs shall ensure that appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies.

External funding

- 6.7 The CFO shall ensure that all funding notified by external bodies is received and properly recorded in the Council's accounts.

Work for third parties

- 6.8 The appropriate policy committee shall approve the contractual arrangements for any work for third parties or external bodies.

Trading accounts

- 6.9 The CFO shall advise on the establishment and operation of trading accounts.
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7. VIREMENT, YEAR END BALANCES AND SUPPLEMENTARY ESTIMATES

Scheme of virement

- 7.1 A virement is the transfer of money from one approved Service Budget to another and from one Subjective Code to another. A Service Budget is categorized by a two-letter code as detailed in the Budget Book (e.g. Animal Warden AW). Budget Holder responsibility for each Service budget is also detailed in the Budget Book. A Subjective Code is a category of expenditure or income e.g. salaries, premises costs, fees & charges income.
- 7.2 Budget Holders are authorized to incur expenditure in accordance with the budget approved by Full Council. Inevitably, changes in the underlying assumptions that underpin the budget occur, necessitating budget adjustments. The scheme of virement provides flexibility to manage budgets within the overall policy framework determined by Full Council.

- 7.3 With effect from the 2009/10 financial year, the Council shall discontinue the practice of producing a Revised Budget and instead operate a Rolling Budget. A Rolling Budget means that virements shall be enacted as and when changes in circumstances or assumptions underlying the budget occur, and ensures that actual transactions are reported and monitored against an up to date budget.
- 7.4 A virement does not create additional budget availability. Budget Holders shall manage their budgets responsibly and avoid supporting additional recurring expenditure from one off sources of income and avoid creating future commitments, including full-year effects of decisions made part way through a year, for which they have not identified future resources.

Virement rules

- 7.5 The following general restrictions on virements shall apply:
- A virement is only permissible if there has been a change in circumstances or assumptions that underpin the original budget approval. Virements for the purpose of masking variances from the approved budget shall not be allowed.
 - The net effect of any and all virements on the Council's net budget requirement shall always be neutral.
 - Virements from non-pay to pay Subjective Codes e.g. salaries and vice versa are not permitted.
 - Virements between the General Fund and Housing Revenue Account are not permitted.
 - Virements between revenue and capital budgets are not permitted.
 - No virement relating to a specific financial year should be made after 31 March in that year.
 - The minimum level for virements is £1,000.
 - Authorization of virements shall be in writing using a form determined by the CFO for the purpose.
- 7.6 Virements between Subjective Codes within a Service Budget may be authorized by the Budget Holder, without financial limit.
- 7.7 Budget Holders may authorize virements of up to £10,000 between Service Budgets they are responsible for as detailed in the budget book. Such virements require additional authorization by the CFO.
- 7.8 Virements of up to £10,000 between Service Budgets controlled by different Budget Holders may be made if approved by those Budget Holders. Such virements require additional authorization by the CFO.

- 7.9 Virements between Service Budgets exceeding £10,000 and up to £25,000 require the authorization of the Strategic Management Board (SMB) based upon a report jointly authored by the Budget Holder(s) and CFO.
- 7.10 Virements between Service Budgets exceeding £25,000 require the authorization of SMB and the responsible Spending Committee(s) based upon a report jointly authored by the Budget Holder(s) and CFO. Such virements to be reported for information to the Finance & Administration Committee.

Treatment of year-end balances

- 7.11 The rules below cover arrangements for the transfer of budgets between financial years, i.e. slippage.
- 7.12 Financial year end variances on Service Budgets shall not, as a matter of course, be carried forward to the following financial year. Such variances shall be managed corporately via transfers to and from reserves.
- 7.13 Requests for slippage of unspent budgets shall only be considered where the Service Budget shows an underspend of at least an equivalent amount to the slippage request. The request shall include specific details of the expenditure for which slippage is being sought.
- 7.14 Slippage requests shall relate to a specific activity or project with identifiable reasons why such activity did not take place within the financial year as originally envisaged.
- 7.15 The minimum amount for slippage is £1,000.
- 7.16 SMB shall determine individual slippage requests up to a maximum of £25,000. Amounts in excess of this shall be submitted to the Finance & Administration Committee for approval. There is no upper limit on the individual amount of a slippage request.
- 7.17 Commitments shall not be entered into prior to approval.

Supplementary Estimates

- 7.18 Supplementary Estimates are requests for increases in total spending permission additional to those approved in the Committee Revenue Estimates and Capital Programme.
- 7.19 Wherever possible a Supplementary Estimate shall be managed by virement in accordance with the virement rules contained within these Financial Regulations.

7.20 Where a Supplementary Estimate cannot be managed by virement, approval by Finance & Administration Committee is required based upon a report jointly authored by the responsible member of SMB and CFO. Authorization shall only be given in the following exceptional circumstances:

- Unavoidable expenditure which cannot be contained by virement
- To enable opportunistic purchase of land or the issue of planning revocations, or purchase notices under relevant Planning Acts.
- The use of general or earmarked reserves for specific purposes.
- To cover expenses incurred in dealing with emergencies and disasters.

7.21 Supplementary Estimates shall be funded by one or a combination of the following:

- Virement
- Additional income
- Transfer from reserves
- Transfer from Working Balance

7.22 Wherever practicable the approval of Finance & Administration Committee shall be obtained before any commitment is entered into. If this is not possible the relevant Committee Chairmen and Finance & Administration Committee Chairman shall be consulted. In the event of a genuine emergency requiring urgent unavoidable expenditure e.g. civil emergency any member of SMB shall authorize such expenditure and the CFO shall report the action taken to the next meeting of the Finance & Administration Committee.

