

12 September 2006

Our Ref. IG/Council/21.9.06
Your Ref.
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To: The Chairman and Members of North Hertfordshire District Council

You are invited to attend a

MEETING OF THE COUNCIL

to be held in the

**COUNCIL CHAMBER, COUNCIL OFFICES, GERNON ROAD,
LETCWORTH GARDEN CITY SG6 3JF**

on

THURSDAY, 21 SEPTEMBER 2006

at

8.30 p.m.

PLEASE NOTE START TIME

Yours sincerely,



David Miley
Democratic Services Manager

AGENDA
PART I

ITEM	PAGE
1. APOLOGIES FOR ABSENCE	-
2. MINUTES To take as read and approve as true records the Minutes of the meeting of Council held on 27 July 2006.	-
3. NOTIFICATION OF OTHER BUSINESS Members should notify the Chairman of other business which they wish to be discussed by the Council at the end of the business set out in the agenda. They must state the circumstances which they consider justify the business being considered as a matter of urgency. The Chairman will decide whether the item(s) raised will be considered.	-
4. DECLARATIONS OF INTEREST To receive from Members of the Council any declarations of interest in respect of any business set out in the agenda. Members should either declare a prejudicial or personal interest and are required to notify the Chairman of the nature of any interest declared. Members declaring a prejudicial interest should leave the Council Chamber and not seek to influence the decision on that particular item of business.	-
5. CHAIRMAN'S ANNOUNCEMENTS	-
6. PUBLIC PARTICIPATION To receive petitions, comments and questions from members of the public.	-
7. PROPOSED CHANGES TO THE COUNCIL'S CONSTITUTION – STANDARDISATION OF PUBLIC PARTICIPATION ARRANGEMENTS AND TERMS OF REFERENCE FOR AREA COMMITTEES AND APPOINTMENTS BOARD REPORT OF THE MONITORING OFFICER	1
8. REVISIONS TO FINANCIAL REGULATIONS AND CONTRACT PROCUREMENT RULES- 2006-07 REPORT OF THE STRATEGIC DIRECTOR OF FINANCIAL AND REGULATORY SERVICES	
9. ANY ITEMS REFERRED FROM CABINET – 12 SEPTEMBER 2006	-
10. QUESTIONS FROM MEMBERS To consider any questions submitted by Members of the Council, in accordance with Standing Order 10.4(a).	-
11. NOTICE OF MOTIONS To consider any motions submitted by Members of the Council, due notice of which has been given in accordance with Standing Order 11.1.	-

Future meetings of the Council have been scheduled to take place on:

Thursday, 2 November 2006; Thursday, 14 December 2006; Thursday, 18 January 2006; Thursday, 8 February 2007; Wednesday, 28 February 2007; Thursday, 29 March 2007

TITLE OF REPORT: PROPOSED CHANGES TO THE COUNCIL'S CONSTITUTION – STANDARDISATION OF PUBLIC PARTICIPATION ARRANGEMENTS AND TERMS OF REFERENCE FOR AREA COMMITTEES AND APPOINTMENTS BOARD

REPORT OF THE MONITORING OFFICER

1. SUMMARY

This report brings back to the Council matters for debate constitutional issues relating to the standardisation of public participation arrangements for Area Committees, Area Committee consideration of planning enforcement matters and Appointments Board approval of Chief Officer appointments.

2. FORWARD PLAN

This report does not contain a recommendation on a key decision and has not been referred to in the Forward Plan.

3. BACKGROUND

3.1 At its meeting held on 15 March 2005, Cabinet approved a series of recommendations proposed by the Scrutiny Committee's Area Governance Task & Finish Group (Minute 198 refers) following this Group's review of area-based democracy.

3.2 Subsequently, an Area Governance Action Plan was developed to monitor action against each of the recommendations.

3.3 Item A21 of the Action Plan is as follows:-

"That the Democratic Services Manager be asked to report on options to simplify the procedure for speaking at committee to provide the same period of notice and speaking time for all types of question or address."

3.4 At Annual Council on 16 May, the Council considered a number of recommended changes to the constitution. Included within these recommendations were that the Terms of Reference for Area Committees be amended to remove the functions of the local authority as Local Planning Authority including enforcement action and that the Terms of Reference of the Appointments Board be amended to remove resolution of the appointment of all Chief Officers, et seq.

4. ISSUES

Area Committees - Public participation

- 4.1 The current arrangements for public participation at Area Committees on non-planning matters (as contained in Terms of Reference for the Area Committees in the Council's Constitution) are as follows:-
- (a) Length of time for addressing the Committee – not exceeding 5 minutes per individual/group.
 - (b) Period of Notice required to request to address the Committee – no later than 12 noon on the day of the meeting.
- 4.2 The current arrangements for public participation at Area Committees on planning applications are as follows:-
- (a) Length of time for applicants (or agents/representatives) and objectors (groups or individuals) – not exceeding 3 minutes per individual or group.
 - (b) Period of Notice required to request to address the Committee – no later than 12 noon on the day of the meeting.
- 4.3 It can be seen, that the period of notice required to address Area Committees on any matter has already been standardised to no later than noon on the day of the meeting. However, any variance to this arrangement should be at the discretion of Chairmen.
- 4.4 There are no statutory requirements pertaining to the length of time allowed for public participation at Area Committee meetings, as it not a legal requirement that anyone be given a right to address the committee. It is therefore considered that the length of time should be standardised to 3 minutes per individual/group for all forms of public participation at Area Committee meetings, and that any variance to these arrangements should be at the discretion of Chairmen. The cross-party Political Management Arrangements Group considered 3 minutes to be appropriate.
- 4.5 No change is proposed to the arrangements for Parish Councillors wishing to speak at Area Committee meetings (ie. on non-planning matters, they are able to speak at the discretion of the Chairman, but on planning applications they would need to register to speak as a member of the public). Similarly, no change is proposed to the arrangements for County Councillors wishing to speak at Area Committee meetings (ie. on non-planning matters, they are able to speak having advised the Chairman and Committee & Member Services by 4pm on the day of the meeting, but on planning applications they would need to register to speak as a member of the public). It is necessary for the Applicant on a planning matter to be advised that a person wishes to speak on their application as they must be afforded the opportunity to hear and respond to any representations made. The possibility of the Applicant not being made aware of this could lead to allegations of procedural impropriety due to unfairness in consideration of the application.

Enforcement action

- 4.6 The current Terms of Reference for Area Committees includes that, except in cases delegated to the Head of Planning and Building Control, they have power to exercise all other functions of the Council as Local Planning Authority, including enforcement action.

- 4.6.1 There are a number of concerns relating to the inclusion and exercise of this power, which make it appropriate that the provision be removed from the Constitution. These concerns are addressed in turn below:-
- 4.6.2 The provision is unnecessary as all enforcement action is delegated to the Head of Planning and Building Control, in consultation with the Head of Legal and Democratic Services. All other enforcement action taken by the authority is similarly delegated to the relevant Head of Service in consultation with the Head of Legal and Democratic Services. The Local Government Act 1972, s223 empowers a local authority to authorise any Member of officer to prosecute, defend or appear on its behalf in magistrates courts and conduct any proceedings. Most enforcement action conducted by the District Council is heard at the magistrates court, if it proceeds to a hearing. Rights of audience in any court or to take any legal action must be granted and whilst the District Council is, in law, a private individual who could request a right of audience, the provision of s223 enshrines the mechanism for the Council to have a right of audience which it does not have to plead at each hearing. Evidence of the authorisation must be produced, if challenged and be recorded in the Constitution of the Council. The fact that no other enforcement action is authorised by committee begs the question why this is considered necessary for planning matters.
- 4.6.3 The current practice of referring matter to committee for consideration adds delay in to the process and mitigated against the Council acting proactively to address breaches of planning control. Before consideration of whether enforcement action should be taken, evidence must be gathered and assessed to determine what breach may be occurring and what the appropriate course of action would be to address this breach. In order for this to be done in a thorough and sustainable manner, legal advice should be sought. When a matter is considered by an Area Committee, full advice has not been given and the decision taken is still subject to consideration by the Head of Legal and Democratic Services. In addition to weighing the evidence gathered and how strong the Council's case is, there is also a public interest test which must be satisfied before proceedings can be initiated. These considerations are matters for trained lawyers to assess and hence a decision by an Area Committee may still result in no prosecution being launched. This leads to a question over the efficiency of officer and Member time being taken to reach a decision which is delegated to officers and subject to further professional consideration. In light of the desire to operate a proactive and cost effective enforcement function and the need to secure £50,000 in Cost of Democracy savings, there appears to be an anomaly in maintaining the current provision for Area Committees to consider planning enforcement actions.

Fair and impartial hearing

- 4.6.4 Article 6 of the Human Rights Act 1998 enshrines the individuals right to a timely, fair and impartial hearing before an independent tribunal. Whilst there is no legal requirement to allow individuals to speak on planning matter, or any other, the Council decided to allow Applicant and objectors to speak on planning applications. There is no such provision for speaking on planning enforcement matters. However, a member of the public could register to speak on such a matter, under our arrangements as set out above. This can result in the invidious position where a matter which has not been subject to judicial scrutiny, with consideration of evidence and disclosure of the case against a Defendant, has been discussed in an open forum with no opportunity for response by the person accused or restriction on the matters which can be raised and considered as relevant within a legal framework. The potential for this to be successfully challenged as a breach of an affected persons rights under Article 6 are high and it is of importance that the Council considers its position in this regard and

ensures that it has a Constitution which respects the democratic and legal rights of the community and is in accordance with the legal framework of the time.

Appointments Board

- 4.7 The current Terms of Reference for the Appointments Board provides for this body to appoint all Chief Officers, subject to a right of veto by the Leader of the Council. The Strategic Directors and Members on the Appointments Board do not consider this a desirable or necessary part of the recruitment process and would like to provide for appoint of Chief Officers at Strategic Director level.

5. LEGAL IMPLICATIONS

- 5.1 The Council is able to make any constitutional arrangements it considers appropriate.
- 5.2 The proposal of giving all speakers an equal right of access to participate in Area Committee meetings and to enable affected parties to be given notice of this is consistent with the provisions of Article 6 of the Human Rights Act 1998.

6. FINANCIAL AND RISK IMPLICATIONS

None

7. HUMAN RESOURCE AND EQUALITIES IMPLICATIONS

None

8. CONSULTATION WITH EXTERNAL ORGANISATIONS AND WARD MEMBERS

This matter was raised at a meeting of Area Committee Chairmen held on 31st October 2005, at which progress on the Area Governance Action Plan was discussed. The Area Governance review carried out by a Scrutiny Task & Finish Group entailed extensive consultation with Members, the public, parish councils and other parties.

9. RECOMMENDATIONS

- 9.1 That the Terms of Reference of the Area Committees and the Procedure for Public Participation in planning applications be standardised as follows :
- (a) The length of time for members of the public addressing the Committees on non-Planning matters should normally not exceed 3 minutes, as per the current arrangements for applicants (or agents/representatives) and objectors addressing the Committees on planning applications.
 - (b) Notwithstanding the arrangements detailed in (a) above, any variance to these procedures shall be at the discretion of the Chairman of each Area Committee.
- 9.2 That the Terms of Reference for Area Committees be amended to remove responsibility for the authorities planning enforcement actions.
- 9.3 That the Terms of Reference for the Appointments Board be amended to remove power to approve the appointment of all Chief Officers.

- 9.4 That the Council's Constitution be amended to take account of the proposals outlined in 9.1 above.

10. REASONS FOR RECOMMENDATIONS

To standardise the length of time permitted for members of the public to address Area Committee meetings and ensure that the Constitution is fit for purpose.

11. ALTERNATIVE OPTIONS CONSIDERED

None.

12. APPENDICES

None.

13. CONTACT OFFICERS

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14. BACKGROUND PAPERS

Review of Area-Based Democracy – March 2005
Area Governance Action Plan – October 2005

**REVISIONS TO FINANCIAL REGULATIONS AND CONTRACT PROCUREMENT
RULES- 2006-07****REPORT OF THE STRATEGIC DIRECTOR OF FINANCIAL AND REGULATORY
SERVICES****1. SUMMARY**

- 1.1 To seek Council approval to the proposed changes for 2006-07 to North Hertfordshire District Council's Financial Regulations and Contract Procurement Rules.
- 1.2 Subject to approval by Council, the changes will be implemented immediately.

2. FORWARD PLAN

- 2.1 This report does not contain a recommendation on a key decision and has not been referred to in the forward plan.

3. BACKGROUND

- 3.1 As part of the Council's Financial Management and Procurement review processes, both Financial Regulations and Contract Procurement Rules are revised annually. The Audit Commission, the Council's external auditors, shares the Council's view that regular reviews are a cornerstone to effective organisational internal control.
- 3.2 In addition, the annual review and adoption of the Council's Contract Procurement Rules is a key action in the Council's Procurement Strategy.
- 3.3 Proposed changes can be categorised as key and minor with both categories applying to Financial Regulations and Contract Procurement Rules.

4. ISSUES**4.1 Financial Regulations**

- 3.1.1 The changes made to Financial Regulations for the financial year 2006/07, fall into the following categories:

- 1. Addition of information to support anticipated changes**
- 2. Alterations to reflect current NHDC practice**
- 3. Addition of information to clarify or reinforce a procedure**
- 4. Cross-referencing to another Council document or policy**
- 5. Titular Changes**

- a) Amendments to the titles of named officers to reflect the new organisational structure.
- b) Amendment of generic officer titles to reflect the new organisational structure.

If changes are necessary, an example of each titular change proposed rather than each instance of the change itself is shown in Appendix A.

3.1.2 Details of proposed changes are contained in Appendix A to this report.

4.2 Contract Procurement Rules

4.2.1 Changes made to Contract Procurement Rules, previously known as Contract Standing Orders, for use during the financial year 2006/07, fall into the following categories;

- 1. Amendments to reflect updates in legislation**
- 2. Development in organisational arrangements**
- 3. Clarification of current practices**
- 4. Titular Changes**

c) Amendments to the titles of named officers to reflect the new organisational structure.

d) Amendment of generic officer titles to reflect the new organisational structure.

If changes are necessary, an example of each titular change proposed rather than each instance of the change itself is shown in Appendix B.

4.2.2 Details of proposed changes are contained in Appendix B to this report.

4.3 Summary

4.3.1 The adoption of the changes to the Financial Regulations and Contract Procurement Rules will bring the changes into immediate effect.

4.3.2 Training will be provided if the amendment is of a significant nature. In all other instances, amendments will be communicated to staff through briefing processes such as intranet, newsletter and finance officer visits to Directorate Management Teams.

5. LEGAL IMPLICATIONS

5.1 There are no legal implications arising from this report.

6. FINANCIAL AND RISK IMPLICATIONS

6.1 These are procedural matters that have no adverse impact upon the Council's budgets. Adoption of the changes will strengthen the Council's internal control environment and the management of risk.

7. HUMAN RESOURCE AND EQUALITY IMPLICATIONS

7.1 These are procedural matters that have no adverse impact upon either the Council's staff resources or equality issues.

7. CONSULTATION WITH EXTERNAL ORGANISATIONS AND WARD MEMBERS

7.1 Both Councillor Terry Hone as Finance spokesperson, and Councillor Andrew Young, as chair of Portfolio Holder Advisory Group have been briefed seeking their agreement to the changes made. The changes have been scrutinised by the Scrutiny Finance Sub Group as part of the member scrutiny process.

8. RECOMMENDATIONS

- 8.1 That Council approves the changes to both Financial Regulations and Contract Procurement Rules, as summarised in Appendices A and B to this report.

9. REASONS FOR RECOMMENDATIONS

- 9.1 That both Financial Regulations and Contract Procurement Rules are revised annually as part of the Council's Financial Management and Procurement review processes, contributing to effective organisational internal control. In addition, the annual review and adoption of the Council's Contract Procurement Rules is a key action in the Council's Procurement Strategy.

10. APPENDICES

- 10.1 Appendix A – Amendments to Financial Regulations 2006-07
Appendix B – Amendments to Contract Standings Orders 2006-07
Appendix C - Financial Regulations 2006-07
Appendix D - Contract Procurement Rules 2006-07

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12. BACKGROUND PAPERS

- 12.1 Financial Regulations and Contract Procurement Rules files.

AMENDMENTS TO FINANCIAL REGULATIONS for 2006-07

Financial Regulations, August 2005	Financial Regulations, June 2006	Reason for Change
<i>Addition of information to support anticipated changes</i>		
NONE		
<i>Alterations to reflect current NHDC practice</i>		
Orders for work goods and services, Paragraph 1.8 – “Authorisation” ‘A certified copy of each order must be retained in the department’	‘A copy of the Official Order Requisition Form must be retained in the Department’.	To apply consistency in use of terminology.
Orders for work goods and services, Paragraph 1.8 – “Authorisation” ‘The Purchase Ordering system will only allow orders if sufficient budget provision exists, except for those exceptions listed in 1.2 above’.	‘The Purchase Ordering system will allow orders even if there is insufficient budget provision, except for those exceptions listed in 1.2 above. The system will highlight that the budget will be exceeded, under no circumstances should the order be authorised unless an authorised budget change is forthcoming ’.	To reflect current practice and system controls where there is sufficient evidence that budgetary control and use of virement of budgets are sound.
Payment of Accounts, Paragraph 2.6 – “Payment in Advance” ‘An official cheque requisition form must be completed and authorised by an appropriate officer. The cheque requisition form and any documents for dispatch with the cheque, should be submitted to the Payments and Reconciliation Section for processing’.	‘An official payment requisition form must be completed and authorised by an appropriate officer. The payment requisition form and any documents for dispatch with the cheque or bacs remittance, should be submitted to the Payments and Reconciliation Section for processing’.	To reflect that there are alternative payment methods.