8. Assets

8.1 The Councils assets include land, buildings & contents, plant, vehicles & equipment, IT assets & software, intellectual property, confidential data, cash and cheques.

8.2 COs & DCOs shall ensure that assets are properly maintained and securely held. They shall also ensure that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place.

8.3 The CFO shall make arrangements for an Asset Management Strategy, consistent with the Corporate Plan and Medium Term Financial Strategy, to be adopted, implemented and regularly reviewed.

8.4 The CFO shall maintain an asset register for all fixed assets with a value in excess of £10,000. The CFO shall ensure that assets are valued in accordance with the CIPFA Code of Practice on Local Authority Accounting, and the Council's accounting policies.

8.5 COs & DCOs shall:

- maintain a property database in a form approved by the CFO for all properties, plant and machinery and moveable assets currently owned or used by the Council above £1,000 in value.
- pass title deeds to the Monitoring Officer who is responsible for custody of all title deeds.
- ensure the proper security of all buildings and other assets under their control.
- take action in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.
- ensure that assets are identified, their location recorded and that they are appropriately marked and insured.
- ensure that no Council asset is subject to personal use by an employee without proper authority.
- where land or buildings are surplus to requirements, prepare a report for the responsible Committee, in consultation with the CFO, containing recommendations for disposal. The Community & Housing Committee have delegated authority to dispose of land for housing purposes up to £25,000. The Finance & Administration Committee have delegated authority to determine disposals of assets up to £100,000. Above these limits, Full Council approval shall be obtained.
- ensure all disposals or part exchange of assets are recorded.

Stocks and stores

8.6 COs & DCOs shall:

- make arrangements for the care and custody of stocks and stores
- periodically verify the accuracy of stock & stores records by physical inspection
- investigate discrepancies and report these to the CFO who shall authorize write offs up to £5,000 in value. Finance & Administration Committee approval is required to write off discrepancies above £5,000
- dispose of redundant stocks and equipment by a method determined in consultation with the CFO, with competitive quotations or auction being the preferred methods where the redundant items have residual value up to £10,000
- seek Finance and Administration/appropriate Committee approval to the write-off of redundant stocks and equipment in excess of £10,000 in value
- provide the CFO with a certificate of the value of stock held at 31 March each year.

Intellectual property

- 8.7 Intellectual property is a generic term that includes inventions and writing. If these are created by the employee during the course of employment, then, as a general rule, they belong to the employer, not the employee. Various acts of Parliament cover different types of intellectual property. Certain activities undertaken within the Council may give rise to items that may be patentable, for example, software development. These items are collectively known as intellectual property. SMB shall ensure that controls are in place to ensure that staff do not carry out private work in council time and that staff are aware of an employer's rights with regard to intellectual property.

Confidential data

- 8.8 COs & DCOs shall ensure that all confidential data, including personal data, whether held electronically or otherwise, is stored, transmitted and disposed of by secure means in accordance with the Council's Data Protection Policy and IT Acceptable Use Policy and other relevant guidance e.g. that necessary to fulfill the requirements of the Code of Compliance.
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9. BANK ACCOUNTS

- 9.1 All arrangements with the Council's bankers shall be made by the CFO who shall be authorized to operate such bank accounts as he may consider necessary.
- 9.2 Opening or closing any bank account shall require the approval of the CFO and an independent member of SMB. All Council bank accounts shall include "Uttlesford District Council" within the account name. All instructions relating to the Council's bank accounts shall be authorized by the CFO.
- 9.3 Payments may be made by electronic transmission subject to controls and safeguards approved by the CFO. BACS and CHAPS payments shall be authorized by officers approved by the CFO.
- 9.4 In circumstances approved by the CFO, pre-signed cheques may be used for payments. The facsimile signature of the CFO shall appear on all pre-signed cheques.
- 9.5 Cheques above £5,000 shall be countersigned by one of the officers approved by the CFO, in accordance with the mandate lodged with the Council's banker.
- 9.6 Non-pre-signed cheques for payments exceeding £5,000 shall be signed by any two of the officers approved by the CFO (one of the two may be the CFO). Non pre-signed cheques for payments not exceeding £5,000 shall be signed by either the CFO, or one of the officers approved by the CFO.
- 9.7 Amendments to cheques can be countersigned by the person or persons authorized to sign cheques in accordance with the bank mandate.

- 9.8 Cheques shall be ordered only on the authority of the CFO. All cheques shall be kept in safe custody by the CFO until issue.
- 9.9 The CFO shall manage the Council's bank balances and cashflow and manage borrowing and investments in accordance with the Treasury Management Strategy approved by the Council.
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10. Petty Cash

- 10.1 The CFO shall determine whether operational circumstances justify maintaining petty cash for the purpose of meeting minor expenditure on behalf of the Council.
- 10.2 Where petty cash is deemed necessary, the CFO shall provide a named officer with an agreed amount of cash and shall prescribe rules for operating the petty cash account.
- 10.3 The CFO shall maintain a record of all petty cash advances made, and periodically review the arrangements for the safe custody and control of cash. The CFO shall reimburse petty cash holders as often as necessary to restore the cash held to the agreed amount, but normally not more than monthly.
- 10.4 The named officer operating petty cash shall:
- wherever possible get prior authorization to support the requested payment.
 - obtain and retain vouchers to support each payment
 - where appropriate, obtain and retain an official receipted VAT invoice
 - make adequate arrangements for the safe custody of the cash
 - produce upon demand by the CFO cash and all vouchers to the total value of the petty cash account
 - record transactions promptly
 - reconcile and balance the account at least monthly; reconciliation sheets to be signed and retained
 - provide the CFO with a certificate of the value of the account held at 31 March each year
 - ensure that petty cash is never used to cash personal cheques or to make personal loans and that the only payments into the account are the reimbursement of the account made by the CFO.
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11. Income

- 11.1 The Council shall adopt policies for the setting of Fees & Charges and Debt Recovery and income collection shall be carried out in accordance with these policies.
- 11.2 The CFO shall determine the procedures, systems and documentation for the collection of all income due to the Council.

11.3 COs & DCOs shall:

- ensure that income is accounted for in full with no expenditure being funded from monies received.
- whenever possible ensure separation of duties between officers, so that responsibility for cash collection should be separated from that for identifying the amount due and reconciling the amount due to the amount received.
- ensure that at least two employees are present when post is opened so that money received by post is properly identified and recorded.
- issue official receipts or maintain other documentation for income collection.
- hold securely receipts, tickets and other records of income for the appropriate period.
- ensure income is not used to cash personal cheques or otherwise mixed with personal monies.
- establish and initiate appropriate recovery procedures, including legal action where necessary, for debts that are not paid promptly.
- notify the CFO of outstanding income relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the CFO.

11.4 Discretionary rate relief not exceeding a cost of £5,000 to the Council shall be determined by the CFO. Above this figure, the approval of the Finance & Administration Committee shall be required.

Write Off Limits

11.5 Bad debts of up to £5,000 shall be written off by the CFO, having ascertained that all reasonable steps have been taken to recover the debt and that it would be uneconomical to pursue the debt further. Finance & Administration Committee approval is required to write-off bad debts in excess of £5,000.

12. Ordering and Paying for Goods and Services

Introduction

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

12.2 These Regulations should be read in conjunction with the Council's Standing Orders Relating to Contracts.

12.3 COs & DCOs shall ensure that sufficient budgetary provision exists before orders are placed or contractual commitments entered into.

- 12.4 Orders shall be placed by means of the Council's official ordering system and authorized by the responsible Budget Holder or their nominee in accordance with a list of authorizing officers maintained by the Budget Holder.
- 12.5 For certain categories of purchase the CFO shall approve the issue of credit cards to officers which shall be used in accordance with rules determined by the CFO.
- 12.6 All leasing arrangements require the prior approval of the CFO.
- 12.7 Ex-gratia payments (e.g. goodwill gestures in settlement of a complaint) of up to £1,000 may be approved by the responsible member of SMB. Finance & Administration Committee approval is required to make ex-gratia payments in excess of £1,000.
- 12.8 Where practicable, COs & DCOs shall ensure that there is adequate separation of duties between ordering and the certification of invoices for payment. Names of invoice authorizing officers together with specimen signatures and details of the limits of their authority shall be forwarded to the CFO.
- 12.9 Officers certifying an invoice for payment shall ensure that:
- goods or services have been received and are satisfactory
 - the invoice has not previously been paid
 - prices and arithmetic are correct and accord with quotations, tenders, contracts or catalogue prices
 - VAT is correctly accounted for
 - the invoice is coded to the correct accounting code
 - discounts have been taken where available.
- 12.10 Subject to appropriate safeguards including variance tolerance and adequate IT systems being in place, as determined by the CFO, suppliers may be paid by means of electronic invoices based upon Budget Holder certification that goods and services have been received and are satisfactory.
- 12.11 COs & DCOs shall notify the CFO of outstanding expenditure relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the CFO.
- 12.12 Suppliers shall not normally be paid in advance of goods or services being supplied, with the exception of subscriptions, publications, training/seminar attendance and other exceptions determined by the CFO.

13. PAYMENTS TO EMPLOYEES AND MEMBERS

Staffing

- 13.1 The Chief Executive shall provide overall management to staff and ensure that there is proper use of the evaluation or other agreed systems for determining the remuneration of a job.

- 13.2 COs & DCOs shall ensure that appointments are made in accordance with the Council's policies and approved establishments, grades and scale of pay and that adequate budget provision is available. Non-recurring sources of funding shall not be used to appoint permanent members of staff.
- 13.3 The CFO shall be notified of all appointments, terminations or variations which may affect the pay or pension of an employee or former employee, in the form and to the timescale required by the CFO.

Salaries, wages and allowances

- 13.4 The CFO shall establish arrangements to make all payments of salaries and wages to all staff, including payments for overtime, and payment of allowances to members.
- 13.5 The CFO shall ensure that proper authorization procedures are in place and that there is adherence to corporate timetables in relation to starters, leavers, variations and enhancements.
- 13.6 The CFO shall ensure that where applicable, payments are made on the basis of properly authorized timesheets or claims. No member or employee shall certify their own claims for payment.
- 13.7 The CFO shall ensure that frequent reconciliations of payroll expenditure against approved budget and bank accounts are carried out.
- 13.8 The CFO shall ensure that all appropriate payroll documents are retained and stored for the defined period in accordance with Inland Revenue regulations.
- 13.9 The CFO shall arrange and control secure and reliable payment of salaries, wages, compensation or other emoluments to existing and former employees.
- 13.10 The CFO shall arrange for the accurate and timely payment of tax, superannuation and other deductions.
- 13.11 Salaries and wages may only be paid through the Council's payroll system. COs & DCOs shall give careful consideration to the employment status of individuals employed on a self-employed consultant or subcontract basis and take account of HM Revenue & Customs guidance. In cases of doubt advice shall be obtained from the CFO.