Financial Regulations, August 2005	Financial Regulations, June 2006	Reason for Change
<i>Alterations to reflect current NHDC practice (continued)</i>		
<p>Travelling, Subsistence, Financial Loss allowances and Professional Fees, Paragraph 8.3 – “Permitted expenditure”</p> <p>Mileage will only be reimbursed if it is incurred whilst carrying out official Council duties. Officers who use their private vehicle for Council business should have insurance that covers business travel.</p>	<p>Mileage will only be reimbursed if it is incurred whilst carrying out official Council duties. Mileage claims must be accompanied by a relevant VAT fuel receipt, in order to comply with current VAT regulations. Officers who use their private vehicle for Council business must have insurance that covers business travel.</p>	<p>To reflect the VAT regulations regarding mileage claims.</p>
<p>Risk Management, Paragraph 10.4.4 – “Roles and Responsibilities”</p> <p>New Section</p>	<p>Corporate Governance Group</p> <p>The Corporate Governance Group is responsible for:</p> <ul style="list-style-type: none"> • Conducting regular reviews of the risk management process to test its adequacy in managing risk within the Authority. • Testing the risk management process against the relevant key lines of enquiry in the Use of Resources element of the CPA. 	<p>To reflect the role of the Corporate Governance Group in monitoring NHDC’s risk management process.</p>

Financial Regulations, August 2005	Financial Regulations, June 2006	Reason for Change
Alterations to reflect current NHDC practice (continued)		
<p>Risk Management, Paragraph 10.4.7 – “Roles and Responsibilities”</p> <p>Service Managers</p> <p>Service Managers are responsible for:</p> <ul style="list-style-type: none"> • Extending the process cascaded from levels above to within their own service areas; • Identifying, evaluating, and managing risks in their service area; and • Managing and reporting actions within their services area which contribute to the corporate risk register. 	<p>Heads of Service</p> <p>Heads of Service are responsible for:</p> <ul style="list-style-type: none"> • Extending the process cascaded from levels above to within their own service areas; • Identifying, evaluating, and managing risks in their service area; and • Managing and reporting actions within their services area which contribute to the corporate risk register. • The production of an annual assurance statement, at the end of each financial year, of the adequacy of the internal control environment within their service. 	<p>To reflect the role Heads of Service have in maintaining an effective internal control environment and providing evidence of good governance.</p>
<p>Budgets, Paragraph 22.2.6 (i) f) – “Virement”</p> <p>‘Virement from salaries can only be approved if: The post is vacant and the budget has not been earmarked to fund staff appointment costs or meet the Council’s salary ‘cash lag’ savings target.’</p>	<p>‘Virement from salaries can only be approved if: The post is vacant and the budget has not been earmarked to fund staff appointment costs or meet the Council’s salary ‘vacancy’ savings target’.</p>	<p>To reflect the introduction of salary vacancy control targets as part of the Council’s budgetary control arrangements.</p>
<p>Budgets, Paragraph 22.2.6 (i) j) – “Virement”</p> <p>New section.</p>	<p>‘Virement of training budgets to non-training budgets is not permissible. – These are allocated annually according to need and if not required should be transferred to the corporate learning and development budget.’.</p>	<p>To reflect that learning and development budgets are corporately managed and allocated according to need.</p>

Financial Regulations, August 2005	Financial Regulations, June 2006	Reason for Change
Alterations to reflect current NHDC practice (continued)		
<p>Capital, Paragraph 22.3.7 – “Monitoring”</p> <p>‘The relevant Strategic Director will, in conjunction with the Strategic Director of Financial & Regulatory Services, monitor capital expenditure against the approved capital programme. When it appears that expenditure on any scheme is expected to or has exceeded the authorised financial provision by more than 10% the appropriate Strategic Director must immediately report the situation to the Cabinet giving full details of the reasons for the overspend and revised estimates for the contract. Where the amount of the excess is less than £5,000, reporting will be at the discretion of the Strategic Director of Financial & Regulatory Services. The report to the Cabinet must show how the overspend will be recovered or re-financed’.</p>	<p>‘The relevant Strategic Director will, in conjunction with the Strategic Director of Financial & Regulatory Services, monitor capital expenditure against the approved capital programme. When it appears that expenditure on any scheme is expected to or has exceeded the authorised financial provision by more than 10% or £100,000 (whichever is smaller), the appropriate Strategic Director must immediately report the situation to Cabinet giving full details of the reasons for the overspend and revised estimates for the contract. Where the amount of the excess is less than £25,000, reporting will be at the discretion of the Strategic Director of Financial & Regulatory Services,. The Strategic Director of Financial & Regulatory Services will report variances as part of the capital quarterly monitoring reporting cycle and all reports to Cabinet must show how the overspend will be recovered or re-financed’.</p>	<p>To reflect the changing cost of capital projects and the need to delegate functions, where appropriate.</p>
<p>Capital, Paragraph 22.3.8 – “Monitoring”</p> <p>New section.</p>	<p>‘An appropriate project board as directed under the Council’s programme governance procedures must manage capital projects estimated to cost £1 million and above’. Projects below £1 million that are considered sensitive because of time or funding constraints may require an appropriate project board as directed by the Chief Executive’.</p>	<p>To reflect the importance of programme governance on large or ‘sensitive’ capital projects.</p>

Financial Regulations, August 2005	Financial Regulations, June 2006	Reason for Change
Addition of information to clarify or reinforce a procedure		
<p>Orders for work goods and services, Paragraph 1.2 – “Placing Orders”</p> <p>Orders must be placed in compliance with the Council’s Contract Procurement Rules and for the aggregate value of the ‘contract’. (see Contract Values, paragraphs 3.2 & 3.3) An Integra printed order must be raised for all work, goods or services to be supplied to the Council prior to their receipt. Orders do not have to be raised for public utility services, periodical payments such as rent or rates, petty cash purchases, or special sundry suppliers as agreed and authorised by Financial Services. Verbal orders may only be issued in situations of true urgency and must be confirmed by an official, Integra printed order within two working days.</p>	<p>Orders must be placed in compliance with the Council’s Contract Procurement Rules and for the aggregate value of the ‘contract’. (see Contract Values, paragraphs 3.2 & 3.3) An Integra printed order must be raised for all work, goods or services to be supplied to the Council prior to their receipt. Orders do not have to be raised for certain services, such as public utility services, periodical payments, petty cash purchases, or special sundry suppliers as agreed and authorised by Financial Services. A full list of all non purchase order suppliers as authorised by Financial Services can be found under G / Accounting and Finance Issues / Purchase Ledger Users / Suppliers set up as non Purchase Order Mandatory. Verbal orders may only be issued in situations of true urgency and must be confirmed by an official, Integra printed order within two working days.</p>	<p>To advise purchase ledger users on the exemptions to purchase orders.</p>
<p>Payment of Accounts, Paragraph 2.14 – “Separation of Duties”</p> <p>‘Strategic Directors must ensure that at least two authorised officers are involved in ordering, receiving and authorising goods, services and works for payment. In all instances the officer authorising the invoice should be different from the officer who checked the written invoice and certified it. Where possible, a different officer from the one who signed the order should authorise the invoice’.</p>	<p>‘Strategic Directors must ensure that at least two authorised officers are involved in ordering, receiving and authorising goods, services and works for payment. In all instances the officer authorising the invoice should be different from the officer who checked the written invoice and certified it. Where practicable, a different officer from the one who signed the order should authorise the invoice’.</p>	<p>To recognise that ‘spending’ officers are best equipped to order and authorise payments within their specialities and that strict ‘division’ of duties may compromise the validation process if non specialists authorise the payments.</p>

Financial Regulations, August 2005	Financial Regulations, June 2006	Reason for Change
<i>Addition of information to clarify or reinforce a procedure (Continued)</i>		
Budgets, Paragraph 22.2.6 (i) – “Virement”		
‘Cost Centre Managers may vire as necessary within their Cost Centre Accounts provided that the virement does not contain client costs and that the constraints on virement are observed.’	‘Cost Centre Managers cannot spend over their total budget but may vire as necessary within their Cost Centre Accounts provided that the virement does not contain client costs and that the constraints on virement are observed’.	To emphasise that Cost Centre Managers can only spend within their total approved budget.
<i>Inclusion of a cross-reference to another Council document or policy</i>		
NONE		
<i>Titular Changes</i>		
NONE		

AMENDMENTS TO CONTRACT PROCUREMENT RULES for 2006-07

Contract Standing Orders, August 2005	Contract Procurement Rules, June 2006	Reason for Change
<i>Amendments to reflect updates in legislation</i>		
NONE		
<i>Development of organisational arrangements</i>		
NONE		
<i>Clarification of current practices</i>		
1. Introduction, - Paragraph 1.3		
New section	'Officers have a responsibility to read and be familiar with these Rules. Contact details have been provided should you need to seek clarification of any point. You can also seek ad hoc advice from Audit and Consultancy Services. Failure to comply with the Rules may result in their conduct being examined under the Council's Managing Misconduct Policy.'	To emphasise the importance that officers read and are familiar with the Contract Procurement Rules and that they are aware of the consequences if they fail to comply.
15. Engagement of Consultants, Paragraph 15.2		
New section	15.2 iv) 'On completion of the contract ensure that professional indemnity insurance is maintained for a period of up to six or twelve years, as appropriate'.	To safeguard the Council from liabilities that may arise from defects in the project for a reasonable period following completion of the project.
<i>Titular changes</i>		
NONE		

FINANCIAL REGULATIONS – 2006-07

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INTRODUCTION

These Financial Regulations form part of the Constitution of North Hertfordshire District Council. They have been written to support managers in fulfilling their duties regarding devolved financial responsibility. They aim to support the objectives of Service and Financial Planning which requires that services achieve their objectives within the financial resources allocated to them in the budget process.

These Regulations are an integral part of the District Council's control framework. They help ensure that we make financial decisions in a consistent way across the Council. This supports us in our aim to ensure that we are transparent in all our actions and are clearly accountable for all the decisions we make. By ensuring these Regulations are applied, the Council can be confident that economic, efficient and effective financial management supports the achievement of its objectives.

Each section in the Regulations contains information to help you apply them to your role and responsibilities. The extent to which they affect you will depend upon your duties. If your duties regularly involve applying these Regulations, you will be provided with training.

You have a responsibility to read and be familiar with these Regulations. [Contact details](#) have been provided should you need to seek clarification of any point. You can also seek ad hoc advice from Audit and Consultancy Services. Failure to comply with the Regulations may result in your conduct being examined under the [Council's Managing Misconduct Policy](#).

Managers are responsible for ensuring that their staff:

- Receive a copy of these Regulations
- Receive the appropriate training
- Sign to confirm that they have read, understood and will comply with the Regulations.

These Regulations outline the minimum required to safeguard the Council's assets and interests. Any amendments will be approved by the Council and will not come into force until approval has been given. Training will be provided if the amendment is of a significant nature. In all other instances, amendments will be communicated through briefing processes such as email, newsletter and Finance Officer visits to Directorate Management Teams.

The Strategic Director of Financial & Regulatory Services will review these Regulations annually to ensure that they remain modern and relevant.

SECTION A - EXPENDITURE

1. ORDERS FOR WORK, GOODS AND SERVICES

- 1.1 Official order forms must be in a format approved by the Strategic Director of Financial & Regulatory Services and the Head of Legal and Democratic Services.

Placing orders

- 1.2 Orders must be placed in compliance with the Council's Contract Procurement Rules and for the aggregate value of the 'contract'. [\(see Contract Values, paragraphs 3.2 & 3.3\)](#) An Integra printed order must be raised for all work, goods or services to be supplied to the Council prior to their receipt. Orders do not have to be raised for certain services such as, public utility services, periodical payments, petty cash purchases, or special sundry suppliers as agreed and authorised by Financial Services. A full list of all non purchase order suppliers as authorised by Financial Services can be found under G / Accounting and Finance Issues / Purchase Ledger Users / Suppliers set up as non Purchase Order Mandatory. Verbal orders may only be issued in situations of true urgency and must be confirmed by an official, Integra printed order within two working days.
- 1.3 Orders should show all works, goods and services required and the agreed/ estimated price. The only exception to this is where a signed agreement or contract detailing the exact works, goods or services to be provided exists between the Council and the supplier. In such instances a brief description of the project and the total contract value will be sufficient.
- 1.4 Orders must be placed in such a way as to ensure that the best interests of the Council are met. Under no circumstances must orders be split or disaggregated to avoid the EC competition requirements or the Council's Contract Procurement Rules.
- 1.5 Where corporate rules on central purchasing and the standardisation of supplies and materials exist, these must be followed. Acquisitions of IT hardware and software must be made with the prior approval and authority of the Strategic Director of Customer Services and procured through IT Services.
- 1.6 All orders must be signed by a duly authorised officer and then placed on the Integra Purchase Ledger System and/ or other approved systems except for those exceptions listed in 1.2 above. Raising an order on the Purchase Ledger will create a commitment on the relevant cost code for the value of the order, excluding VAT. The commitment value must be profiled over the anticipated payment dates. Please read the Purchase Ordering procedure guide on how to order goods and services and profile commitments. This can be found under G:/Accounting and Finance Issues// [Purchase Ledger Users/Training Manual Nov 2005](#).
- 1.7 Officers must comply with the advice and instructions provided in the Purchase Ledger Purchase Ordering Training Notes.

Authorisation

- 1.8 An authorised officer must sign in manuscript each order using their signature and not their initials. Strategic Directors can authorise staff to sign orders but this does

not remove their responsibility for official orders issued from their Directorate. A copy of the Official Order Requisition Form must be retained in the Department.

- 1.9 In the event that the Council introduces an electronic ordering process, as part of an integrated e-procurement financial system, online authorisation will be permitted. Permissions will be password protected and passwords will only be distributed to officers authorised by their Strategic Director, see paragraph 1.11 below.
- 1.10 Electronic signatures must never be used for authorising purposes, as the Council does not currently possess the necessary encryption software.
- 1.11 Strategic Directors must supply the Strategic Director of Financial & Regulatory Services with the names of officers authorised to sign orders, their specimen signatures and maximum order values. They are also responsible for providing amendments to the list as appropriate.
- 1.12 The Purchase Ordering system will allow orders even if there is insufficient budget provision, except for those exceptions listed in 1.2 above. The system will highlight that the budget will be exceeded, under no circumstances should the order be authorised unless an authorised budget change is forthcoming. Please read the Revenue Budget Changes procedure guide on budgetary control and virement. This can be found under [..\Revenue Budget Changes\Revenue Budget Changes - Procedure Guide.doc](#)

Variations

- 1.13 A variation to works or construction contracts must be accompanied by a variation order, which contains details of the variation and is signed in manuscript by an authorised officer. Variations may only be authorised if sufficient budget provision exists.

2. PAYMENT OF ACCOUNTS

- 2.1 In general, payments are made by cheque or electronic transfer on the Council's bank account. The exception to this is reimbursement of officer expenditure through a petty cash account. ([See Financial Regulation 3, Petty Cash Accounts and Floats](#)) [Petty Cash](#). Reimbursement of professional subscription fees must be processed through the payroll system. ([See Employee Handbook](#))

Payment following invoicing - Certification

- 2.2 Strategic Directors are responsible for ensuring that orders and related invoices are examined, verified and certified prior to authorisation for payment. Evidence of these checks must be entered into the official Council Grid Stamp that should be stamped on all invoices received. Certification can either be in manuscript or by computer password, by or on behalf of the budget holder. The officer certifying an account must be satisfied that: -
- (i) The official ordering procedure outlined in Section 1 has been observed and Procurement Rules followed;
 - (ii) The work, goods or services to which the account relates, have been received, carried out, examined and approved;

- (iii) The prices, calculations, trade discounts, other allowances, credits and VAT are correct;
 - (iv) The relevant expenditure has been properly incurred and is within the relevant budget provision. Please read the Revenue Budget Changes procedure guide on budgetary control and virement. This can be found under <G:/Accounting and Finance Issues/..Revenue Budget Changes/Revenue Budget Changes - Procedure Guide.doc>
 - (v) Appropriate entries have been made in inventories, stores records or stock books as required;
 - (vi) The account has not been previously passed for payment and is a proper liability of the Council; and
 - (vii) The invoice submitted is an official supplier invoice. Limited exceptions to this requirement include periodic recurring payments, contract payments and any other exceptions specifically approved by the Strategic Director of Financial & Regulatory Services.
- 2.3 Officers must comply with the advice and instructions provided in the Purchase Ledger Purchase Ordering Training Notes.
- 2.4 Any amendment to an account must be made in ink and initialled by the member of staff making it, stating briefly the reasons where they are not self-evident.

Payment in Advance

- 2.5 If payment in advance is required, the official ordering process as outlined in Section 1 must be followed. Actions should also be taken to ensure compliance with Section 2.2, sub-paragraphs (iii), (iv), and (vi) above.
- 2.6 An official payment requisition form must be completed and authorised by an appropriate officer. The payment requisition form and any documents for dispatch with the cheque or bacs remittance, should be submitted to the Payments and Reconciliation Section for processing.
- 2.7 Responsibility for the dispatch of such cheques rests solely with the Management Support Unit, Financial & Regulatory Services.
- 2.8 Only in exceptional circumstances will cheques be returned to departments for dispatch. Such exceptional circumstances include cheques to pay court fees and benefits cheques for hand delivery. Cheques to replenish petty cash floats also fall into this category. The procedure to follow in such circumstances can be found in the guidance note, [Dispatch of cheques other than through the Creditors System](#).

Authorisation

- 2.9 Only invoices that have been certified as correct should be authorised for payment. Authorised officers must use their signature for authorisation purposes and not their initials. Officers authorising payment must comply with VAT requirements and any instructions periodically issued by the Strategic Director of Financial & Regulatory Services.

- 2.10 Direct Debit (DD) mandates can only be authorised by those officers within Finance & Regulatory Services who are authorised 'bank' signatories.
- 2.11 In the event that the Council introduces an electronic ordering process, as part of an integrated e-procurement financial system, online authorisation will be permitted. Permissions will be password protected and passwords will only be distributed to officers authorised by their Strategic Director, see paragraph 2.13 below.
- 2.12 Electronic signatures must never be used for authorising purposes, as the Council does not currently possess the necessary encryption software.
- 2.13 Strategic Directors are responsible for supplying the Strategic Director of Financial & Regulatory Services with the names, positions, specimen signature and authority limits of officers approved to authorise accounts for payment. They are also responsible for providing details of amendments as appropriate. Strategic Directors must ensure that where applicable ['conflict of interest'](#) forms are completed by authorised officers and updated as necessary.

Separation of Duties

- 2.14 Strategic Directors must ensure that at least two authorised officers are involved in ordering, receiving and authorising goods, services and works for payment. In all instances the officer authorising the invoice should be different from the officer who checked the written invoice and certified it. Where practicable, a different officer from the one who signed the order should authorise the invoice.

Payment

- 2.15 Duly certified and authorised invoices must be entered on the Integra Purchase Ledger System and passed without delay to the Strategic Director of Financial & Regulatory Services to ensure payment is released in accordance with Government dictated time limits or the terms stated by the supplier.
- 2.16 The Strategic Director of Financial & Regulatory Services will check and examine accounts for payment as necessary to ensure that they have been processed in accordance with these Regulations and Procurement Rules to confirm that the Council can legally make the payment. Instances of non-compliance will be reported to the relevant Strategic Director.
- 2.17 The normal payment schedule as determined by the Strategic Director of Financial & Regulatory Services is to be used in all but cases of extreme urgency. Acceptable reasons for requesting an urgent payment include where a delay would cause hardship to the individual, would result in the suspension of essential services or any other reason agreed by the Strategic Director of Financial & Regulatory Services. In all cases, the officer requesting the cheque must document the reason for urgency on or attached to the invoice.
- 2.18 All cheques with a value of more than £5,000 must be countersigned by an officer within Financial & Regulatory Services who is an authorised 'bank' signatory. All BACs payments with a value of more than £5,000 must be scheduled and the schedule authorised by those officers within Financial & Regulatory Services who are authorised 'bank' signatories.

- 2.19 Payment will normally be made by means of cheque or BACs. Under some circumstances, purchase cards will be permitted for certain officers. All purchase card arrangements and their issue are permitted only on the approval of the Strategic Director of Financial & Regulatory Services.
- 2.20 Payment will only be made on copy invoices if they are endorsed by an authorised officer with a statement saying that the invoice has not already been passed for payment and that the expenditure incurred has been approved.

Year end procedures

- 2.21 Each Strategic Director must notify the Strategic Director of Financial & Regulatory Services of all outstanding expenditure relating to goods and services received in the previous financial year, as soon as possible after 31st March and not later than such date as agreed in the closure of accounts timetable in each year. Please read the Closure Procedure Guide on the intranet at [Financial Services / Accountancy Services / Forms and procedures / Financial Year End Form Info / Closure Procedure Guide](#) and Creditor and Debtor Procedure Guide at [on the intranet under Financial Services / Accountancy Services / Forms and Procedures / Financial Year End Form Info / Creditor and Debtor Accrual Sheets](#).

3. PETTY CASH ACCOUNTS AND FLOATS

- 3.1 The Strategic Director of Financial & Regulatory Services will provide a petty cash account as appropriate to cover incidental office expenses. If necessary, he/she will open a bank account for use by the petty cash account holder. This account must be kept in credit.
- 3.2 Petty cash expenditure on a single item is limited to £20 (inc. VAT). All postage for outgoing mail shall be made through a franking machine unless otherwise approved by the Strategic Director of Financial & Regulatory Services. Postage stamps held by the approval of the Strategic Director of Financial & Regulatory Services must not be sold to members of staff or the general public.
- 3.3 Wherever possible a VAT receipt must be obtained for all items of expenditure. Receipted vouchers, signed by the recipient of the reimbursement must support all expenditure.
- 3.4 Staff responsible for a petty cash account must keep adequate records in a form approved by the Strategic Director of Financial & Regulatory Services to support expenditure. If requested, a certificate as to the state of the account must be provided to the Strategic Director of Financial & Regulatory Services.
- 3.5. Income received on behalf of the Council must not be paid into a petty cash account but must be banked or paid to the Council as required in [Section 5.8](#).

Checks

- 3.6 Officers responsible for petty cash accounts or change floats must, with another, officer, regularly check the balance of the account or float. A record of such checks should be signed by both officers and maintained.
- 3.7 Each Strategic Director must arrange for a periodic (but not less than every six months) check of petty cash accounts under her/his control by a member of staff other than those directly responsible for the operation of the account.

Transfer of Accounts

- 3.8 Strategic Directors must ensure that any floats or petty cash accounts held by officers leaving the employment of the Council are checked prior to the leaving date. These floats or petty cash accounts should then either be paid back to the Strategic Director of Financial & Regulatory Services or transferred to another employee.
- 3.9 The account holder must agree the accuracy of the records and cash held with their line manager prior to transfer of the account. A form should be completed by the individual surrendering the Petty Cash, declaring the value of cash to be transferred. The new petty cash holder should countersign the Declaration, confirming the amount of petty cash received. Once completed, the form should be sent to the Payments and Reconciliation Section.
- 3.10 The guidance detailed in paragraph 3.9 above also applies to situations where it is possible to predetermine a petty cash account holder's e.g. annual leave, maternity leave, absence for surgery etc
- 3.11 Forms can be found on the intranet, under Financial Services / Accountancy Services / Forms and Procedures / Year End Forms / Petty Cash Declaration.

Repayment of accounts

- 3.12 Where the immediate need for a petty cash account or float ends, the petty cash or float holder must account to the Strategic Director of Financial & Regulatory Services for the total amount advanced and pay the float or balance of the petty cash account back to the Council's main bank account.
- 3.13 A form should be completed, which can be found under [G:/Accounting and Finance Issues/ Request for Change to Petty Cash Levels.](#) Once completed, the form should be sent to the Payments and Reconciliation Section.

Year end procedures

- 3.14 Each Strategic Director must notify the Strategic Director of Financial & Regulatory Services of the cash balances held on any floats or petty cash accounts at the 31st March on a duly signed certificate for each float or account as soon as possible after the 31st March and not later than such date as agreed in the closure of accounts timetable in each year. Please read the [Closure Procedure Guide on the intranet under Financial Services / Accountancy Services / Forms and Procedures / Financial Year End Forms / Closure Procedure Guide](#) and the procedure Guide which can be found under [G / Accounting and Finance Issues / Advance Accounts / Petty Cash Procedure Guide](#).

4. PROCUREMENT OF GOODS, WORKS AND SERVICES IN PEACETIME CIVIL MAJOR INCIDENTS AND/OR IN THE EVENT OF A BUSINESS CONTINUITY PLAN FOR A COUNCIL SERVICE BEING INVOKED

Emergency Planning

- 4.1 As part of its emergency planning role, the Council is responsible for a range of activities in the event of a major incident being declared. These activities may require the ordering of works, goods or services. The procuring officer(s) may have

little or no advance notice and may not have access to the Council's purchase ledger system.

- 4.2 The Council is responsible for payments for all resources, which are utilised by them at their own request.
- 4.3 Under the Council's Business Continuity Management Strategy, the Chief Executive is responsible for invoking a Service Business Continuity Plan. The invoking of a business continuity plan may require the ordering of works, goods or services. The procuring officers may have little or no advance notice and may not have access to the Council's purchase ledger system.

Responsibilities of the Chief Executive

- 4.4 The Chief Executive is responsible for activating both the Council's Major Incident Plan and Service Business Continuity Plans. Once activated, any orders for the supply of works, goods or services need not be subject to the Council's Contract Procurement Rules. ([See Section 10, Waivers](#)) However, during this period the Council's Financial Regulations continue to apply.

Responsibilities of officers procuring works, goods or services

- 4.5 Officers instructed to order works, goods or services must:
- Maintain a record of all such orders
 - As soon as is practicable, transfer all temporary orders to the Council's official ordering system providing best estimate of the cost and coded as instructed by the Council's Accountancy Manager
 - Ensure that where practicable, documentation is completed to indicate that the goods or services have been received and works undertaken
 - Ensure that an inventory of all remaining goods is compiled following completion of the emergency. The inventory should record what items are to be retained for future Council activities and what items are surplus to the Council's requirements and should be disposed of
 - Ensure that all surplus goods are disposed of at best consideration to the Council

Responsibilities of the Strategic Director of Financial & Regulatory Services

- 4.6 The Strategic Director of Financial & Regulatory Services must:
- Ensure that the Council's Financial Services operate in a resource allocation role, working closely with the Chief Executive in order to advise on and monitor the costs incurred by the Council in response to the major incident
 - Maintain an overview of ordering systems and financial records relating to the incident. This will include authorising the format of temporary order forms and instructing on the financial coding structure to be used.

SECTION B - INCOME**5. INCOME**

- 5.1 The Head of Revenues & Benefits has overall responsibility for the collection of all income due to the Council. He/she must be promptly notified of all monies due to the Council including receipts under contracts, leases and other agreements. Sufficient information to allow all amounts due to be correctly recorded and collected must be provided.
- 5.2 Each Strategic Director must ensure that there are adequate arrangements for the calculation, prompt collection and timely banking of all income due to their directorate and that such arrangements prevent losses arising from any source.
- 5.3 Wherever possible, payment in advance should be sought for the provision of goods and services. Where payment in advance is not possible, each Strategic Director will be responsible for ensuring that for external customers, a sundry debtor invoice is raised within five (5) days of the service being provided. A sundry debtor invoice raised on the Council's Financial Management System must always be used. Under no circumstances should a request for payment for a service provided be made by letter only.
- 5.4 The Strategic Director of Financial & Regulatory Services shall fix a value limit below which a sundry debtor account cannot be raised and recommend an alternative collection method. Any dispensations to this limit shall be authorised by the Strategic Director of Financial & Regulatory Services. The limit set from June 2005 is £25.

Controlled Stationery

- 5.5 All receipt forms, books, tickets and other such items will be ordered and supplied to Service Areas by the Head of Revenues & Benefits with whom adequate arrangements for their control within the Service Area concerned must be agreed. A central register of issues, returns and destructions will be maintained.

Receipting of Income

- 5.6 Every sum received by an officer or an agent of the Council must be acknowledged immediately by the issue of an official receipt, ticket, voucher or other document prescribed by the Strategic Director of Financial & Regulatory Services.

Transfer of Income

- 5.7 Every transfer of official money from one officer to another must be recorded by the recipient and signed by both officers involved in the transaction.

Banking of Income

- 5.8 All money received by a member of staff on behalf of the Council must be banked without any deductions wherever practicable within two working days and no more than five working days from the date of receipt. It must not be used for expenditure or to create or supplement floats or petty cash accounts, [See Section 3.5](#).

- 5.9 All paying-in slips must show a reference to the related debt (such as the receipt number or the name of the debtor) or the origin of the cheque. The name of the relevant Service Area or a reference to the related debt must be written or printed on the reverse of each cheque.
- 5.10 Under no circumstances should third party cheques be accepted in payment for goods or services provided by the Council.
- 5.11 Income collected on behalf of a third party whether for commission or not, must be receipted and banked in the same way as the Council's own money. The Strategic Director of Financial & Regulatory Services will pay any amount due to a third party once the account has been checked and the balances agreed.
- 5.12 Personal cheques must not be cashed out of money held on behalf of the Council.

Fees and Charges

- 5.13 Strategic Directors are responsible for the annual review of fees and charges applied to services under their control, save those prescribed by government regulations.

6. CANCELLATION, RECOVERY AND WRITE OFF OF DEBTS

- 6.1 Each Strategic Director will be provided with details of outstanding debts for which his/her directorate is responsible. He/she is responsible for ensuring that appropriate recovery action is taken on all debts.
- 6.2 The Head of Revenues & Benefits shall institute distress and court proceedings for the recovery of outstanding monies due to the Council.
- 6.3 For the purpose of these Regulations, the value of debts is to be determined by reference to the debtor as opposed to individual debts.
- 6.4 A debt, which is properly due to the Council, will only be cancelled or written off as follows:
- Write off of debts up to and including £2,500 on the approval of the Strategic Director of Financial & Regulatory Services or the Head of Revenues & Benefits;
 - Write off of debts between £2,500 and £5,000 on the approval of the Strategic Director of Financial & Regulatory Services or the Head of Revenues & Benefits in consultation with the Finance Portfolio Holder;
 - Write off of debts of £5,001 or more with the approval of the Cabinet
 - All debts where the debtor is declared bankrupt or is in liquidation on the approval of the Head of Revenues & Benefits
 - Cancellation of debts up to and including £2,500 on the approval of the Head of Service.
 - Cancellation of debts of £2,501 or more with the approval of the Strategic Director.
- 6.5 Strategic Directors in consultation with the Director of Financial & Regulatory Services are responsible for ensuring that sufficient budgetary provision is made for the cancellation, write off and cost of recovery of bad debts.

SECTION C - STAFFING**7. SALARIES, WAGES AND PENSIONS**

- 7.1 The Shared Services Manager, Human Resources, is responsible for ensuring the payment of all salaries, wages, pensions, compensation and other emoluments due to employees, former employees and Members of the Council.

Documentation authorisation

- 7.2 Only time records and payroll documents in a form prescribed or approved by the Shared Services Manager, Human Resources, and the Strategic Director of Financial & Regulatory Services will be processed. All documents submitted to Shared Services must be authorised for payment by an appropriately authorised officer using their full signature and not initials.
- 7.3 Strategic Directors must provide the Shared Services Manager, Human Resources, with the names of officers authorised to sign payroll documents records together with specimen signatures and details of limits of authority and must forward amendment details on the occasion of any change.
- 7.4 Officers cannot authorise their own claim forms for payment. Strategic Directors must have their claims authorised by either the Chief Executive or the Strategic Director of Financial & Regulatory Services. Where the claimant is the Chief Executive, the Strategic Director of Financial & Regulatory Services should authorise the claim. Where a claimant is a budget holder, an officer of at least equivalent status must sign the claim.

Notifications to Payroll

- 7.5 Each Strategic Director must, using the appropriate documentation, notify the Shared Services Manager, Human Resources, as soon as possible, in particular before officers leave, of all matters affecting payments to officers, in particular:
- (i) Appointments, resignations, dismissals, suspension, secondments and transfers of all staff including those of casual staff and consultants;
 - (ii) Absences from duty for sickness or other reasons, apart from approved leave;
 - (iii) Changes in remuneration, other than pay awards and other negotiated agreements which apply to staff generally;
 - (iv) Information necessary to maintain records of service for superannuation, income tax, national insurance and the like;
 - (v) Untaken or excessive leave when officers leave the employment of the Council;
 - (vi) Training expenses recoverable when officers leave the employment of the Council.

- 7.6 The guidance in the [Recruitment Booklet for Managers](#) must be followed in all recruitment processes. It can be found in the Human Resources area on the g:/ drive. All posts must be offered subject to the receipt of two satisfactory references. Wherever possible at least one reference should be obtained from the applicant's current employer. Where the post holder is required to have and states he/she has a particular qualification, confirmation checks must be undertaken, original certificates of qualifications seen and a copy held on the Council's files.
- 7.7 Appointments of all employees must be made within the approved establishment, grades and rates of pay agreed by the Council. Exceptions to this may apply e.g market forces payments. In such circumstances the appropriate Strategic Director must ensure that resources are available to fund the additional expenditure and consult with the Head of Human Resources as to the appropriateness of the proposed additional payment.

Payroll Payments

- 7.8 All salary and wage payments will be made on the due date as agreed by the Conditions of Employment. Advances of pay require the consent of the Strategic Director of Financial & Regulatory Services and will only be made in exceptional circumstances.

8. TRAVELLING, SUBSISTENCE, FINANCIAL LOSS ALLOWANCES AND PROFESSIONAL FEES

- 8.1 Travel, subsistence, financial loss allowances and professional fees are paid through the payroll system in accordance with current North Hertfordshire District Council policies. These can be found in the [Employee Handbook](#).

Permitted expenditure

- 8.2 Allowances will only be payable against actual expenditure incurred up to the maximum allowed under the current regulations. Receipts should be obtained and submitted with a claim. Where it is not possible to obtain a receipt, the claimant should list the items purchased, their cost and the supplier. Payment will then be made at the discretion of the officer's manager.
- 8.3 Mileage will only be reimbursed if it is incurred whilst carrying out official Council duties. Mileage claims must be accompanied by a relevant VAT fuel receipt, in order to comply with current VAT regulations. Officers who use their private vehicle for Council business must have insurance that covers business travel.
- 8.4 Officers travelling by rail should obtain a rail warrant from their Management Support Unit prior to travel.
- 8.5 Reimbursement of professional subscription fees will only be made on submission of the invoice from the relevant professional body. ([See Employee Handbook](#)).

Claim submission

- 8.6 Payments will only be made to staff and Members who are entitled to claim travelling or other allowances upon submission of a completed form prescribed by the Strategic Director of Financial & Regulatory Services.

- 8.7 Claims for expenditure incurred between April and December inclusive of any financial year must be submitted within three months of the final day of the claim period. For example, claims made for the period 1st to 30th April must be submitted by 31st July. Claims for expenses submitted after these dates will be paid only with the express approval of the Strategic Director of Financial & Regulatory Services.
- 8.8 Claims for expenditure incurred between January and March inclusive of a financial year must be submitted within one month of 31st March.
- 8.9 The Shared Services Manager, Human Resources will provide a timetable showing the last day for submission of claims for each pay period. These dates relate to the process of monthly payment and are not the deadlines referred to in paragraph 8.7 and 8.8.
- 8.10 Officers who authorise a claim form, sign to confirm they are satisfied that the journeys were authorised, the expenses properly and necessarily incurred and the allowances properly payable by the Council. Authorisation must be in the form of a signature and not initials.
- 8.11 Staff must not authorise their own claim forms for payment. Where the claimant is a Strategic Director, the Chief Executive or the Strategic Director of Financial & Regulatory Services should authorise the claim. Where the claimant is the Chief Executive, the Strategic Director of Financial & Regulatory Services should authorise the claim. Where a claimant is a budget holder, an officer of at least equivalent status must authorise the claim.
- 8.12 The Shared Services Manager, Human Resources will maintain a list of specimen signatures and authority levels of the officers authorised to sign claim forms. At least annually the Shared Services Manager, Human Resources will seek confirmation that information contained in the list remains up-to-date. It is the responsibility of Strategic Directors to provide the Shared Services Manager, Human Resources with updated information on changes of staff as they occur.