Reimbursement of expenses

- 13.12 Staff and Members are entitled to reclaim travel, out of pocket and subsistence schemes in accordance with the Council's policies and procedures.
- 13.13 Rail warrants shall be used for the purpose of paying for rail travel, rather than using personal monies and reclaiming via expenses.
- 13.14 Members and officers shall submit claims for expenses on a monthly basis and, in any event, within one month of the year end.

- 13.15 COs & DCOs shall ensure that expense claims are properly authorized prior to payment. Authorizing officers shall ascertain that journeys were authorized and expenses properly and necessarily incurred, and that allowances are properly claimed.
- 13.16 Subject to appropriate safeguards and adequate IT systems being in place, as determined by the CFO, expenses may be claimed and authorized electronically.

Taxation

- 13.17 The CFO shall provide advice on all taxation issues that affect the Council.
- 13.18 The CFO shall maintain the Council's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

Standing Orders Relating to Contracts

KK1 Why is this important?

The purpose of Standing Orders Relating to Contracts is to set clear rules for the procurement of goods, works and services for the Council. This will ensure a system of openness, integrity and accountability where the probity and transparency of the process will be beyond reproach. In turn this will lead to better value for money and give confidence to all concerned that the Council is fulfilling its fiduciary responsibilities.

Definitions

“**The Council**” shall be deemed to include reference to a committee or person acting in accordance with delegated authority on behalf of the Council.

Chief Officers (COs) and Deputy Chief Officers (DCOs) in this context COs are the Chief Executive and Chief Officers as defined by the Local Government & Housing Act 1989. In practice this means the Monitoring Officer, Section 151 Officer and Directors. DCOs are as defined in the LGHA 1989 and are those senior officers responsible for managing services and who report directly to a CO.

“**Tender**” shall mean any written, binding offer to supply materials, goods, supplies, services or works in the manner laid down in these Standing Orders Relating to Contracts and whose value exceeds £50,000.

“**Quotation**” shall mean any other offer, whether written or verbal, to supply materials, goods, supplies, services or works in the manner laid down in these Standing Orders Relating to Contracts and whose value does not exceed £50,000.

“**Serial Programme**” shall mean any goods or services of a similar nature which are provided over a twelve month period, the total value of which exceed the limit for which tenders would normally be obtained.

KK2 Compliance and Conduct of Officers and Members

1. Compliance

- a) Every contract made by or on behalf of the Council must comply with these Standing Orders Relating to Contracts and the Council’s Financial Regulations.
- b) All Council employees and firms engaged to act in any capacity to manage or supervise a Contract must comply with these Standing Orders Relating to Contracts and the Council’s Financial Regulations, and DCOs must ensure such compliance in the services for which they are responsible. There is a duty to monitor the work of the contractor to ensure that the service or works are delivered satisfactorily. Failure to comply with these Standing Orders Relating to Contracts may result in disciplinary action against the officers concerned and a review of contractual arrangements with any firm failing to comply. The National Code of Local Government Conduct must be followed wherever appropriate.

- c) All Council employees and firms engaged on the Council's behalf must ensure that any conflicts of interest are avoided. The Council's Code of Conduct must be adhered to and Officers and Members must declare any potential conflict of interest before contract proceedings commence.
- d) Every contract made by or on behalf of the Council for the supply of goods or materials or for the execution of works shall comply with these Standing Orders Relating to Contracts and no exception from any of the provisions of these Standing Orders Relating to Contracts shall be made otherwise than by direction of the Council or by the committee concerned, where it is satisfied that the exception is of necessity and justified in special circumstances. If business reasons require a decision to be made before the next scheduled Committee meeting, the DCO and CFO, in consultation with the Committee Chairman, shall be permitted to authorise an exception to Standing Orders.
- e) The Finance & Administration Committee shall be informed of the circumstances of every exemption from these Standing Orders Relating to Contracts made by any other committee or by any officer. A record of the exemption made in accordance with this Standing Order shall, if not made in the minutes of the Finance & Administration Committee, be made in the minutes of the relevant committee.
- f) All contracts for the supply of goods or services or the execution of any work made by or on behalf of the Council shall comply with any relevant directives of the European Community and any statutes and statutory instruments for the time being in force in the United Kingdom.
- g) For the purposes of Standing Orders Relating to Contracts, offers for the sale or lease of land and property owned by the Council shall be subject to the procedures which apply to tenders and quotations for goods and services.
- h) Every contract made by or on behalf of the council shall also comply with the Council's Financial Regulations wherever applicable.

2. Conduct of Officers and Members

- a) Members must conform to the Council's statutory Code of Conduct.
 - b) Any officer, member or agent of the Council, whilst acting on the Council's behalf in relation to any contractual matter directly or indirectly concerning the Council, shall conduct himself in such a manner that the independence and integrity of the Council's procedures are at all times maintained and are seen to be maintained. Failure to observe such standards of conduct may result in disciplinary action being taken, or referred to the District Auditor or Standards Board as appropriate. The Council's Code of Conduct must be observed in all cases.
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KK3 Selective Tendering Procedure – Approved List of Tenderers

1 This Standing Order Relating to Contracts applies if the appropriate DCO has decided that a list will be kept of the firms to be invited to tender/quote for contracts. The DCO may approve a list on a case by case basis for certain types of work e.g. housing repairs.