9. PERSONAL INTERESTS OF STAFF

- 9.1 The Strategic Director of Customer Services will keep the [Conflicts of Interest for Staff](#) in the Employee Handbook under review. The Code must be adhered to by permanent and temporary staff and consultants at all times.

SECTION D - RISK MANAGEMENT

10. RISK MANAGEMENT

- 10.1 Risk Management is the management of integrated or holistic business risk in a manner consistent with the virtues of economy, efficiency and effectiveness. In essence, it is about making the most of opportunities (making the right decisions) and achieving objectives once those decisions are made.
- 10.2 North Hertfordshire District Council's Risk Management Strategy aims to ensure that for each Council function, activity, operation or service the level of risk is known, recorded and monitored. In each case, a conscious decision must be taken on how to manage that risk whether through controlling it, transferring it or living with it.

10.3 The Council's risk management strategic objectives are set out in its Risk Management Strategy.

10.4 Roles and Responsibilities

Elected Members

10.4.1 Members are responsible for:

- Overseeing the effective management of risk within the Council by officers. In effect, this means agreeing the strategy, framework, process and priorities for action put forward by officers; and
- Managing those risks identified as 'Cabinet Risks.'

10.4.2 Members may also be involved in:

- Identifying, analysing and profiling risk;
- Determining the Council's risk appetite and priorities for action; and
- Providing reports to stakeholders on the effectiveness of the risk management framework, Strategy and process.

Corporate Management Team

10.4.3 Corporate Management Team is responsible for:

- Taking a lead in identifying and managing the risks and opportunities facing the Council;
- Determining the proposed risk strategy, framework and process;
- Identifying, analysing and profiling corporate and cross-cutting risks associated with new policies and service delivery;
- Managing those risks identified as 'Corporate Management Team Risks';
- Determining the Council's risk appetite, priorities, and budget for action; and
- Providing reports to stakeholders on the effectiveness of the risk management framework, strategy and process.

Corporate Governance Group

10.4.4 The Corporate Governance Group is responsible for:

- Conducting regular reviews of the risk management process to test its adequacy in managing risk within the Authority.
- Testing the risk management process against the relevant key lines of enquiry in the Use of Resources element of the CPA.

Risk Management Group

10.4.5 The Risk Management Group is responsible for acting as a source of guidance and advice and assisting in the co-ordination of the Council's integrated risk management process.

Risk Manager

10.4.6 The Risk Manager is responsible for:

- Managing the implementation of the Council's integrated Risk Management Strategy, framework and processes on behalf of the Council and Corporate Management Team;
- Controlling and facilitating risk management within the Council;
- Providing guidance and advice as necessary;
- Maintaining the Council's corporate risk register; and
- Reporting progress in detail to members of Corporate Management Team and PARC and as required to other officers and Members of the Council.

Audit and Consultancy Services

10.4.7 Audit and Consultancy Services has an integrated role to play in the Council's Authority's risk management strategy. Its work must:

- Focus on areas of risk;
- Provide assurance on the Risk Management Strategy;
- Facilitate risk management improvement;
- Promote risk awareness; and
- Provide proactive risk advice and support.

Heads of Service

10.4.8 Heads of Service are responsible for:

- Extending the process cascaded from levels above to within their own service areas;
- Identifying, evaluating, and managing risks in their service area; and
- Managing and reporting actions within their services area which contribute to the corporate risk register.
- The production of an annual assurance statement, at the end of each financial year, of the adequacy of the internal control environment within their service.

Partners

10.4.9 Partners are an important element within the Council's risk management framework. At times, it will be appropriate for joint risk profiling to be undertaken. However, it is essential that accountabilities are adequately determined and that the Council does not overlook any risks that may fall on it arising from its participation in a joint venture.

10.4.10 It is important to remember that even where there is transfer of operational risks, for example under a PFI, there will be residual risks, which fall on the Council. The risk management process cannot, therefore, be outsourced in its entirety.

11. INSURANCE

11.1 All suppliers of goods and services to the Council must hold public / products and employers liability insurance cover. Where the Council is seeking professional advice and guidance, professional indemnity insurance is also required. The required indemnity limits should be stipulated in the specification for the goods / services to be acquired.

11.2 Insurance cover is one element of the Council's risk management approach.

Responsibilities of the Risk Manager

- 11.3 The Risk Manager is responsible for arranging appropriate insurance cover for the Council for risks that are not self-insured. Where appropriate, he/she will consult with Strategic Directors prior to arranging cover. Additionally, he/she is responsible for negotiating the settlement of all claims with insurers, in consultation with other members of staff where necessary.
- 11.4 He/she is responsible for maintaining details of all policies, claims or other transactions relating to the Council's insurance and details of all items or risks insured.
- 11.5 All employees of the Council are included in suitable fidelity guarantee insurance. For cover under this policy to apply, two suitable written references must be obtained for all new employees. This can be reduced to one reference from an existing employer if the individual has held their existing job for at least three consecutive years.
- 11.6 At least annually, the Risk Manager must review all insurance cover in consultation with appropriate Strategic Directors as necessary.

Responsibilities of Strategic Directors

- 11.7 Strategic Directors must promptly notify the Risk Manager of all new risks, properties or vehicles that need to be considered for insurance and of any alterations affecting existing insurance arrangements.
- 11.8 They must immediately notify the Risk Manager in writing or by completing an appropriate claim form of any loss, liability or damage or any event likely to lead to a claim. In instances which suggest that criminal proceedings may be instigated, the Strategic Director of Financial & Regulatory Services and the Audit Manager must be informed.
- 11.9 Strategic Directors must consult the Risk Manager and Head of Legal and Democratic Services concerning the terms of any indemnity which the Council is requested to give.

12. SECURITY

- 12.1 Each Strategic Director is responsible for maintaining proper security at all times for all buildings, stocks, stores, furniture, equipment, cash, etc. under his/her control. These arrangements must have been discussed and agreed with the Risk Manager.

Cash Collection

- 12.2 Maximum limits for cash holdings must be agreed with the Risk Manager and must not be exceeded without his/her express permission.
- 12.3 Individuals who collect money on the Council's behalf must take all reasonable precautions to ensure its safe custody and must comply with any instructions given by the Risk Manager.
- 12.4 The cash limit for holding monies in a safe can be obtained from the Risk Manager.

- 12.5 The current cash limit for monies held in a locked drawer or cupboard is £250. However, amounts held in such locations should be kept to a minimum to reduce the value of any loss.

Physical Access

- 12.6 Each Strategic Director is responsible for the maintenance and update of a register of keys for external doors, safes, cash boxes and other secure items. The register should show the list of key holders and an out-of-hours contact number. The register must be kept securely and must not be accessible to unauthorised individuals.
- 12.7 All keys must either be with the designated key holder at all times or held in a secure place. Security keys of safes, cash boxes and key cupboards, should not be left on site when the premises are unoccupied by Council staff, unless expressly approved by the Risk Manager. The loss of any keys must be reported to the Risk Manager as soon as their loss is noticed.
- 12.8 Officers receiving visitors are responsible for ensuring that their visitor is signed in and wears the appropriate visitor's badge at all times. They must also ensure that visitors are adequately supervised during their visit, do not have access to confidential Council information and that the security of Council assets is maintained.

Data Protection

- 12.9 The Council's Data Protection Officer is responsible for maintaining proper security and privacy of computer held information and for ensuring compliance with the Data Protection Act, the Freedom of Information Act and any other relevant legislation. All established, temporary and casual staff and consultants are required to adhere to guidance issued.

Electronic Signatures

- 12.10 Electronic signatures should only be used where encryption software is in place. Approval to use electronic signatures must be obtained from the Strategic Director of Financial & Regulatory Services, in consultation with the IT Manager. Electronic signatures should not be used on any document, which is identified on the authorised signatory list.

SECTION E - ASSET MANAGEMENT

13. ESTATES

- 13.1 The Head of Financial Services will maintain a record of all the Council's land and property interests. The record must include details of the purpose for which the land is held, its location, extent and exact plan reference, purchase details, particulars of the nature of interest and rents payable and particulars of tenancies granted.
- 13.2 Responsibility for exercising the proper stewardship over the Council's land and property assets rests with the Head of Financial Services who must ensure that assets are kept in an appropriate condition. He/she is also responsible for the

regular review of assets to identify their condition, suitability of use and whether they are under utilised or surplus to requirements.

- 13.3 The Head of Legal and Democratic Services will keep all title deeds, formal contracts and agreements in a secure location.

14. INVENTORIES

Compilation and Maintenance

- 14.1 As far as is practicable, all furniture, fittings and equipment, plant and machinery must be marked as being Council property and access restricted where appropriate.
- 14.2 Strategic Directors must compile and maintain inventories, which contain an adequate description of furniture, fittings and equipment, plant and machinery in their Directorate. The form and extent of the inventories must be agreed with the Strategic Director of Financial & Regulatory Services. Please read the [Inventory procedure guide](#) for further guidance and proforma inventory forms.
- 14.3 Appropriate entries must be made in the inventory at the time of purchase and disposal of assets. An annual check of all items on the inventory should be carried out. Appropriate action in relation to surpluses or deficiencies must be taken and the Strategic Director of Financial & Regulatory Services informed accordingly.
- 14.4 The property of the Council specified in 14.1 above must only be used for legitimate Council business.
- 14.5 Except in accordance with specific directions issued by the Strategic Director concerned, Council property may only be removed from Council premises in accordance with the ordinary course of the Council's business for the Council's purposes.

Surplus inventory items

- 14.6 It is the responsibility of each Strategic Director to establish that legal title rests with the Council prior to the disposal of any item. Before an item is disposed of, consideration should be given as to whether there is a use for the item elsewhere within the Council.
- 14.7 Surplus inventory items with an expected residual value of less than £2,500 may be sold or disposed of on the authorisation of the appropriate Strategic Director. If the expected residual value exceeds £2,500, authorisation of the Strategic Director of Financial & Regulatory Services must additionally be obtained.
- 14.8 All items with a significant market value should be disposed of via public auction (other than land, which is to be disposed of in accordance with Contract Procurement Rules.)
- 14.9 Leased items should only be disposed of in accordance with the instructions of the lessor.

Specialised inventories

- 14.10 The Head of Financial Services must maintain a complete inventory of all land and property owned or leased by the Council, [see Section 13](#).
- 14.11 The IT Manager is responsible for the maintenance of a comprehensive inventory of all IT hardware and software used across the Council. He/she is responsible for ensuring that the appropriate entries are made at the time of purchase and disposal and that an annual check of all items on the inventory takes place.
- 14.12 Inventories of items acquired on lease are compiled and maintained by the Head of Financial Services.

15. STOCKS AND STORES

- 15.1 Each Strategic Director is responsible for the safe custody and physical control of stocks and stores under his/her supervision.

Stock Management

- 15.2 Officers responsible for stocks and stores must maintain comprehensive records of stock balances and stock issues and receipts including records of quantities, values and the person issued to. All records and accounts relating to stocks and stores must be in a form approved by the Strategic Director of Financial & Regulatory Services.
- 15.3 The quantity of goods received must be checked at the time of delivery. The quality of goods and their compliance with any specification must be checked as soon as possible after delivery.
- 15.4 Wherever possible, minimum and maximum stock levels must be set. Stocks must not exceed normal requirements except in special circumstances with the approval of the relevant Strategic Director.

Stock Checks

- 15.5 Strategic Directors must ensure that persons other than storekeepers carry out periodical, physical test checks of stocks and that all stocks are checked at least once in every year.
- 15.6 If stocks are to be transferred to another body, or responsibility is transferred internally, then the responsible Strategic Director must ensure that a stock check is carried out to agree the accuracy of the records prior to transfer and that any necessary accounting adjustments are made.
- 15.7 Individual deficiencies identified during stock checks that exceed £500 must be reported to the appropriate Strategic Director. The Strategic Director of Financial & Regulatory Services and the Audit Manager must be informed if it is believed that malpractice has occurred.

Year end procedures

- 15.8 At the end of each financial year, each responsible officer must supply the Accountancy Manager with details and a signed certificate of the value of stocks and stores held in their section. Stores must be valued in accordance with the accounting policies adopted by the Strategic Director of Financial & Regulatory Services. Please read the [Closure](#) Procedure Guide and the [Stocks & Stores](#)

Procedure Guide on the intranet under Financial Services / Accountancy Services / Forms and Procedures / Year End Forms.

Disposal of obsolete or surplus stock

- 15.9 Any items of obsolete or surplus stock, where the expected loss on disposal is no more than £2,500, can be sold or disposed of on the authorisation of the responsible Strategic Director. Where the expected loss on disposal exceeds £2,500, the approval of Cabinet or the relevant Portfolio holder must be obtained.
- 15.10 In general, surplus or obsolete stock must be sold through public auction or competitive tender. However, other methods may be used if the Strategic Director and the Strategic Director of Financial & Regulatory Services believe another method would best serve the financial interests of the Council.
- 15.11 Wherever an item is disposed of, the appropriate stock record must be updated to reflect the disposal.

16. PROTECTION OF PRIVATE PROPERTY

- 16.1 All property found on Council premises or handed to a Council member of staff must be dealt with in accordance with the Council's [Lost Property procedures](#). Particular attention should be paid to the storage and disposal of such items.
- 16.2 The lost property procedures should also be followed where the Council has been passed property for safekeeping by the owner.
- 16.3 Where moveable private property is taken into Council custody, an itemised inventory must be prepared. Where practicable, the inventory must describe the condition of the property. The relevant entries should be witnessed by two members of staff and, where known, the owner of the property. The inventory record of these items must be included within the normal inventory maintained by the appropriate Service Manager.

17. TREASURY MANAGEMENT

CIPFA Code of Practice

- 17.1 The Strategic Director of Financial & Regulatory Services will ensure that all Council borrowings and investments are conducted in accordance with CIPFA's "Code for Treasury Management in Local Authorities". To this end all Council money and all executive decisions on borrowing, investment or financing are delegated to the Strategic Director of Financial & Regulatory Services or through him/her to his/her staff.

Treasury Policy Statement

- 17.2. The Strategic Director of Financial & Regulatory Services must prepare a Treasury Policy and Strategy Statement for approval by Council followed by a subsequent annual review by the Cabinet. The Treasury Policy Statement must contain:
- (i) A statement of approved activities showing Officer and Committee responsibilities;

- (ii) A strategy for Treasury Management including capital funding, investments and cash flow management;
- (iii) A listing of all approved methods of raising capital finance;
- (iv) A definition of approved sources of financing;
- (v) A definition of approved organisations for investment;
- (vi) A policy on interest rate exposure;
- (vii) A policy on the extent of use of external funds managers;
- (viii) A policy on delegation including the roles of the Cabinet, the Head of Financial Services and his/her staff; and
- (ix) A proposal for reviewing the policy and for reporting on its effects.

Reporting

- 17.3 In accordance with the Code, the Head of Financial Services must inform Members of the activities of the treasury management operation and the exercise of treasury management powers delegated to him/her by 31st July of the succeeding financial year.
- 17.4 Also, in accordance with the Code, the Cabinet must agree the Council's policy and strategy statement on treasury management for the forthcoming financial year. This statement will need to incorporate, amongst other things, the strategy on borrowing, investment and managing cash flow, approved methods of raising finance and approved sources of borrowing.

Investments

- 17.5 All money must be invested in the Council's name or in the name of nominees approved by the Council. Bearer securities are excepted from this regulation but their purchase must be reported to the Cabinet.
- 17.6 All securities which are the property of, or are in the name of the Council, or its nominees and title deeds of all property in its ownership or mortgaged to the Council, must be held in the custody of the Head of Legal and Democratic Services and a copy of all such securities shall be held off site.

Borrowing

- 17.7 All borrowings must be made in the name of the Council.
- 17.8 The Head of Financial Services is the Council's registrar of stocks and must maintain records of all monies borrowed by the Council.
- 17.9 All trust funds must, wherever possible, be in the name of the Council.
- 17.10 All staff who act as trustees by virtue of their official position, must deposit all securities etc., relating to a trust with the Head of Legal and Democratic Services unless the deed requires otherwise.

SECTION F - AUDIT, CONTROL AND IRREGULARITIES**18. AUDIT****Roles and Responsibilities**

- 18.1 The Strategic Director of Financial & Regulatory Services as the Council's Section 151 Officer is responsible for providing a continuous internal audit function in accordance with the Accounts and Audit Regulations 2003.
- 18.2 It is the responsibility of Strategic Directors to establish cost effective and efficient arrangements for internal control, which support the achievement of continuous improvement and performance targets. These arrangements also need to ensure compliance with all applicable statutes and regulations and other relevant statements of best practice. Strategic Directors must seek the advice of the Audit Manager in those instances where the principles of internal control prove difficult to implement or maintain.
- 18.3 The internal audit function is required to provide in particular assurance that:
- (i) The Council's internal controls are sound, adequate and appropriately applied;
 - (ii) The Council's assets and interests are safeguarded against losses arising from inefficient management, poor value for money, waste, theft, fraud, or any other cause;
 - (iii) Financial and other management data is suitable and reliable;
 - (iv) Rules, regulations, legislation, policy and procedures are being followed; and
 - (v) Risk management action is appropriately applied, [see section 10. risk management](#)

Authority of Internal Audit

- 18.4 To assist them in their work, the Strategic Director of Financial & Regulatory Services and his/her authorised representative(s) has/have authority to: -
- (i) Enter at all reasonable times any Council premises or land subject to any statutory or contractual restrictions that might apply;
 - (ii) Access all records, documents, correspondence and data relating to the business of the Council, including those of a contractor acting on the Council's behalf and to remove any such records as is necessary for the purpose of their work;
 - (iii) Require and receive such explanations from any Council employee, Member or contractor acting as an employee of the Council as are necessary concerning any matter under examination;

- (iv) Require any employee of the Council to produce cash, stocks or any other Council property under his/her control; and
- (v) Have direct access to the Chief Executive and the Chairs of the Scrutiny and Performance, Audit and Review Committees.