2 Any such list must:

- a) contain the names of all firms who wish to be included in it, who comply with the criteria set for inclusion, and are approved by the appropriate DCO.
- b) indicate whether each firm is approved for all or only some of the specified values or categories.
- c) be kept, maintained and administered by the appropriate DCO.

3 At least four weeks before a list is first compiled, notices inviting applications for inclusion on it must be published when required to do so in one or more local newspapers circulating in the district, in one or more publications circulating amongst firms who undertake contracts of the specified values or categories and in the Official Journal of the European Community stating the nature and purpose of the contract, inviting tenders for its execution and stating the last date when tenders will be accepted. The EC public procurement directives set out the financial thresholds for public supply and public service contracts.

4 The list must be amended as required (including deletions due to any circumstances affecting any firm's ability to perform certain contracts), and must be reviewed from time to time in accordance with the procedures set out in Standing Order Relating to Contracts KK3.3.

5 Amendments to any list will be recorded by the appropriate DCO.

6 Invitations to tender must be limited to firms whose names are on the list produced under this Standing Order Relating to Contracts, and must be sent to at least four of those firms selected, or, if there are fewer than four such firms, to all firms. If less than four firms are invited to tender, then the appropriate DCO must keep a record of the reasons for this.

7 The approved list shall be amended as required from time to time as part of a process of continual review. Overall review shall take place no less frequently than every three years.

KK4 Stated Limits for Contracts

1 Reference is made in the following sections to "stated limits" of contracts. The limits in force are as follows:

a) Contracts not exceeding £10,000

Where the value or amount of materials, goods, supplies, services or works does not exceed £10,000 the relevant DCO shall obtain such prices and quotations as are necessary in order to be able to demonstrate that proper value for money has been obtained. Such prices and quotations shall be recorded in writing and retained for reference purposes.

b) Contracts not exceeding £50,000

Where the value or amount of materials, goods, supplies, services or work exceeds £10,000 but does not exceed £50,000 at least three written quotations must be obtained in a manner prescribed by the relevant DCO.

c) Contracts not exceeding £150,000

Where the value or amount of materials, goods, supplies, services or works exceeds £50,000 but does not exceed £150,000 the appropriate DCO may enter into a contract, provided that either:

(1) at least three tenders shall have been obtained from a Standing Approved List or another source considered appropriate by the relevant DCO, the receipt, custody and opening of such tenders to have been carried out as prescribed by Standing Order Relating to Contracts KK13 and KK14, or

(2) the proposed contract forms a continuation of an existing contract which is based on rates and prices obtained in accordance with these Standing Orders Relating to Contracts.

d) Where the supply of goods, materials, supplies and/or services forms part of a serial programme, the annual value of which is between £50,000 and £150,000 an annual contract shall be entered into for the supply of such goods/services and shall be in accordance with Standing Order Relating to Contracts KK4(c)

e) Where the estimated value or amount of materials, goods, supplies, services or works exceeds £150,000, tenders shall be invited in accordance with one of the following methods:

(1) Selective tendering from approved contractors under Standing Order Relating to Contracts KK3

(2) Selective tendering by advertisement under Standing Order Relating to Contracts KK8

(3) Open competitive tendering under Standing Order Relating to Contracts KK6

KK5 Restricted Tendering Procedure

1 Restricted procedure is where the authority may restrict the number of interested suppliers to which it sends Invitations to Tender. There must, however, be genuine competition of no less than four participants subject to 4 below and no discrimination between suppliers on grounds of Nationality or Country of Incorporation.

2 This Standing Order Relating to Contracts applies to contracts with an estimated value above any stated limit, and where no list has been approved under the Standing Order Relating to Contracts KK3 or if the DCO considers that Standing Order Relating to Contracts KK3 is inappropriate.

3 Public Notice must be given in one or more local newspapers circulating in the district and, if the estimated value of the contract exceeds £150,000, in one or more newspapers or journals circulating among firms who undertake such contracts. The notice must set out details of the proposed contract, and invite firms interested to apply within such period as may be specified, (being not less than ten working days), for permission to tender. All responses to advertisements must include the completion of an application form. Clear instructions shall be given in the advertisement regarding the arrangements for delivery and receipt of applications with particular reference to a deadline for receipt. The rules for the receipt of applications will be the same as that for tenders as set out in Standing Order Relating to Contracts KK13.

4 After the expiry of the period specified in the public notice, invitations to tender stating details of the proposed contract and the last date for receipt of tenders must be sent to at least four of the firms who applied for permission to tender selected by the appropriate DCO or, if fewer than four firms have applied and are considered suitable, to all such firms. If less than four firms are invited to tender, the appropriate DCO must keep a record of the reasons for this.

KK6 Open Tendering Procedure

1 Open procedure is where all potential suppliers who express an interest must be invited to tender.

2 This Standing Order Relating to Contracts applies to contracts with an estimated value above the stated limit, if no appropriate Approved List exists or if the DCO considers that Contract Standing Order KK3 and KK5 are inappropriate.

3 In any such case at least ten days' public notice must be given in one or more local newspapers circulating in the district, and, if the estimated value of the contract exceeds £150,000, in one or more newspapers or journals circulating amongst such firms who undertake such contracts, setting out details of the proposed contract, inviting tenders and stating the last date on which tenders will be received.