Responsibility of the Audit Manager

18.5 The Audit Manager in consultation with all Strategic Directors is responsible for preparing and maintaining a three-year strategic risk-based audit plan. Prior to the commencement of a new financial year, an annual audit plan detailing areas of audit coverage is to be prepared from the strategic plan and presented to Corporate Management Team and the Performance, Audit and Review Committee in its capacity as the Council's Audit Committee.

Responsibility of all Strategic Directors

18.6 Where, as a result of any audit work an audit report is issued, the relevant Strategic Director must reply to the report within a reasonable time, but in any case within three months of the issue date of the report, indicating the action proposed or taken. Where the Strategic Director of Financial & Regulatory Services does not receive a suitable reply, this fact may be reported to the Performance, Audit and Review Committee in its capacity as the Council's Audit Committee.

19. FRAUD AND IRREGULARITY

- 19.1 The Council's [Anti Fraud and Corruption Policy](#) outlines how the Council aims to protect itself, its Members and its officers against fraudulent and corrupt acts.
- 19.2 All employees and Members of the Council have a responsibility to bring to the attention of the Strategic Director of Financial & Regulatory Services or their Strategic Director, any matter that involves or is thought to involve financial or other irregularity. The relevant Strategic Director concerned must then immediately notify the Strategic Director of Financial & Regulatory Services.
- 19.3 The Strategic Director of Financial & Regulatory Services will as appropriate, appoint an investigating officer. In the majority of cases, this role will be assigned to the Audit Manager. Unless the Strategic Director of Financial & Regulatory Services or the Audit Manager expressly requests it, departments must not undertake any investigation as this could prejudice an investigation or case by Audit and Consultancy Services or the Police.
- 19.4 If it is found that a major irregularity has occurred or is occurring, the Strategic Director of Financial & Regulatory Services will immediately inform the Chief Executive, the Finance Portfolio holder and the Chairs of Cabinet and the Scrutiny Committee.
- 19.5 The Strategic Director of Financial & Regulatory Services and the Chief Executive are responsible for deciding whether any irregularity is referred or reported to the Police.
- 19.6 Members of staff who identify a potential fraud or irregularity should follow the guidance in the Council's Confidential Reporting Code.

- 19.7 The Strategic Director of Financial & Regulatory Services or the Audit Manager will discuss any such matter, which involves, or is thought to involve a Member of the Council, with the Council's Monitoring Officer and the Chief Executive. These officers will then decide what course of action needs to be followed.

20. DOCUMENT RETENTION

- 20.1 Documents created and maintained for transactions covered by these Financial Regulations and the Council's Procurement Rules shall be retained in line with the document retention schedule.
- 20.2 The retention schedule is constantly reviewed and updated and amendments will be communicated through briefing processes such as email, newsletters and Finance Officers attending Directorate Management Teams.
- 20.3 Documents both physical and electronic must be kept in accordance with the Schedule to meet the demands of corporate accountability and the relevant legislation i.e. the Freedom of Information Act and the Data Protection Act.
- 20.4 Standards on retention apply to electronic records as much as conventional paper records. The retention guidance aims to ensure that electronic records which possess the same functional and documentation characteristics as physical documents are retained for the same length of time and disposed of appropriately.
- 20.5 The Chief Executive retains the right to authorise an extended retention period for a specific document or documents in the event of a query, investigation or any other requirement.

SECTION G - ACCOUNTING, BUDGETING AND REPORTING

21. ACCOUNTING

- 21.1 The Strategic Director of Financial & Regulatory Services is responsible for:
1. Setting the Council's financial management standards and monitoring their compliance;
 2. Ensuring adherence to proper professional practices and accounting policies; and
 3. Acting as head of profession in relation to standards, performance and development of finance staff.

Accounting Records

- 21.2 The Strategic Director of Financial & Regulatory Services is responsible for keeping the principal accounting records of the Council. Such records will be maintained on the Council's central financial system. No other systems will be used for the keeping of accounting or other records relating to the Council's finances without prior written notice of the Strategic Director of Financial & Regulatory Services.
- 21.3 The Strategic Director of Financial & Regulatory Services in conjunction with Strategic Directors, will ensure that all feeder systems and processes to the principal accounting records of the Council are fully documented with staff trained in their operation. Such systems and processes will incorporate the necessary

controls to ensure that the data used to update the principal accounting records is complete, accurate, timely and not previously processed.

- 21.4 Strategic Directors must consult the Strategic Director of Financial & Regulatory Services before introducing or amending any book, form, record, administrative procedure or system used for the keeping of accounting or other records relating to the finances of the Council and should act on any advice given.
- 21.5 The Strategic Director of Financial & Regulatory Services and all Strategic Directors will jointly ensure that all accounting records are properly maintained and held securely. Such records and all related vouchers and documents must be managed in accordance with the Council's Document Retention Policy, [see section 20](#).
- 21.6 A Strategic Director or other responsible member of staff must ensure that expenditure and income under his/her control is properly accounted for and allocated to the correct job code or estimate code. All Strategic Directors must maintain and make available to all relevant staff, a codebook for this purpose.

Separation of Duties

- 21.7 In order to provide an adequate separation of duties, the following principles must be observed in the allocation of accounting duties:
- (i) Individuals who identify, calculate, check or record sums due to or from the Council should not, as far as is practically possible, collect or disburse them; and
 - (ii) Staff examining or checking the accounts relating to the above transactions must not themselves undertake any of the duties shown in 21.7 (i) above.

22. BUDGETS

22.1 PRUDENT MANAGEMENT

22.1.1 The Strategic Director of Financial & Regulatory Services in consultation with the Corporate Management Team must, through the Service and Financial Planning process, produce and make public, a medium-term plan, the Budget Strategy. The plan should show a three-year forward assessment of all revenue commitments based on present levels of service and reflect any known commitments, changes in service level or resources.

22.1.2 Strategic Directors must, having consulted the Strategic Director of Financial & Regulatory Services, ensure that reports to committees, service spokespersons or delegated officers proposing new or increased spending contain the following information:

- the revenue consequences of any decision over at least a three year period (year of budget plus two) including staffing costs;
- in the case of capital expenditure, a comparison between the chosen method of financing and other financing methods considered appropriate for the project;
- the implications of the proposal on the medium-term plan ([see 22.1.1 above](#))

22.1.3 Cabinet approval is required for all proposals that would increase expenditure or reduce income to the Council.

22.2 REVENUE

Estimates

22.2.1 The Strategic Director of Financial & Regulatory Services will approve the detailed corporate form and content of revenue service estimates, in line with the general directions of the Cabinet and after consultation with the Corporate Management Team.

22.2.2 Strategic Directors must prepare revenue estimates of income and expenditure in conjunction with the Strategic Director of Financial & Regulatory Services. The estimates will be collated and submitted by the Strategic Director of Financial & Regulatory Services to the Corporate Management Team and then to the Cabinet with the Corporate Management Team's comments.

22.2.3 Copies of all proposed reports to committees, service spokespersons or delegated officers must be passed to the Strategic Director of Financial & Regulatory Services in sufficient time for her/him to adequately consider the budget implications of any proposals.

Under and over spends

22.2.4 Under or overspends on any separate line entry in the Council's printed budget book which exceed £5,000 must be recorded by Accountancy Services with explanations for the variance. These under or overspends must be reported on at least a quarterly basis to the Corporate Management Team. Following this, the summary position will be reported to Cabinet on a quarterly basis.

22.2.5 The Strategic Director of Financial & Regulatory Services will provide each Strategic Director with details of receipts and payments under their control by means of a corporate financial management system.

Virement

22.2.6 Virement between subjective budget heads is permitted as follows:

Cost Centre Manager Authority

- (i) Cost Centre Managers cannot spend over their total budget but may vire as necessary within their Cost Centre Accounts provided that the virement does not contain client costs and that the constraints on virement are observed.

Constraints:

- a) As long as planned maintenance of buildings is limited due to expenditure constraints and is prioritised through consultation with Property Services, no virement from this budget head to another is permitted unless it is to another building maintenance budget. Enhancements to a building maintenance budget are possible.

- b) There should be no virement from any recharge budget. Virement to a recharge budget to enable the receipt of an enhanced service is possible.
- c) There should be no virement from any IT lease and maintenance costs budget unless the item of equipment is declared surplus to requirements and can be reallocated to another user.
- d) There should be no virement to or from a lease car budget.
- e) Once approved, additional allocations and carry forward budgets must only be used for their original intention and should not be vired.
- f) Virement from salaries can only be approved if:
 - The post is vacant and the budget has not been earmarked to fund staff appointment costs or meet the Council's salary 'vacancy' savings target;
 - The staff member in an established post reduced their hours to work part time during the year. When estimates are recalculated for the following year, the budget will be based on the new hours;
 - The cost centre will remain within the cash limit after virement;
 - The saving was generated due to a vacancy being filled at the bottom of the scale and the estimate was for the top of the scale. When setting estimates for the next year when a post is vacant, it will be assumed that the post will be filled at the bottom of the grade unless there is evidence through abortive attempts at filling the post that market forces will require an appointment at the top of the grade. The base estimate will reflect this.
- g) Virement from salaries cannot be approved where staff contract in or out of the pension scheme.
- h) Virement to salaries is required for:
 - Additional hours for staff
 - Regrading of jobs, including job evaluation
 - Payment of accelerated increments
 - Underestimates of the pay award. Directorates would have to fund any increase except in exceptional circumstances in which event a special report would be produced for Cabinet. Equally any minor overestimate of the pay award would benefit the Directorate, unless the overestimate is excessive, in which case a report to Cabinet would recommend adjustment to the budgets
- i) Virement to salaries is not required for standard increment increases or Superannuation and National Insurance increases – these will be built into the base estimate for the following year.
- j) Virement of training budgets to non-training budgets is not permissible. – these are allocated annually according to need and if not required should be transferred to the corporate learning and development budget.
- k) Rates cannot be vired, they are excluded from the cash limit control of budget managers. Variations in valuations following the five-year reviews will be offset by corporate virement to prevent budgets benefiting or suffering from large one-off changes.

Service Manager Authority

- (ii) Service Managers may, after consultation with the Cost Centre Managers, vire from a subjective budget head across service area budgets within their control. However, the virement constraints must be observed and the manager must be able to demonstrate to their Directorate Management Team that such movement of budgets is in the best interest of the Service as a whole.

Strategic Director Authority

- (iii) Strategic Directors may authorise virement between Services under their control so as to minimise contingency provided that the virement constraints are observed and that they are satisfied that such movement of budgets will not detract from the Service's ability to achieve its stated objectives.

22.2.7 All requests for virement must be on a properly authorised form and should be passed to the Strategic Director of Financial & Regulatory Services without delay. Expenditure should not be incurred until notification has been received that budgets in the General Ledger system have been amended. The virement form can be found on the intranet under Financial Services / Accountancy Services / Forms and Procedures / Budgetary Information Forms.

22.2.8 Unspent budget heads cannot be carried forward at year-end, irrespective of whether goods or services have been ordered, unless Cabinet approval has been given before the 31st March. Please read the Budget procedure guide for details of approved carried forward budgets.

22.3 CAPITAL

Capital Programme

22.3.1 Prior to the annual consideration of revenue estimates, the appropriate Strategic Directors and the Strategic Director of Financial & Regulatory Services must prepare and submit to Corporate Management Team a five year programme (current year plus four), of estimated capital expenditure for consideration.

22.3.2 The draft programme, when approved by the Cabinet, will make recommendations as appropriate to the Council for final approval. The programme will provide full details of the revenue implications of schemes expected to start in the next ensuing four financial years and identify the methods of financing the recommended capital programme.

Schemes due to start in the next financial year

22.3.3 For schemes due to start in the next financial year (i.e. year two), the approved programme gives authority to proceed in the next financial year with the preparation of plans and other preliminary work which:

- (a) Involves only the time of the Council's staff; and
- (b) Involves other expenses up to the amount estimated.

For these schemes, the approved programme gives authority to preliminary approval but does not grant authority to incur capital expenditure on works etc.

Capital Expenditure falling outside the Approved Capital Programme

22.3.4 Authority from the Cabinet is required for expenditure to be incurred on any items not included in the approved capital programme.

22.3.5 If an urgent or unanticipated capital need arises, the proposal must be referred to the Cabinet at the earliest opportunity. Only if Cabinet agrees in principle to the scheme, will a supplementary capital estimate be approved.

Monitoring

22.3.6 The Strategic Director of Financial & Regulatory Services will provide Strategic Directors with periodical financial monitoring statements in respect of each approved capital project including details of any known commitments.

22.3.7 The relevant Strategic Director will, in conjunction with the Strategic Director of Financial & Regulatory Services, monitor capital expenditure against the approved capital programme. When it appears that expenditure on any scheme is expected to or has exceeded the authorised financial provision by more than 10% or £100,000 (whichever is smaller), the appropriate Strategic Director must immediately report the situation to Cabinet giving full details of the reasons for the overspend and revised estimates for the contract. Where the amount of the excess is less than £25,000, reporting will be at the discretion of the Strategic Director of Financial & Regulatory Services,. The Strategic Director of Financial & Regulatory Services will report variances as part of the capital quarterly monitoring reporting cycle and all reports to Cabinet must show how the overspend will be recovered or re-financed.

22.3.8 An appropriate project board as directed under the Council's programme governance procedures must manage capital projects estimated to cost £1 million and above. Projects below £1 million that are considered sensitive because of time or funding constraints may require an appropriate project board as directed by the Chief Executive.

Leasing

22.3.9 The taking or granting of a lease on any asset, classed as a capital item, may form part of the Council's capital expenditure or receipts and must, therefore, be provided for. The taking or granting of a lease on any asset will be subject to the consent of the Strategic Director of Financial & Regulatory Services.

23. BANKING ARRANGEMENTS AND CHEQUES

23.1 The Strategic Director of Financial & Regulatory Services is responsible for all banking arrangements. No other employee is authorised to open or operate a bank account on the Council's behalf. The Cabinet shall approve the bankers and the accounts used.

23.2 The Strategic Director of Financial & Regulatory Services is responsible for the ordering and control of all cheques. He/she must make sufficient arrangements for the safe custody of blank cheques and the control and reconciliation of those issued.

- 23.3 Cheques on the Council's main bank accounts will bear the facsimile signature of the Strategic Director of Financial & Regulatory Services.

Cheque Alterations

- 23.4 Only an employee authorised to do so by the Strategic Director of Financial & Regulatory Services may certify alterations to cheques. Alterations to cheques are limited to the removal of a crossing (subject to the amount of the cheque not exceeding £1,500), to the correction of the date, and/or to the correction of a misspelling of the name of the payee.
- 23.5 Where an error has been identified on a cheque valued at more than £1,500, the cheque must be replaced.

Counter-signature

- 23.6 Cheques for all payments exceeding £5,000 must be counter-signed by one of the employees authorised to do so by the Strategic Director of Financial & Regulatory Services.
- 23.7 The Strategic Director of Financial & Regulatory Services is responsible for ensuring that the Council's bankers are kept informed of those officers authorised to countersign cheques and that they have up-to-date specimen signatures of those officers.

Reconciliation

- 23.8 The Strategic Director of Financial & Regulatory Services is responsible for ensuring that a monthly reconciliation between the Council's bank account and its income and expenditure records is performed.

24. CONTRACTS AND AGREEMENTS

Council's Procurement Rules

- 24.1 All contracts are subject to the provisions contained in the Council's Procurement Rules relating to contracts. No tender will be approved unless the necessary approvals, sanctions and consents have been obtained. No contract will be entered into until all necessary approvals, sanctions and consents have been obtained.

Contract extras, variations, budgets and payments

- 24.2 Subject to the provisions of the contract, every extra or variation must be authorised in writing by the appropriate Strategic Director or his/ her authorised representative.
- 24.3 A report must be put to the Cabinet as soon as is practicable where it is estimated that the cumulative value of extras or variations will exceed the reporting variance of £5,000. Variances of less than £5,000 will be reported to the Strategic Director of Financial & Regulatory Services.
- 24.4 Interim payments to contractors must only be made on a certificate issued by the appropriate Strategic Director or his/ her authorised representative.

Terms and conditions

- 24.5 Any dispute regarding the terms of and/ or performance on any contract must be referred to the Head of Legal and Democratic Services for consideration of the Council's legal position.
- 24.6 Where completion of a contract is delayed beyond the period of the contract, it is the duty of the Strategic Director concerned to take appropriate remedial action. After consultation with the Strategic Director of Financial & Regulatory Services and the Head of Legal and Democratic Services the agreed action taken must be reported to the Cabinet.

Contract register

- 24.7 The Strategic Director of Financial & Regulatory Services will maintain a contract register for all contracts over £50,000.
- 24.8 The register must contain the following details:
- Contractor's name and address;
 - Description of work/service;
 - Date of contract;
 - Form of contract and significant contract details; and
 - Details of all payments, including any retention money held.
- 24.9 To ensure that the register is an accurate record of the contract, the Strategic Director responsible for the delivery of the contract must ensure that:
- All information shown in section 24.8 above is notified to the Strategic Director of Financial & Regulatory Services; and
 - All changes to the contract are notified to the Strategic Director of Financial & Regulatory Services.
- 24.10 Strategic Directors are responsible for ensuring adequate checks on contractors' final claims. On practical completion of a contract and before the issue of the certificate for final payment, either:
- a) The officer managing the contract and a suitably qualified officer who has had no previous involvement should check the final claims; or
 - b) An appropriate member of staff, private architect, engineer or consultant must give the Strategic Director of Financial & Regulatory Services a detailed financial statement of the contract, and all relevant supporting documents.

25. EXTERNAL ARRANGEMENTS

- 25.1 Any partnership arrangement entered into must be fully appraised to assess the viability of the project in terms of resources, staffing, expertise and risk to the Council.
- 25.2 The roles and responsibilities of each partner must be agreed and formally accepted before the project commences.

- 25.3 The Strategic Director of Financial & Regulatory Services shall advise on effective controls to ensure that resources are not wasted and on the key elements of funding of the project.
- 25.4 The Strategic Director of Financial & Regulatory Services shall be presented with and shall agree a risk management appraisal and details of funding arrangements before commencement of the project.
- 25.5 All funding received is to be properly recorded in the Council's accounts.
- 25.6 All claims for external funds are to be made by the due date.
- 25.7 The appropriate Chief Officer shall monitor all project progress in accordance with the agreed project statement and shall ensure all expenditure is properly incurred and recorded.
- 25.8 Any work for third parties must receive prior approval of the Cabinet.
- 25.9 A register shall be maintained of all work on behalf of third parties.
- 25.10 The Strategic Director of Financial & Regulatory Services shall issue guidance as required to ensure the proper control of work on behalf of third parties and to ensure the Council is not at risk.

APPENDIX 1 – CONTACT OFFICERS

Subject	Contact Officer	Designation	Contact Number
General Advice	Margaret Mulkerrin	Audit Manager	4242
	Julie Farrell	Principal Auditor	4681
	David De Smet	Principal Auditor	4467
	Chris Wood	Auditor	4344
IT hardware/software acquisition	Vic Godfrey	IT Manager	4455
Authorised Signatory list			
- Creditors	Rachel Cooper	Payments and Reconciliations Manager	4606
- Payroll	Caroline Gray	Shared Services Manager	4624
Purchase Ordering and Invoice Payment	Rachel Cooper	Payments and Reconciliations Manager	4606
VAT Queries	Rachel Cooper	Payments and Reconciliations Manager	4606
Urgent Payments	Rachel Cooper	Payments and Reconciliations Manager	4606
Controlled Stationery	Kevin Conheeny	Administrative Officer	4269
Petty Cash	Rachel Cooper	Payments and Reconciliations Manager	4606
Sundry Debtor invoicing	Ginny Hathor	Debtors Control Officer	4525
Recovery and Write Off of debt	Geraldine Armitage	Revenues Manager	4277
Payroll Queries	Margaret Condra	Payroll Administrator	4399
Staff handbook queries	Kerry Shorrocks	Acting Head of Human Resources	4224
Risk Management and Insurance	Fiona Timms	Risk Manager	4251
Data Protection	Gary Bell	Head of Customer Services	4618
Inventories	Margaret Mulkerrin	Audit Manager	4242
Fraud and irregularities	Margaret Mulkerrin	Audit Manager	4242
Document Retention	John Barnacle	Information Manager	4295
Accounting records (Integra)	Dean Fury	Corporate Support Accountant	4509
Service and Financial Planning, Revenue and Virement issues	Clare Fletcher	Accountancy Manager	4470
	Dean Fury	Corporate Support Accountant	4509
	Lois Stewart	Service Accountant (Customer Services)	4566
	Anita Thomas	Service Accountant (Financial & Regulatory Services)	4451
Capital Programme	Clare Fletcher	Accountancy Manager	4470
Asset Leasing	Dean Fury	Corporate Support Accountant	4509
Bank Arrangements	Antonella Di Maria	Management Support Manager	4334

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1. INTRODUCTION

- 1.1 Contract Procurement Rules provide a framework for the procurement of works, goods and services. Following them will ensure value for money, propriety and the proper expenditure of public funds.
- 1.2 Procurement decisions are amongst the most important decisions a manager will make because the money involved is public money. Efficient use of scarce resources is therefore vital. Equally as important is the Council's reputation, which should be safeguarded from any suspicion of dishonesty or corruption. Officers must ensure that they are able to account for all actions and decisions they take, and that all processes are transparent and can be audited.
- 1.3 Officers have a responsibility to read and be familiar with these Rules. [Contact details](#) have been provided should you need to seek clarification of any point. You can also seek ad hoc advice from Audit and Consultancy Services. Failure to comply with the Rules may result in their conduct being examined under the [Council's Managing Misconduct Policy](#).
- 1.4 For these reasons it is a disciplinary offence to fail to comply with Contract Procurement Rules when letting contracts and employees have a duty to report breaches of Contract Procurement Rules to their Strategic Director and the Audit Manager.
- 1.5 These Procurement Rules have been adopted in accordance with the requirements of Section 135(2) of the Local Government Act 1972.
- 1.6 For general advice on contracts or interpretation of these Procurement Rules, please contact the Audit Manager or the Head of Legal and Democratic Services.
- 1.7 The Council's Procurement and Contracts Group is responsible for reviewing and providing guidance on all procurement and contractual matters.

2. SCOPE

- 2.1 These Procurement Rules apply to all contracts for works and the supply of goods and services to North Hertfordshire District Council. They also apply to all contracts with third parties and to all sub-contracts where the Council nominates a sub-contractor or supplier, or by a consultant acting on behalf of the Council. They also apply, in appropriate circumstances, to the sale of assets, goods or services by the Council. They do not apply to:
 - contracts of employment
 - contracts with agencies for the provision of temporary staff
 - contracts relating to treasury management placed by the Council
 - purchases made at public auction
 - the acquisition or disposal of any interest in land, which are subject to special procedures ([see Appendix F](#))
- 2.2 In these Procurement Rules, unless otherwise stated, references to the Strategic Director are to the Strategic Director of the department responsible for the contract in question or such senior officer of that department to whom the Strategic Director has delegated in writing the powers in question.

- 2.3 The framework of rules for procurement are those determined by EU and UK law and those set out within these Contract Procurement Rules, in that order of precedence.
- 2.4 These Procurement Rules will be reviewed annually. Responsibility for this lies with the Procurement and Contracts Group in consultation with the Strategic Director of Financial and Regulatory Services and the Head of Legal and Democratic Services.

3. CONTRACT VALUES

- 3.1 The estimated annual and total aggregate values of a contract should be established prior to any invitation to quote or tender and be recorded in writing. It is this estimate, which determines which of the four procedures is applicable. However, if the preliminary estimate is within 10% of the higher category values, then the provisions for the higher category of contract should be applied.
- 3.2 The aggregate value of any contract is to be calculated on the basis of the total value of the consideration estimated to be payable over the entire contract period.
- 3.3 Where a value or estimated value is given in these Procurement Rules, it means the aggregate value payable in Pounds Sterling exclusive of Value Added Tax.
- 3.4 Contracts must not be artificially under or over estimated or divided into two or more separate contracts where the effect is to avoid the application of Contract Procurement Rules. All contracts above £5,000 in value should be subject to a formal written contract procedure to be determined by the Head of Legal and Democratic Services.
- 3.5 After determining the proposed aggregate contract value, one of the following procedures shall be used in all procurements or sales, unless an approved waiver has been obtained as detailed in [section 10](#). In all cases the relevant Strategic Director may follow a procedure applicable to a higher value contract, if it is considered to be in the Council's best interests.

<u>Estimated Aggregate Value of Procurement</u>	<u>Requirement</u>
Up to £5,000	At least one estimate or offer shall be obtained. (see 4.1)
£5,001 to £50,000	A minimum of three competitive written quotations shall be invited, unless the Strategic Director has complied in full with para. 6.1E . (See 5. Quotations)
£50,001 to EU Procurement Threshold	A minimum of three competitive tenders shall be invited using one of the tendering options in this Code (para. 6.1) , and a formal written contract prepared.
Above the EU Threshold	The appropriate EU procurement directive shall be complied with.

EU Procurement Thresholds

- 3.6 The EU procurement thresholds, effective from 1 January 2004, are shown in [Appendix A](#). If the thresholds change during the currency of these Procurement Rules, the Appendix will be updated.
- 3.7 The values of the thresholds specified in Pounds Sterling are fixed, subject to biennial review. Further details on the EU Directives and Regulations are contained in [Appendix A](#).
- 3.8 Further guidance on which types of contract are covered under the different categories and advice on the specific procedures to be followed may be obtained from the Head of Legal and Democratic Services.

4. ESTIMATES OR OFFERS

- 4.1 For goods and services estimated not to exceed £5,000, authorised officers will be expected to be able to demonstrate that Best Value has been obtained and should maintain records accordingly. It is the responsibility of each Strategic Director to ensure that appropriate mechanisms are in place within their Directorate. Such records should contain, as a minimum:
- i) The number of estimates or offers invited;
 - ii) The method of inviting estimates or offers;
 - iii) The basis of selecting suppliers/contractors; and
 - iv) The staff authorised to accept estimates or offers.
- 4.2 Written Purchase Orders should be placed in accordance with Financial Regulations.

5. QUOTATIONS

- 5.1 Wherever possible, a minimum of three competitive quotations shall be sought. In selecting contractors who are to be requested to provide a quotation, Strategic Directors shall ensure that the selection process they are using is fair and equitable, and that no favouritism is shown to any one contractor. Where possible, use should be made of any existing approved lists. The Strategic Director shall keep a record, in a form to be agreed by the Head of Legal and Democratic Services of:
- i) all those contractors or suppliers who were requested to provide a quotation;
 - ii) the reasons why those particular contractors or suppliers were selected to provide a quotation; and if applicable,
 - iii) the reasons why less than three contractors or suppliers were selected to provide a quotation.

6. TENDERING OPTIONS

- 6.1 Strategic Directors shall select one of the following tendering methods. If any alternative tendering method is proposed, then approval of Cabinet is required before the proposed tendering option is followed. In selecting contractors who are to be requested to provide a tender, Strategic Directors shall ensure that the selection process they are using is fair and equitable, and that no favouritism is shown to any one contractor.

<u>Tender Option</u>		Requirement
A	Ad Hoc Tender Open tender	Public notice shall be given in one or more newspapers and, where appropriate, in one or more trade journals. Where applicable, a public notice shall also be placed in the European Journal. The notice shall state the nature and purpose of the contract, where tender documentation can be obtained from, and the closing date for the receipt of tenders.
B	Standing Approved List of Tenderers Restricted tender	Tenders shall be invited from at least three contractors selected from an approved list.
C	Ad Hoc Approved List of Tenderers Open restricted tender	Tenders shall be invited from a list of contractors compiled for a specific contract.
D	Serial Tenders Repeat contracts	The proposed contract shall form part of a serial programme. The contract terms shall be negotiated with a contractor, using as a basis for negotiation the rates and prices contained in an initial contract that was awarded following a competitive tendering process not more than eighteen months previously. Instances where this Standing Order applies will be exceptional, and must be reported to the Cabinet by the responsible Strategic Director.
E	Single Tenders	<p>After consulting the Cabinet, a Strategic Director may obtain a single tender or quotation when:</p> <ol style="list-style-type: none"> 1. Prices are wholly controlled by trade organisations or government order and no reasonably satisfactory alternative is available. 2. Work to be executed or goods, services or materials to be supplied consist of repairs to or the supply of parts of existing proprietary machinery, equipment, hardware or plant and the repairs or the supply of parts cannot be carried out practicably by alternative contractors. 3. Specialist consultants, agents or professional advisors are required and <ul style="list-style-type: none"> - there is no satisfactory alternative; or - evidence indicates that there is likely to be no genuine competition; or - it is in the Council's best interest to engage a particular consultant, agent or advisor. 4. Products are sold at a fixed price, and

		<p>market conditions make genuine competition impossible.</p> <p>5. No satisfactory alternative is available.</p> <p>If the Single Tender option is used, the Strategic Director shall:</p> <ul style="list-style-type: none"> - notify the Head of Legal and Democratic Services who shall make a record in a register kept for that purpose to include the reasons and justification for a single tender; - retain records that demonstrate that the best price or value for money has been obtained from the negotiations with the tenderer.
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- 6.2 Except to the extent that the Cabinet in a particular case or specified categories of contract otherwise decides, all quotations or tenders that are being sought shall include approved contract terms, and be based on a definite written specification. This specification shall include acceptance criteria, which if it is not to be the lowest price shall be agreed by the appropriate Strategic Director. Where appropriate, there shall also be a requirement for a performance bond and liquidated damages. ([See Appendix C](#)).

7. **APPROVED LISTS**

- 7.1 The Council may compile and maintain approved lists of suitable contractors in relation to various types of works, supplies, or services. The lists must be reviewed at intervals of not more than two years, although new firms may be added to an approved list at any time if the criteria set by the Council are met. Firms may also be deleted at any time if the Council becomes aware that they no longer meet the criteria.
- 7.2 The Council may select contractors from a list maintained by another Local Authority, Government Agency, Department, or approved Partnering Organisation, provided that such lists are compiled and maintained to the satisfaction of the Strategic Director of Financial and Regulatory Services and the Head of Legal and Democratic Services.
- 7.3 If no suitable approved list exists, then a public notice may be issued inviting applications for inclusion on a specific approved list for the supply of goods, services, or materials. The ad-hoc approved list of tenderers may be established from contractors replying to a public notice, or who have previously requested to be included on an ad-hoc approved list for work of a similar nature. ([Appendix E](#) provides more guidance on the compilation and maintenance of standing approved lists).
- 7.4 Officers may compile an ad-hoc list by other means, provided that the appropriate Strategic Director and the Strategic Director of Financial and Regulatory Services approve the list and the reasons for the selection of those particular contractors.
- 7.5 Prior to being invited to tender or quote for works, all tenderers must be technically and financially appraised. Evidence of adequate Health and Safety policies and compliance with any other statutory obligations must also be obtained. All contractors must provide evidence of adequate insurance policies, as required by the Strategic Director of Financial and Regulatory Services.

8. EXCEPTIONS TO TENDERING PROCEDURES

- 8.1 The tendering procedures within Contract Procurement Rules will not apply to a contract for which the Strategic Director responsible, in consultation with the Strategic Director of Financial and Regulatory Services, agrees it is appropriate to invite tenders or quotations via the Hertfordshire County Supplies, the Central Buying Consortium, the Office of Government Buying Solutions, or through any consortia of local authorities of which North Hertfordshire District Council is a member. This is always provided that the procedures applied are no less stringent than this Council's own Contract Procurement Rules.
- 8.2 If a Strategic Director believes that by following one of the procurement options detailed in 3.5 above, the procurement process will not provide the most appropriate method of service delivery, the most competitive prices, allow for continuous improvements in service delivery, or stifle procurement innovation, then he/she may suggest alternative procurement strategies for approval by the Cabinet. Prior to proceeding with the procurement, the Strategic Director shall produce a written procurement strategy that shall be approved by the Chief Executive and the Cabinet.

9. NOMINATED SUB-CONTRACTORS AND SUPPLIERS

- 9.1 Tenders for sub-contracts to be performed or goods or materials to be supplied by nominated suppliers shall be dealt with in accordance with the provisions of these Procurement Rules.

10. WAIVERS

- 10.1 Where Contract Procurement Rules apply to a contract, any individual provision in them may be waived (except where the contract is subject to EU legislation there are circumstances where the requirement to tender cannot be waived). The waiver has to be agreed by:
- The Cabinet for contracts over £50,000; or
 - The Chief Executive in consultation with the Leader of the Council if the matter is urgent and a meeting of the Cabinet cannot be called; or
 - A Strategic Director, in consultation with the Strategic Director of Financial and Regulatory Services and the Head of Legal and Democratic Services, if the contract value is £50,000 or less.
 - The Chief Executive activating the Council's 'Major Incident Plan' or a business recovery plan (as outlined in the business continuity management strategy)
- 10.2 Any waiver is subject in all cases, other than a major incident, to a written report being submitted by the authorised officer that the waiver is justified because either:
- a) the nature of the market for the works to be carried out or the supplies or services to be provided has been investigated and is demonstrated to be such that a departure from the requirements of Contract Procurement Rules is justifiable; or

- b) the contract is for supplies, works or services that are required in circumstances of extreme urgency that could not reasonably have been foreseen; or
 - c) the circumstances of the proposed contract are covered by legislative exemptions (whether under EU or UK law); or
 - d) where it is in the Council's overall interest; or
 - e) there are other circumstances which are genuinely exceptional.
- 10.3 A record of the decision and the reasons for it must be kept by the Head of Legal and Democratic Services.

11. RECEIPT OF TENDERS AND QUOTATIONS

- 11.1 Contractors must be informed that their tenders or quotations will only be considered if they are sent in a plain envelope or package which bears the official blue tender return address label or the word 'tender' or 'quotation' followed by the subject of the contract. The envelope or package must be securely sealed and must not show the identity of the tenderer in any way.
- 11.2 Such envelopes shall be addressed impersonally to the Head of Legal and Democratic Services if it contains a tender, or the appropriate Strategic Director if it contains a quotation.
- 11.3 It must be delivered to the place and by the time stated in the tender/quotation invitation and must be endorsed on receipt with the date and time of receipt.
- 11.4 Tenders/quotations which do not meet the requirements of this Standing Order may only be considered if:
- failure to comply is the Council's fault; or
 - a tender/quotation is late and it is clear after investigation by the Strategic Director responsible and the Audit Manager that it was sent in such a way that in the normal course of events, it would have arrived on time. This is provided that the other tenders/quotations have not yet been opened.
- 11.5 In all other cases, late tenders shall not be considered, but shall be opened to ascertain the name of the sender and returned stating the reasons for rejection.
- 11.6 All envelopes received shall be kept securely and shall not be opened or accessed until the time appointed for their opening.
- 11.7 Where the circumstances so warrant, a Strategic Director may postpone for a reasonable period the closing time and date for the receipt of tenders, provided that all persons from whom tenders have been invited are notified by the same method, given the same information and that no tenders have been opened.