KK7 Negotiated Tendering Procedure

1 Negotiated procedure is where the authority may negotiate the terms of contract with one or more potential suppliers selected by them. There are very strict rules concerning the use of the negotiated procedure and extremely few contracts qualify.

2 This Standing Order Relating to Contracts applies to contracts with an estimated value above the stated limit, if the DCO considers that Standing Orders Relating to Contracts KK3, KK5 and KK6 are inappropriate.

3 The appropriate DCO acting under delegated powers may invite or authorise the invitation of tenders from firms by way of a negotiated procedure. The negotiated procedure can only be used where the appropriate DCO can show that:

- a) one of the procedures set out in Standing Orders Relating to Contracts KK3, KK5 or KK6 has been used and resulted in unacceptable or irregular tenders or no tenders or no appropriate tenders; or
- b) exceptionally where the nature of the procurement or risks involved does not permit prior overall pricing; or
- c) the nature of the procurement is such that a precise specification cannot be drawn up; or
- d) a design contest is appropriate to the scheme.

KK8 Ad Hoc Approved List

1 Standing Orders Relating to Contracts KK8.2 to KK8.4 hereof shall apply

- a) where the Approved Standing List is not appropriate in the particular circumstances and the Council or the relevant Committee has resolved that invitation to tender for a contract be limited to those persons who have replied to a public notice, and
- b) to the provision of goods and services of an ad hoc nature that cannot be dealt with under Standing Orders Relating to Contracts KK5.

2 For the purposes of Standing Orders Relating to Contracts KK8.1, public notice shall be given:

- a) in at least one local newspaper, and
- b) where the estimated value of the contract exceeds £50,000, in at least one newspaper or journal circulating among such persons or bodies who undertake such contracts, and
- c) where required, in the Official Journal of the European Economic Community stating the nature and purpose of the contract, inviting tenders for its execution, and stating the last date when tenders will be accepted.

3 The public notice shall:

- a) specify details of the contract into which the Council wishes to enter,
- b) invite persons or bodies interested to apply for permission to tender,
- c) specify a time limit, not being less than 14 days, within which such applications are to be submitted to the Council and,
- d) where applicable, specify any other such details as required by European Community Directives.

4 After the expiry of the period specified in the public notice invitations to tender for the contract shall be sent to:

- a) not less than four persons or bodies who have applied for permission to tender and who have been selected as suitable by the appropriate DCO, and
- b) where fewer than four persons or bodies have applied, all those persons or bodies considered suitable.

KK9 Aggregation Requirements

In determining whether the threshold has been reached it is necessary to aggregate the value of separate Contracts for meeting a single requirement. Conversely, single requirements must not be broken down for the purpose of taking the value below the threshold.

KK10 Competition Requirements for Contracts Below Stated Limits

1 The appropriate DCO must invite at least three written quotations for a proposed contract with an estimated value of between £10,000 and £50,000. If three quotations cannot be obtained due to lack of suitable firms prepared to quote, or where the appropriate DCO feels that this is inappropriate in the interests of efficient management of the service, then that DCO must keep a record of the reasons for this.

2 For contracts valued at below £10,000, the DCO concerned should proceed in a manner most expedient to the efficient management of the service, having kept a record of the reason for doing so. *Note:* The “value” of the contract is defined as the total amount of any contract, for example a stationery contract for 3 years at £20,000 per year means the total contract price is £60,000.

KK11 Nominated or Named Sub-Contractors and Nominated Suppliers

1 This Standing Order Relating to Contracts applies where a subcontractor or a supplier is to be nominated to a main contractor.

2 Where the estimated amount of the sub-contract or the estimated value of the goods or materials to be supplied by a nominated supplier is above the stated limit, the tenders must be invited in accordance with Standing Orders Relating to Contracts KK3, KK5, KK6 or KK7.

3 Where the estimated amount of the sub-contract or the estimated value of goods or materials to be supplied by a nominated supplier is less than £50,000 then quotations must be invited in accordance with Standing Order Relating to Contracts KK10.

4 The terms of any invitation for nominated sub-contractors or suppliers must require that, if selected, firms would be willing to enter into:

- a) a contract with the main contractor on terms which indemnify the main contractor against the main contractor's own obligations under the main contract in relation to the work or goods or materials included in the sub-contract; and
- b) an agreement to indemnify the Council in such terms as may be prescribed

5 The appropriate DCO must nominate to the main contractor the firm whose tender or quotation in his opinion is the most satisfactory. Provided that, where the tender is other than the lowest received, the DCO concerned shall arrange for a report to be prepared and submit it for consideration by the appropriate Committee and the Finance & Administration Committee.

KK12 Exceptions to Requirements of Competition

1 Subject to Standing Order Relating to Contract KK12.2 below and provided that a proposed contract complies with any other Standing Orders Relating to Contracts and Financial Regulations, Standing Orders Relating to Contracts KK3, KK5, KK6, KK7 and KK10 will not apply to:

- a) the purchase of proprietary or patented goods or materials or services which in the opinion of the appropriate DCO are obtainable only from one firm, and where no reasonably satisfactory alternative is available;
- b) the execution of works or supply of services of a specialized nature which in the opinion of the appropriate DCO are carried out by only one firm, and where no reasonably satisfactory alternative is available;
- c) the purchase of goods or materials, the execution of works or supply of services for which the appropriate DCO considers that no genuine competition can be obtained;
- d) the purchase of a named product required to be compatible with an existing installation as approved by the appropriate DCO;
- e) the instruction of, advice from or service provided by Counsel or other professional consultants to act on the Council's behalf;

- f) procurements made through or on behalf of any consortium, associated or similar body provided that tenders or quotations are invited and contracts placed in accordance with procedures which are equivalent to these Standing Orders Relating to Contracts and also comply with any national or EU legislation;
- g) purchases, works and services required by the appropriate DCO so urgently as not to permit compliance with the requirements of competition.