12. OPENING OF TENDERS AND QUOTATIONS

Tenders

- 12.1 Tenders shall be opened at one time in the presence of not less than three officers of the Council, one designated by the Head of Legal and Democratic Services, one by

the Strategic Director of Financial and Regulatory Services and one by the Head of Service responsible for the contract to which the tenders relate.

Quotations

- 12.2 Strategic Directors may make such arrangements as they consider appropriate for the opening of quotations, provided that they are not opened until after the time appointed for the receipt of the quotations and that they are all opened at one time in the presence of at least three Council officers.
- 12.3 On opening, the results of all tenders or quotations received must be recorded in writing on either a tender or quotation opening record as appropriate. This record must contain the name of the proposed contract, the estimated cost, and the names of all those invited to tender. The form of tender or quotation and any accompanying documentation shall be marked with the date of opening and signed by at least two officers present. The tender or quotation opening record shall be signed by all officers and Members present at the opening and retained in the custody of the Head of Legal and Democratic Services.
- 12.4 The Cabinet portfolio-holder, or a Member nominated by them shall be given not less than two working days notice of the date, time and place appointed for the opening of all tenders estimated to exceed £50,000 in value, to give them the opportunity of attending.
- 12.5 Any Member of the Council has the right to be present if they want at the opening of tenders to which paragraph 12.4 applies, but is only entitled to receive prior notification of the time and place if a specific request has previously been made to the Head of Legal and Democratic Services.

13. ACCEPTANCE OF TENDERS AND QUOTATIONS

- 13.1 The appropriate Strategic Director shall evaluate all the tenders or quotations received in accordance with the acceptance criteria set out in the bid documentation and shall accept, subject to 13.2 and 13.3 below, either:
- a) The LOWEST where payment is made by the Council; or
 - b) The HIGHEST where payment is received by the Council; or
 - c) The most economically advantageous tender (MEAT) in accordance with the guidance in [Appendix B](#).
- 13.2 Tenders or quotations exceeding the approved budget may only be accepted once the budget holder is satisfied that they can increase the budget.
- 13.3 The acceptance of a tender or quotation that is not the lowest priced tender or quotation or the highest scoring tender or quotation (in accordance with acceptance criteria set out in the tender or quotation documentation), if payment is to be made by the Council; or the highest tender or quotation, if payment is to be received by the Council, shall only be accepted if:
- i. The Cabinet has considered a written report from the appropriate Strategic Director; or
 - ii. In cases of urgency, the Chief Executive has consulted and obtained the approval of the Leader of the Council. The appropriate Strategic Director shall report tenders or quotations accepted in this way to the next meeting of the Cabinet.

- 13.4 Where post tender negotiations have been undertaken in accordance with Paragraph 14.2 below, the appropriate Strategic Director shall only accept the lowest priced tender received. A tender other than the lowest, shall not be accepted until the Cabinet has considered a written report from the appropriate Strategic Director, and recommended acceptance of a tender other than the lowest.

14. ARITHMETIC ERRORS AND POST TENDER NEGOTIATION

Arithmetic Errors

- 14.1 Contractors can alter their tenders or quotations after the date specified for their receipt, but before the acceptance of the tender or quotation, where examination by officers of the tender or quotation reveals arithmetic errors or discrepancies which effect the tender or quotation figure. The contractor shall be given details in writing of all such errors or discrepancies and afforded an opportunity of confirming, amending or withdrawing their offer in writing.

Post Tender Negotiation

- 14.2 In evaluating tenders, the appropriate Strategic Director may invite one or more contractors who have submitted a tender to submit a revised offer following post-tender negotiations.

All post-tender negotiations shall:

- Only be undertaken where permitted by law and where the appropriate Strategic Director, together with the Head of Legal and Democratic Services and the Strategic Director of Financial and Regulatory Services consider additional financial or other benefits may be obtained which over the period of the contract shall exceed the cost of the post-tender negotiation process, and
 - Be conducted by a team of officers approved in writing by the appropriate Strategic Director, Head of Legal and Democratic Services and Strategic Director of Financial and Regulatory Services,
 - Be conducted in accordance with guidance issued by the Head of Legal and Democratic Services and
 - Not disclose commercially sensitive information supplied by other bidders for the contract.
- 14.3 Post tender negotiations shall not be used to degrade the original specification unless the capital or revenue budget is exceeded, or the appropriate Strategic Director considers other special circumstances exist. This process must not put other tenderers at a disadvantage, distort competition or affect adversely trust in the competitive tendering process.
- 14.4 The appropriate Strategic Director shall ensure that all post-tender negotiation meetings are properly minuted with all savings and benefits offered clearly costed. Following negotiations, but before the letting of the contract, amendments to the original tender submitted shall be put in writing by the contractor and shall be signed by him.

15. ENGAGEMENT OF CONSULTANTS

- 15.1 Contract Procurement Rules must be followed for the engagement of consultants. All consultants must provide evidence of adequate professional indemnity insurance as determined by the Strategic Director of Finance and Regulatory Services prior to their

appointment. The requirement for insurance and the levels required should be advised in the specification of works.

- 15.2 It shall be a condition of the engagement of any consultant, agent or professional advisor who is to be responsible to the Council for the award or supervision of a contract on its behalf, that in relation to that contract they shall:
- i) Comply with these Procurement Rules as though they were an employee of the Council
 - ii) At any time during the carrying out of the contract produce to the appropriate Strategic Director on request, all the records maintained by them in relation to the contract; and
 - iii) On completion of the contract transmit all records that they have produced or received that relate to the contract to the appropriate Strategic Director.
 - iv) On completion of the contract ensure that professional indemnity insurance is maintained for a period of up to six or twelve years, as appropriate.
- 15.3 [Appendix G](#) provides further guidance on the engagement of consultants.

16. PAYMENT PROCEDURES

- 16.1 No contract shall be entered into until all necessary approvals, sanctions and consents have been obtained. No tender or quotation shall be accepted unless the necessary approval, sanction and consent have been approved.
- 16.2 The Strategic Director of Financial and Regulatory Services shall be informed of all contracts and contract extensions by relevant departments. The Strategic Director of Financial and Regulatory Services shall maintain a Contract Register showing all contracts (except for minor contracts where the Strategic Director of Financial and Regulatory Services determines that this is unnecessary or inappropriate), entered into by the Council and a schedule of contractual payments made on an individual contract basis. The Strategic Director of the contracting department will be responsible for informing the Strategic Director of Financial and Regulatory Services of every contract payment for inclusion within the Contract Register.
- 16.3 Payment to contractors on account of construction contracts should only be made on a certificate issued by the officer or consultant. Subject to the provisions of the contract, any variations must be authorised in writing and shall conform to the appropriate Financial Regulations.
- 16.4 Strategic Directors shall be responsible for ensuring adequate checks on contractor's final accounts. The officer managing the contract and a suitably qualified officer who has had no previous involvement should carry these out.

17. VARIATIONS

- 17.1 If the terms of a contract allow for an extension, then a Strategic Director may, with the agreement of the Strategic Director of Financial and Regulatory Services and the relevant portfolio holder, agree to such an extension. In all other cases the Cabinet may vary or extend a contract for a period of more than 3 months, provided that to do so is consistent with the provisions of Financial Regulations and Procurement Rules. In all cases, officers must demonstrate that a detailed and robust cost/benefit analysis has been undertaken and that sufficient budget is available. Evidence of the decision making process must be formally recorded in a delegated decision sheet which is filed on the relevant contract file and a copy sent to the Head of Legal and Democratic Services.

- 17.2 In addition a Strategic Director may authorise variations to a contract where either delay would incur substantial cost penalties to the Council, or the proposed variations are unavoidable and/or essential for the project to proceed or continue. Officers must demonstrate that a detailed and robust cost/benefit analysis has been undertaken and that sufficient budget is available. The Strategic Director of Financial and Regulatory Services must be informed in writing.
- 17.3 Subject to any statutory restrictions and compliance with Financial Regulations and Procurement Rules, a Strategic Director may authorise the following changes to an existing contract.
- i) A change in price determined within the terms of the contract or arising from the application of a price formula in the contract;
 - ii) A single extension of the contract by up to three months;
 - iii) Issue a variation and a resulting change in price determined in accordance with the contract terms.
- 17.4 A Strategic Director may authorise variations to a contract where circumstances arise during the performance of the contract which make it necessary to amend the specification or method of carrying out the works, provided that any such variations do not vary the original contract price by +/- 10% and that the amended contract price does not exceed the budget allocation.

18. CONTRACT DOCUMENTS

- 18.1 All contracts must be in writing. Contracts for the supply of goods, materials, or services, or the execution of works in excess of £50,000 in amount or value or in any other case where the responsible Strategic Director decides it is necessary, must be drawn up in a form approved by the Head of Legal and Democratic Services.
- 18.2 Contracts under this value must, as a minimum, be in the form of an official order, issued and signed by an authorised officer in accordance with the Council's Financial Regulations. The Head of Legal and Democratic Services will determine if a formal written contract procedure is required.
- 18.3 For all contracts over £50,000, documents must be completed and signed by both parties prior to any works commencing. Any exceptions are to be reported to the Cabinet, together with the reasons for this omission.
- 18.4 Contracts exceeding £100,000 in amount or value should be sealed. Any exceptions to this should be agreed with the Head of Legal and Democratic Services. Where the responsible Strategic Director or the Head of Legal and Democratic Services requires, a contract of any value below £100,000 may be sealed.

APPENDIX A - EU DIRECTIVES AND REGULATIONS**1) INTRODUCTION**

As part of the drive to remove barriers to cross border public procurement, the European Union introduced laws which seek to enhance free trade by ensuring that all EU members are able to tender for contracts anywhere within the EU. In addition, EU member states sought to ensure that public sector organisations achieve best value by ensuring that the procurement methods they use increase competition and make purchasing decisions more rational and justifiable. The effect of these rules is to require transparency and fairness in the procurement process.

Although the EU Directives are directly enforceable in the UK, the UK government has introduced Statutory Regulations, which transpose the requirements of the Directives into a UK legal format. There are currently three sets of Regulations:-

1. **The Public Works Contracts Regulations 1991** (SI 1991/2680)
(Covers building and engineering works contracts)
2. **The Public Services Contracts Regulations 1993** (SI 1993/3228)
(Covers things such as maintenance, repairs, consultancy, computer services, etc.)
3. **The Public Supplies Contracts Regulations 1995** (SI 1995/201)
(Covers things such as the purchase, lease, rental or hire purchase of goods or equipment.)

Whether the regulations apply depends upon the value of the proposed contract. The current threshold levels for contract value above which you are legally required to follow the regulations are as follows: -

Contracts for Works -	£3,834,411
Contracts for Services -	£ 153,376
Contracts for Supplies -	£ 153,376

(Correct at 1/01/2004 and subject to biennial review)

Forthcoming Updates to the Regulations

From time to time the EU revises and updates its Directives and when this happens the UK government introduces changes to the UK Regulations accordingly. In 2004 the EU introduced new public procurement Directives, (2004/17/EC and 2004/18/EC), which make significant changes to the legal framework. The UK is required to implement these new Directives by 31 January 2006. To this end the UK government has prepared draft regulations on which it is currently consulting. Due to the nature of the Directive some elements of it are applicable already. Where you think that the new directive may be relevant to your procurement exercise please seek advice from the Head of Legal and Democratic Services. A summary of the provisions of the relevant directive follows;

The Consolidated Procurement Directive 2004/18/EC

This consolidates the existing Supplies, Services and Works Directives into one simplified Directive. It also takes account of modern procurement methods and developments in best practice. The Directive includes new provisions on framework agreements, central purchasing authorities, new electronic procurement provisions covering such issues as e-auctions and dynamic purchasing systems. Lastly it introduces a new Competitive Dialogue Procedure.

2) ASSESSING THE CONTRACT VALUE

The valuation rules for contracts can be somewhat complex. The general test for calculating the value of the contract is to estimate the total value of the consideration of the contract net of VAT at the time the contract goes out to tender. This value should include all aspects of consideration, whether it takes a monetary form or the contribution by the authority of other types of consideration such as goods or equipment.

There is a general rule, which prohibits the division or splitting of contracts with the intention of evading the application of the procurement rules. In addition, there are specific aggregation rules, which apply where the contract is for an indefinite period or is a repetitive or regular contract.

Services Contracts

In the case of services contracts which do not specify a total price, the basis of calculating the estimated contract value shall be:

- i) in the case of fixed term contracts with a term of 48 months or less, the total contract value; or
- ii) in the case of contracts of indefinite duration, or with a term of more than 48 months, the monthly instalment multiplied by 48.

Where the contract provides for an option to renew or extend, then the estimate should be based on the assumption that the option is exercised.

Supplies Contracts

In the case of supply contracts, the contract value for regular or renewable contracts is:

- i) the aggregate consideration to be paid during the anticipated duration of the contract; or
- ii) over the first 12 months of the contract if the duration is indefinite; or
- iii) the consideration paid by the contracting authority under similar contracts for the provision of goods of the same type during the preceding 12 months.

Whichever is the most appropriate.

In the case of contracts for lease, rental, or hire purchase, the relevant figure is the aggregate of the consideration, which will be paid throughout the duration of the contract. Where the term exceeds 12 months, the estimate of residual value must also be included, where the duration is indefinite or uncertain, the relevant figure is the monthly contract value multiplied by 48.

Works Contracts

When assessing the value of a works contract it is necessary to include not only the value of the works themselves but also all the related service, equipment and materials which the contractor will be expected to provide under the contract.

3) THE REQUIREMENTS OF THE REGULATIONS

Where the regulations apply, they lay down strict guidelines on:

- i) the advertising of contracts and the disclosure of certain information relating to the procurement process;
- ii) the manner in which tenderers are selected and invited to tender;

- iii) the specification of requirements utilising the appropriate EU references and avoiding criteria which would have the effect of favouring or eliminating particular tenderers without good reason;
- iv) the evaluation of bids received from tenderers and the award of contract; and
- v) the timescales between the various stages of the procurement process

The Advertising/Notification Requirements

The regulations recommend that authorities, at the beginning of every financial year, publish **Prior Information Notices**, (PIN), setting out their procurement plans for the coming year the value of which will exceed the relevant threshold.

(N.B All notices and adverts must be published in the Official Journal of the European Union. Publication is free and there are downloadable forms for the purpose.)

In most cases it is a requirement that the authority publishes a **Contract Notice**, (OJ Notice), inviting expressions of interest in the forthcoming procurement project. There is a special coding system to describe the nature of the requirement services/supplies etc. which is intended to ensure that people from all EU countries will recognise the type of procurement whatever their native tongue.

After the award of a contract the authority is required, within two months, to publish a **Contract Award Notice** confirming details of the award.

The Options for Procurement Procedures

The regulations currently only provide for three distinct procedures for conducting the procurement process, these are;

The Open Procedure

... under which all interested persons may tender for the contract

The Restricted Procedure

... under which only selected persons are invited to tender for a contract.

The Negotiated Procedure

... under which a purchaser may negotiate the terms of the contract with one or more persons selected by it.

(N.B. the new Directive introduces a new procedure referred to as the **Competitive Dialogue** which will provide an alternative to the negotiated procedure in large complex projects where novel approaches are sought. This cannot be used until implemented by Regulations, which is expected to occur by the beginning of 2006).

The Open and Restricted Procedures may be used in any situation but the negotiated procedure can only be utilised in certain circumstances.

Timetables

Each of the 3 procedures lays down minimum timescales between certain stages of the procedure. These periods are designed to ensure that all potential tenderers have a reasonable opportunity to formulate and submit a tender should they wish to. E.g. if you are using the Open Procedure there should be a gap of not less than 52 days between the despatch of the Contract Notice and the deadline for responses. The timescales vary and will be shorter if a PIN had been published. In addition the new Directive introduces shorter timescales in circumstances where the process is conducted electronically. Advice should be sought as to the appropriate timescales in each case.

Selection Criteria

The Regulations stipulate which factors may justify excluding potential tenderers from those invited to tender. In addition the regulations provide for only two bases for the ultimate selection of the successful bidder, those of Lowest Price or Most Economically Advantageous Tender, (MEAT). Careful thought should be given to which selection criteria should be used and what, if any, system of weighting should be used. Selection matrices can often be used and these have the advantage of providing a clear record of the selection decision. Advice should be sought from the Procurement and Contracts Group as to how to choose appropriate selection criteria and methodology.

Records

Due to the reporting requirements contained in the regulations and the possibility of legal challenge for non compliance it is essential that comprehensive records are kept documenting the key stages of the process and recording the reasons for any key decisions such as award.

4) SOURCES OF FURTHER GUIDANCE

Office of Government Commerce
(Click on procurement policy and EC rules)

www.ogc.gov.uk

The European Commission Procurement Website

www.simap.eu.int

APPENDIX B - MOST ECONOMICALLY ADVANTAGEOUS TENDER

As stated in 13.1 tenders can be accepted on the following basis, either:

- a) The LOWEST where payment is made by the Council, or
- b) The HIGHEST where payment is received by the Council, or
- c) The most economically advantageous tender (MEAT) in accordance with the guidance in Appendix B.

This Appendix does not provide comprehensive or exhaustive procedures for the application and evaluation of tenders using the above criteria. It aims to provide officers with practical advice on suggested evaluation methods to ensure that the aims of NHDC can be achieved and demonstrated within the Best Value framework.

It is therefore vital to ensure that assessment criteria are agreed and documented prior to tenders being invited and an evaluation structure defined so that an objective evaluation can take place whatever method is applied. The Audit Manager should be consulted when considering the assessment criteria and weighting to be used.