2 Prior to the use of any exception in this Standing Order Relating to Contracts, the appropriate DCO shall arrange for a report to be prepared and submitted for consideration to the appropriate Committee.

3 Where the value of any contract entered into under the provisions of sub-paragraph (a), (b), (c), (d), (f) or (g) of this Contract Standing Order exceeds any stated limit, the appropriate DCO must retrospectively make quarterly reports of the details to the CFO who shall compile a register of all such reports.

KK13 Property Maintenance/Service Contracts

1 To allow renegotiation with existing satisfactory contractors for renewable annual rolling extensions to the initial contract if all parties are satisfied with the agreed arrangements, the procedure is as follows:

- a) The Council, via its professional officers, must be satisfied that the contractor is performing to an agreed standard
 - b) Tenant satisfaction, via customer survey feedback, must still be high with regard to the work undertaken by the Contractor
 - c) The Chairman of Community & Housing Committee is to be consulted at all stages
 - d) An independent professional body shall advise the Council on the issue of value for money with regard to the annual adjustment of rates in the best interests for the Council
 - e) In all cases original claims and conditions of contract will still apply
 - f) Before entering into an extension, as proposed, full consultation will take place with the Council's Legal Section and Internal Audit.
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KK14 Submission of Tenders

1 If these Standing Orders Relating to Contracts require an invitation to tender to be made, every notice of such invitation must state that no tender will be received except in a tender envelope, which must bear the word 'Tender', followed by the subject to which it relates. The tender envelope must be submitted by the time and date specified in the invitation to tender as being the last time and date for the receipt of tenders. The confidentiality of tenders must be maintained from their receipt until the award of the contract.

2 If a tender envelope states the name, mark, slogan or logo of the firm, such name, mark, slogan or logo must immediately on receipt be obliterated by the Chief Executive or an officer nominated by the Chief Executive.

KK15 Receipt of Tenders

1 Each tender submitted in accordance with Standing Order Relating to Contracts KK14 will remain in the custody of the Committee and Electoral Services Manager (Nominated Officer) until the time appointed for opening.

2 The Nominated Officer, upon receipt of a tender, must indicate on the envelope the date and time of its receipt.

3 No tender received after the date and time indicated for the receipt of tenders will be considered, but must be opened after the contract has been let by the Nominated Officer to find out the name and address of the tenderer and returned to the tenderer.

KK16 Opening and Registering of Tenders

1 If tenders are invited under Standing Order Relating to Contracts KK3, KK5, KK6 or KK7 they shall be opened at one time by the appropriate DCO in the presence of the Committee and Electoral Services Manager and the appropriate members. Such tenders must only be opened at meetings pre-arranged by the appropriate DCO.

2 The appropriate DCO must at the time of the tenders are opened record:

- a) the type of goods or materials to be supplied or disposed of, or the work or services to be carried out;
 - b) the name of each firm submitting a tender;
 - c) the date and time and receipt of each tender as recorded on the envelope;
 - d) the amount of each tender where appropriate;
 - e) the date of the opening of a tender;
 - f) the signatures of all persons present at the opening of each tender;
 - g) the reasons for the disqualification of any tender;
 - h) the name of each firm invited to tender but who did not submit a tender;
 - i) where possible the position by competitive order of value of tenders received;
 - j) ensure that each page of the tender document which contains prices is initialled by each person present.
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KK17 Submission, Receipt, Opening and Registration of Quotations

Every written quotation obtained for each proposed contract must be opened at one time and details recorded.

KK18 Errors in Tender

1 Errors in tenders shall be dealt with in one of the following two ways:

- a) the tenderer shall be given details of the error(s) found during the examination of the tender and shall be given the opportunity of confirming without amendment or withdrawing the tender; or
- b) amending the tender to correct genuine arithmetical error(s) provided that in this case, apart from these genuine arithmetical errors, no other adjustment, revision or qualification is permitted.

Tender documents must state which method will be used for dealing with errors in tenders.

KK19 Acceptance of Tenders/Quotations

1 A tender/quotation which is other than the lowest tender if payment is to be made by the Council, or the highest tender/quotation if payments is to be received by the Council, or is not within the limits prescribed by Financial Regulations, must not be accepted unless prior to doing so the DCO concerned has arranged for a report to be prepared and submitted for consideration to both the appropriate Committee and then the Finance & Administration Committee or these committees have previously approved an evaluation methodology.

2 Subject to KK19.1, if after evaluation of the tender/quotation, a tender/quotation is within the limits prescribed by Financial Regulations then:

- a) in the case of the tender, the appropriate DCO may authorise the acceptance of the tender on behalf of the Council, such acceptance to be notified in writing to the successful tenderer in a manner specified by the Monitoring Officer, or
- b) in the case of a quotation, the appropriate DCO may accept the quotation by issuing either an official order (which should be signed by that DCO) or an Agreement signed by the Monitoring Officer.
- c) Notwithstanding the above, the appropriate DCO must, prior to the Council entering into any contract, ensure that the CFO has approved the financial standing of the firm to whom it is proposed to award the contract, in accordance with Financial Regulations, and where the contract value exceeds £150,000 for a contract to be awarded under contract Standing Order Relating to Contracts KK3, or above the stated limit for a contract to be awarded under Standing Order Relating to Contracts KK5, KK6 or KK7, the CFO has carried out a detailed financial appraisal of the proposed contractor.

KK20 Variations

1 All variations must be in the form of written instructions to the contractor. The likely cost effect of each variation should be assessed prior to the issue of the instruction. In cases where this would cause serious disruption to the contract, or where immediate action is necessary to prevent danger or damage, the instruction may be issued without prior costing, but in such cases this costing must be completed within seven working days of the instruction being issued.

2 Where a variation to a contract is such that without it the contract cannot be properly completed in accordance with the original design, with the performance standards required by the original design, then it is an essential variation.

3 The contract client officer may make essential variations to the contract which are considered necessary. The cost should be set against contingencies or accrued savings elsewhere in the contract. Where an essential variation is likely to cause the authorised amount of the contract to be exceeded, the appropriate DCO shall seek the necessary approval set out in Financial Regulations prior to issuing the variation.

4 Non essential variations are those which fall outside the definition in paragraph (2) above. Non essential variations must not be authorised without the appropriate DCO consulting with and considering the comments of the CFO and also seeking the necessary approvals set out in Financial Regulations.

KK21 Written Contracts

Unless the Monitoring Officer decides otherwise, every contract must be in writing and every contract with a value of above any stated limit must be signed by the Monitoring Officer or in his absence by a DCO.

KK22 Contents of Contracts

The appropriate DCO must ensure that:

1 Every contract must set out:

- a) the work, goods, services, materials, matters or things to be carried out or supplied;
- b) the price to be paid and/or the amounts and frequency or the method of calculation of contract payments with a statement of discounts or other deductions;
- c) the time(s) within which the contract is to be performed;
- d) such other matters referred to in this Standing Order Relating to Contracts as are required to be included.

2 Every contract with an estimated value above any stated limit must state that if the firm fails to comply with its contractual obligations in whole or part, the Council may:

- a) cancel all or part of the contract;
- b) complete the contract;
- c) recover from the firm any additional costs in completing the contract;
- d) take other legal action against the firm

3 Unless the Monitoring Officer and the appropriate DCO consider it to be unnecessary or impractical, every contract above the stated limit must provide that:

- a) liquidated damages must be paid by the firm if it fails to comply with the terms of the contract. However this requirement should only be included in contracts where a loss is likely to be incurred by the Council and any amount should be supported by an estimated calculation;
- b) where under any contract, one or more sums of money are to be received by the Council, the firm responsible for the payment of such sum or sums must pay interest at the rate stated in the contract from the date when payment is due until the date when payments is received;

4 In the performance of the contract, the firm must not discriminate on:

- a) the grounds of race, sex or disability contrary to statutory requirements;
- b) the firm must provide any information reasonably requested relating to the performance of the contract to ensure that the Council meets its statutory obligations under Section 71 of the Race Relations Act 1976;

5 In the performance of the contract, the firm must comply with the requirements of the Health and Safety at Work etc Act 1974 and of any other relevant Acts, Regulations, Orders or Rules of Law pertaining to health and safety;

6 The firm must not sub-contract the works or any part of the works, without prior written consent of the appropriate DCO;

7 Without prejudice, and subject to any other condition of the contract, no sub-letting by the firm will relieve the firm of its liability to the Council for the proper performance of the contract;

8 The firm is responsible to the Council for the proper performance and observance by all sub-contractors of all the firm's obligations under the contract as if references in the contract to the 'the Contractor' were references to the sub-contractors. Failure or neglect by a sub-contractor is deemed to be failure or neglect by the firm;

9 The firm is prohibited from transferring or assigning directly or indirectly to any person or persons whatsoever any part of its contract, without the prior written consent of the appropriate DCO (following consultation with the Monitoring Officer and the CFO);

10 All goods, materials, services or work must comply with any appropriate British Standard Specification or British Standard Code of Practice or European Union equivalents in force at the date of tender/quotation;

11 The Council is entitled to cancel the contract and to recover from the firm the amount of any loss resulting from such cancellation, if the firm or its employees or agents (with or without its knowledge):

- a) does anything improper to influence the council to give the firm any contract;
- b) commits an offence under the Prevention of Corruption Acts 1889 to 1916 or under Section 117(2) of the Local Government Act 1972;

12 Whenever under the contract any sum of money is recoverable from or payable by the firm, this sum may be deducted from any sum due or which at any time may become due to the firm under this or any other contract with the Council. Exercise by the Council of its rights under this clause is without prejudice to any other rights or remedies available to the Council under the contract.

13 The firm must provide evidence of adequate insurance to cover both Public and Employers' liability.

14 Any standard terms and conditions of contract submitted by firms shall not be accepted without advice from the Monitoring Officer. Proposed payment arrangements under a contract must be discussed with and agreed by the CFO in advance of any contract being entered into. These conditions apply to contracts exceeding £5,000 in value.

KK23 Legislation

The above contract standing orders conform to the following:

- 1 Public Supply Contracts Regulations 1995
- 2 Public Services Contracts Regulations 1993
- 3 Public Works Contracts Regulations 1991