In its simplest form, the Most Economically Advantageous Tender (MEAT) will be items (a) and (b) above, where tenders are being evaluated purely on financial issues and quality/best value issues are not being considered.

However, this is not the only definition of the MEAT term, criteria for evaluating tenders can include quality and best value issues in addition to financial issues.

It is possible that the lowest priced tender may not satisfy the MEAT criteria.

Such criteria should usually include the following three elements:

- i) A point scoring system for individual quality/ best value considerations.
- ii) Weightings applied to quality/best value issues in accordance with their importance to the completion of the contract.
- iii) A 'quality threshold' which sets the minimum standards expected. Tenders which fall below this shall be excluded from consideration. Tenders which exceed the quality threshold can then be assessed on the tender price and:
 - any additional quality features included within the bid
 - the additional cost of these features compared to the lowest bid.

A schedule of tenders can therefore be produced which ranks in order of price and in order of quality. Tenders can be eliminated where they do not satisfy the specified quality threshold even when they are the lowest based solely on price.

APPENDIX C - LEGAL PROVISIONS

This Appendix is not designed to be a comprehensive list of all provisions required for all contracts. It has been drafted to provide guidance for staff to highlight those areas, which should normally be incorporated into all contracts let by the Council.

Where contracts do not contain these provisions, contract documentation should clearly state the reasons for this and incorporate the advice given by the Head of Legal and Democratic Services. Additionally the contract shall specify that contractors should comply with all legislation including race relations, health and safety at work etc.

In all cases departments shall fully and properly consult the Head of Legal and Democratic Services to ensure that contract documentation is appropriate.

Contracts for the supply of goods materials or services or the execution of works below £50,000 in amount or value shall be in the form of an official order issued and signed by an authorised officer in accordance with the Council's Financial Regulations. Contracts for the supply of goods materials or services or the execution of works in excess of £50,000 in amount or value must be drawn up in a form approved by the Head of Legal and Democratic Services.

Every contract shall specify, so far as is appropriate:

- (i) the goods, materials, services or the work to be supplied provided or executed (including as appendices any necessary technical specifications, plans or drawings), including compliance with any British or European Standard current at the date of the tender;
- (ii) the payments to be made under the contract with a statement of any discounts or other deductions;
- (iii) the time or times within which the contract is to be performed;
- (iv) such other conditions and stipulations (including in particular provisions with regard to the initial deduction from payments to be made to the contractor of a specified percentage to be held as retention money; the subsequent release of amounts so deducted; the contractor's responsibility for the maintenance of any works to be carried out under the contract during a specified defects liability period; insurance by the contractor and the circumstances in which the contract shall be determinable) as may in any particular case be necessary or desirable.
- (v) that the Council's Internal Auditors shall have access to records in the possession of the contractor which are, or have been used in the performance of the contract.

Contracts which exceed £100,000 in amount or value should be under seal except with the agreement of the Head of Legal and Democratic Services and where the appropriate Strategic Director or the Head of Legal and Democratic Services shall so require, a contract of any value below £100,000 shall be under seal.

Liquidated Damages

All contracts should, where appropriate, provide for liquidated and ascertained damages to be obtained from the contractor where the terms of the contract are not duly performed. Liquidated and ascertained damages should equate to a genuine pre-estimate of the losses that the Council would incur as a consequence of the delay or other non-compliance with contract conditions.

Performance Bonds

Performance bonds will be required at the discretion of the relevant Strategic Director in consultation with the Strategic Director of Finance and Regulatory Services and the Head of Legal and Democratic Services. Where contract payment is in arrears and a reasonable retention is applied, performance bonds will not usually be required.

Cancellation

The contract shall contain a clause which entitles the Council to terminate the contract and to recover from the contractor the amount of any loss to the Council resulting from such termination, if the contractor shall have acted to induce any individual in relation to obtaining or executing a Council contract.

This applies equally to the Contractor and any person employed by him or acting on his behalf (whether with or without the knowledge of the contractor) under the Prevention of Corruption Acts, 1889 to 1916, and subsection (2) of section 117 of the Local Government Act 1972.

Making Good

A clause shall be inserted to enable the Council to make good (a) such default or (b) in the event of the contract being wholly determined the goods or materials remaining to be delivered in the event that the contractor has wholly or partially defaulted. The contractor will be liable for the additional costs to the Council for this.

Extension

If the terms of a contract allow for an extension, then a Strategic Director may, with the agreement of the Strategic Director of Finance and Regulatory Services and the relevant portfolio holder, agree to such an extension. In all other cases, the Cabinet may vary or extend a contract for a period of more than 3 months, provided that to do so is consistent with the provisions of Financial Regulations and Procurement Rules. In all other cases, officers must demonstrate that a detailed and robust cost/benefit analysis has been undertaken and that sufficient budget is available. Evidence of the decision making process must be formally recorded in a delegated decision sheet which is filed on the relevant contract file and a copy sent to the Head of Legal and Democratic Services.

Where a contract may be extended beyond its original term, the Strategic Director responsible shall obtain minuted approval of the Cabinet to such extension and the Head of Legal and Democratic Services shall advise and prepare the necessary documentation to enable such extension.

Data Protection Act/ Freedom of Information Act

All contracts entered into should contain a clause requiring contractors to comply with the Data Protection Act 1998 and the Freedom of Information Act 2000 which indemnifies the Council against any failure to comply on the part of a contractor. Advice should be obtained from the Head of Legal and Democratic Services on the precise requirements of the Acts.

Assignment

In every written contract for the execution of any work or for the supply of goods or materials, the following clauses, or a substantially similar one shall be inserted:

APPENDIX D

- i) The contractor shall be prohibited from sub-letting or assigning the contract or any part of the contract without the written consent of the Council. Such consent to be on those terms the Council considers to be reasonable in the circumstances. Such consent will not be unreasonably withheld to the prejudice of the contractor.
- ii) If the contractor has, without previous consent in writing, sub-let any portion of the works, notwithstanding that the contractor may have subsequently ceased to employ that sub-contractor, the Council may exercise its right to determine the contract.
- iii) It shall be a condition of any sub-letting of any part of the works that the employment of the sub-contractor shall cease immediately upon the determination (for whatever reason) of the contractor's employment under this contract.

APPENDIX D – OFFICERS INTERESTS IN CONTRACTS

Relations with Contractors

The nature of the Council's activities often calls for a close working relationship with commercial organisations and whilst it is in no way implied that those contractors with whom the Council has dealings are likely to act improperly in such circumstances, it must be recognised that by virtue of their position, staff involved in the placing, supervision or overall control of contracts could be particularly vulnerable to criticism.

Private Interests

No contract may be let to an officer of the Council, or to any partnership of which they or any member of their family are a member (except for a corporation in which they are a shareholder) or to any company of which they or any member of their family are a Strategic Director unless the Chief Executive has given permission for the letting of the contract to proceed. In such a case the officer must disclose the full measure of their interest in the contract to their Strategic Director who will notify the Chief Executive.

No officer may accept a directorship in any company, without the express permission of the Chief Executive. Permission should be sought through their Strategic Director who will make a submission to the Chief Executive.

Any member of staff who comes into official contact with any matter concerning a business organisation in which they or a member of their family have an interest must disclose this interest to their Strategic Director and ask that some other officer deals with the matter.

All officers are expected to be aware of and comply with the requirements of the Council's policy on Conflicts of Interest.

Prevention of Corruption

The Standard Conditions of Contracts prohibit a contractor from offering or making a gift or other consideration of any kind as an inducement to some action pertaining to a contract and refer to the Prevention of Corruption Acts 1889 to 1916. Under these Acts it is an offence for an officer corruptly to solicit or accept any gift or consideration as an inducement or reward for:

- (i) doing or refraining from doing anything in his official capacity, or
- (ii) showing favour or disfavour to any person in his official capacity.

Use of Services supplied by Contractors

No officer may purchase goods from or use the service of a contractor on preferential terms for private purposes if these terms are given either directly or indirectly because of the potential or actual contractual or other official business relationship between the contractor and the Council.

Contracts Staff

Whilst the above rules apply to all staff whose duties bring them into contact with contractors, they are of particular importance to staff in contracts and purchasing sections who are in close contact with commercial firms seeking the opportunity to tender for the Council's services. It is important that the actions of such staff should be manifestly above suspicion of bias in favour of a particular firm and every care must be taken not to disclose 'in confidence' information e.g. tender prices.

The utmost discretion must therefore be exercised if offers of hospitality, gifts etc. are received from contractors with whom staff deal in the course of their official duties; dealings must be kept strictly on a business footing and the highest standard of watchfulness and integrity must be maintained at all times.

Record of Interests

The Head of Legal and Democratic Services shall record in a book to be kept for the purpose, particulars of any notice given by an officer of the Council under Section 117 of the Local Government Act 1972, of a pecuniary interest in a contract. During office hours any Member of the Council may inspect the book.

APPENDIX E - COMPILATION AND MAINTENANCE OF STANDING APPROVED LISTS

Where the Council maintains a standing approved list of contractors, then:

- (i) At least four weeks before that list is first compiled, notices inviting applications for inclusion in it, from those willing and able to undertake contracts of the specified values amounts or categories, shall be published in one or more local newspapers circulating in the district and in any trade or similar publication the appropriate Head of Service considers desirable.
- (ii) Any limitation placed on the person or firm as to the category, class, type or description or relating to the maximum amount or value of the contracts the person or firm may undertake must be noted on the list at the time of inclusion.
- (iii) All such lists shall from time to time be amended as necessary, and shall in any event be fully reviewed at intervals of not more than two years.
- (iv) Selection from any standing approved list must be by rotation, allowing the widest possible choice of contractors a chance of selection over a period of time. The successful contractor from the most recently let contract of a similar nature may also be appropriate for consideration to ensure best value for money for the Authority.
- (v) Any such lists shall be available for inspection both by Members of the Council and the general public, at any time during normal office hours at the offices of any Service Manager maintaining such a list.

Where the Council intends to select contractors from a list maintained by another Local Authority or Government Agency or Department, applicants for inclusion who apply to this Council shall be informed that it is the Council's intention to use such an external list and how and where to apply to be considered for inclusion on that list.

The appropriate Strategic Director must notify contractors in writing of any decision taken to exclude or suspend them from the approved list, stating the reasons for this action.

APPENDIX F - LAND TRANSACTIONS

This Standing Order shall apply to purchases and sales of property and land and to leases for a fixed term of more than ten years.

All valuations and negotiations in respect of transactions shall be carried out by or under the supervision of a properly qualified Member of the Royal Institution of Chartered Surveyors or equivalent. In no circumstances shall Members of the Council conduct them.

This Standing Order will apply to all valuations of land carried out by a qualified and independent Chartered Surveyor not in the employ of the Council.

In respect of all transactions the estimated value (or the aggregated value of related transactions) which exceeds £100,000 at least two officers of the Council or an officer of the Council and its duly appointed valuer/ advisor or other agent shall be present during all negotiations.

It shall be the duty of the Council's valuer whether employed or appointed to report on the progress of any transaction authorised by the Council to the appropriate Committee or Group at least at every other convened meeting of that Committee or Group.

The Strategic Director of Finance and Regulatory Services shall maintain confidential records of the most up to date situation in the local property market for all valuations prepared for the purpose of a transaction or balance sheet estimate.

All valuations prepared for the purpose of a transaction shall be accompanied by evidence of the values of comparable properties in the locality from the above records.

No property or land owned or leased by the Council shall be disposed of to a third party until it has been established that no other directorates of the Council have a need for the property or land. The property or land will be appropriated to the directorate at the then open value as certified by the Council valuer.

No property or land owned or leased by the Council shall be disposed of until a detailed report has been prepared by the Strategic Director of Finance and Regulatory Services containing:

- an inspection report describing the property or land and its physical characteristics and development constraints.
- a report on title by the Head of Legal and Democratic Services.
- any information from the Council's records or those of statutory undertakers which would affect the property or land's value or development potential.
- an assessment of the development potential of the property or land by the Head of Planning and Building Control.
- evidence that the property or land has been offered to all directorates and that the Council has no operational use for the property or land.
- recommendations on the following:
 - i) issues that need to be resolved before marketing of the property or land can proceed
 - ii) the method of disposal
 - iii) the title to be transferred
 - iv) the price the Council must receive along with the "asking" and "reserve price"

- v) whether legal and other costs must be recovered from the prospective purchaser and if so an estimate of their amount
- vi) the appointment of external advisors or agents
- vii) whether negotiations must proceed with a special purchaser

All disposals of property or land owned or leased by the Council shall be by one of the following methods: Private Treaty, Public Auction, Formal Tender, Informal Tender, statutory offer back to the former owner, long lease i.e. Virtual Freehold.

In the event that it is decided to dispose of property or land by way of a tender then so far as it is practicable the procedures laid down in Contract Procurement Rules shall apply, subject to a report by the appropriate Strategic Director to the Cabinet of the Council where it is not practicable to follow the procedures laid down in the Procurement Rules.

APPENDIX G - GUIDANCE FOR THE ENGAGEMENT OF CONSULTANTS

Procurement Rules relating to contracts should be followed in the engagement of consultants.

This guidance is designed to give managers an indication of good practice in the processes of engaging and managing consultants, complying with the Audit Commission report "Reaching the Peak".

1. IDENTIFICATION OF NEED

Before consultants are invited to bid/tender, the Strategic Director shall:

- identify the project objectives
- document the reasons for the employment of consultants including the benefits of employing consultants against in-house staff or agency staff
- document the residual in-house costs to support the consultant and ensure that sufficient budget is available to meet all identified costs.

2. PROJECT BRIEF

The Strategic Director is responsible for ensuring that a project brief is prepared including background, objectives, timetable, costs, monitoring arrangements, documentation standards, contact names and numbers for enquiries.

3. CONTRACT MONITORING

In relation to this area the term 'contract' refers equally to the employment of consultants in accordance with Procurement Rules, even where no formal contract document exists.

Any letter of appointment or contract must set out the consultants legal obligations to the Council.

The Strategic Director shall be responsible for ensuring that the consultant's work is properly monitored on an ongoing basis. This includes:

- appointing a named project officer or group
- specifying key tasks and dates for consultants
- monitoring costs against budgets
- arranging regular progress meetings with consultants

The project officer shall maintain the following documentation:

- project brief/objectives
- minute authority, where required
- agreement with the consultant and any variations to that
- records to provide evidence of contractor compliance with the contract standard prior to payment being made
- a record of payments made to the consultant and for the project
- a project evaluation form

The project officer shall report immediately to the Strategic Director any material technical or financial deviation by the consultant from the specified agreement.

At the end of a project it is expected that a post-project appraisal exercise be carried out, to include an assessment of the consultant's performance.

APPENDIX H - DEFINITIONS OF TERMS

"The Council" shall be deemed to include reference to, the Cabinet, a committee or sub-committee, approved working group, or person acting in accordance with delegated authority on behalf of the Council.

"Portfolio Holder" means the Elected Councillor who is a Member of the Cabinet and is responsible for an area of Council activity. In the event of a dispute or absence, the Chief Executive, in consultation with the Leader of the Council shall determine the portfolio holders who shall be consulted.

"Strategic Director" means the Strategic Director of the department responsible for the contract in question or such senior officer of that department to whom the Strategic Director may have delegated in writing the powers in question.

"Contractor", "Sub-contractor" or "Consultant" means any person, company or supplier who has:

- i) requested to be on an approved or ad-hoc approved list of tenderers;
- ii) been approached to provide a quotation or tender;
- iii) provided a quotation or tender; or
- iv) been awarded a contract in accordance with these Procurement Rules.

APPENDIX I - CONTACT OFFICERS**Internal Audit**

David De Smet	Ext. 4467
Margaret Mulkerrin	Ext. 4242
Julie Farrell	Ext. 4681
Chris Wood	Ext. 4344

Legal

Kim Sawyer	Ext. 4561
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Committee Services

Ian Gourlay	Ext. 4403
Nigel Schofield	Ext. 4590

Finance

Barrie Jones	Ext. 4243
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TITLE OF REPORT: ANY ITEMS REFERRED FROM CABINET – 12 SEPTEMBER 2006

Any items referred from the meeting of Cabinet to be held on 12 September 2006 will be despatched “to follow”.

QUESTIONS FROM MEMBERS

To consider any questions submitted by Members of the Council, in accordance with Standing Order 10.4(a).

NOTICE OF MOTIONS

To consider the following motions submitted by Members of the Council, due notice of which has been given in accordance with Standing Order 11.1

1 Public Conveniences

To be moved by Councillor Deepak Sangha and seconded by Councillor Joan Kirby that:

“this Council calls on the Cabinet to reverse its decision to close the public conveniences in Bancroft, Hitchin and to consult with people with disabilities with regard to their needs for properly accessible public conveniences, with particular reference to that in Portmill Lane, Hitchin.”

2 Climate Change

To be moved by Councillor Paul Clark and seconded by Councillor Steve Jarvis that:

“Council recognises that evidence shows that climate change is occurring and will continue to have far reaching effects on people and places in this District and beyond. There is a need for this Council to work together with other like minded Councils and Central Government to lead the response at a local level, encouraging and helping local residents, local business and other organisations - to reduce their energy costs, to reduce congestion, to adapt to the impact of climate change, to improve the local environment and to deal with fuel poverty in our communities.

North Hertfordshire District Council therefore resolves to sign the Nottingham Declaration on Climate Change, which acknowledges the increasing impact that climate changes will have on our community during the 21st century and commits it to tackling the causes and effects of a changing climate on our District. Our commitment along with the many other Councils of all political persuasions across the country who have already signed up to this declaration, can make a significant difference to our environment in the future.”

3 The Hitchin Triangle

To be moved by Councillor Judi Billing and seconded by Councillor Martin Stears that:

“Urgent action should be taken to protect the Hitchin Triangle area from over development and exploitation and that the Council should prepare a planning brief for the area which respects the diverse needs of the community and protects it as quickly as possible from random and unsympathetic development.”