

FINANCIAL REGULATIONS 2016

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1. OVERVIEW

General

- 1.1 These Financial Regulations provide the framework of financial control and standards necessary to achieve the proper administration of the Council's financial affairs and are designed to safeguard the interests of both the Council and its employees. These Regulations cover the Council's main activities, its trading organisations and Pension Funds, and partnerships where the Council acts as the lead authority or where it acts as the accountable body.
- 1.2 If there is a conflict between the Council's Financial Regulations and other specific County Council regulations or codes of procedure, guidance should be sought from the Monitoring Officer as to which shall prevail.
- 1.3 All Nottinghamshire County Council records, whether electronic or paper-based, are subject to the Authority's Information Management Policy which establishes key principles for the management, retention, security and disposal of these records. All financial records must be retained in line with this policy, and in accordance with any relevant legislative requirements.

Role of Chief Finance Officer

- 1.4 The Service Director Finance, Procurement and Improvement is the appointed Chief Finance Officer (also known as the Section 151 Officer) for the Council, and is responsible for the proper administration of the Council's financial affairs and, subject to the Constitution and any resolutions of any Committee or the Full Council, may do all things necessary to discharge this responsibility.
- 1.5 Where the Section 151 Officer considers that there is a likelihood of a significant overall overspending, or a significant overspending on a Committee budget or any unlawful expenditure, a report will be taken to Full Council.
- 1.6 As the Council's financial advisor, the Section 151 Officer will prepare a budget showing the sources of income and proposed expenditure in each financial year. The Section 151 Officer will also keep the Finance and Property Committee informed of the Council's overall financial performance, compared with the approved budget(s). The information required and the frequency of reporting will be determined by the Finance and Property Committee.
- 1.7 The Section 151 Officer, after consulting with the Group Manager for Legal Services where appropriate, may vary, waive or suspend any financial regulation.
- 1.8 Where reference is made in these regulations to specific officers, they may nominate other officers to act on their behalf provided that they keep appropriate up-to-date written records of the nominated officers and the limits to their delegated powers.
- 1.9 The Section 151 Officer shall add financial comments to all reports being submitted to Committee or Full Council regarding the financial consequences of any proposed action. These comments may include the sufficiency of the budget to finance the proposals being

made or set out the action to be taken to make the necessary finance available. These reports must be submitted to the Section 151 Officer or his/her representative, at least 3 working days before the distribution of papers to pre-agenda.

Role of Corporate Directors

- 1.10 Corporate Directors are responsible for ensuring that employees and consultants in their departments are aware of, and comply with these Financial Regulations and that failure to comply may result in disciplinary action.
- 1.11 Corporate Directors must consult the Section 151 Officer on any matter which is liable to affect the finances of the Council before any provision or other commitment is incurred or before reporting to Committee. The Section 151 Officer has the right to be represented at meetings with partnerships or outside bodies where matters of financial significance are to be discussed.
- 1.12 Each Corporate Director and each Committee is responsible for the observance of Financial Regulations and for compliance with the decision making process defined in the Constitution.

2. FINANCIAL PLANNING AND BUDGETARY CONTROL

- 2.1 In February of each year, Full Council will approve an annual revenue budget, capital programme, Treasury Management Strategy and Policy, Medium Term Financial Strategy and Council Tax precept.
- 2.2 It is the responsibility of all Committees, in consultation with the relevant Corporate Director(s), to monitor and control their budgets approved for the year.
- 2.3 Amounts provided under each heading of the approved annual revenue estimates must not be diverted to other purposes except as allowed by Financial Regulations at paragraph 3.4 [Virements].
- 2.4 The inclusion of items in the approved revenue estimates constitutes authority to incur expenditure, subject to the regulations for commissioning and procurement of Goods, Services and Works (section 8), except where the Council, Committees, or Financial Regulations of the Council have placed a restriction on any item. Where items cannot be identified from the approved revenue estimates, authority for expenditure on those items must be obtained from the appropriate decision making body depending on the amount. Expenditure on special items may only be incurred subject to the regulations at paragraph 3.3.
- 2.5 Where expenditure is required on items not included within the approved budget, and which cannot be funded within the regulations for virement (see paragraph 3.4) Corporate Directors must seek advice from the Section 151 Officer and obtain approval from Full Council.

- 2.6 Where external funding is available to cover additional revenue expenditure, Corporate Directors must obtain the approval of;
- The Section 151 Officer for additional amounts **up to £250,000**;
 - Finance and Property Committee for additional expenditure **over £250,000**; and
 - Policy Committee for additional expenditure **over £500,000**.
- 2.7 Capital expenditure is not authorised unless the regulations set out in section 4 have been complied with.
- 2.8 Where a Committee wishes to take a course of action which has financial implications contrary to the advice provided by the Section 151 officer, a report on the issue must be taken to Policy Committee for determination.
- 2.9 The Section 151 Officer must submit a report to the Full Council on each year's final accounts as soon as practicable, and in accordance with the statutory Accounts and Audit Regulations.

3. REVENUE EXPENDITURE

3.1 Preparation of Revenue Budgets

- 3.1.1 Revenue budgets must be prepared in accordance with the process set out annually by the Section 151 Officer, and the resource allocation limits prescribed by the Council.
- 3.1.2 Detailed annual revenue budgets must be prepared in accordance with all instructions on budgeting issued by the Section 151 Officer. It is the responsibility of Corporate Directors to ensure that detailed budget preparation takes place, that the amounts included are realistic, and that there has been correct application of budget conventions and procedures for their service.
- 3.1.3 Where there is uncertainty about the proper approach to be adopted in preparing a budget, guidance should be sought from the Section 151 Officer.
- 3.1.4 The Section 151 Officer will, during the year, seek approval from Finance and Property Committee for allocations from the General Contingency approved by Council.
- 3.1.5 Where external income arises from a set scale of charges, fees etc., the Corporate Director must review the level of fees at least once a year in consultation with the Section 151 Officer, having regard to any relevant statutory provisions for such charges, fees etc. Revised fees must be agreed by the relevant Committee.

3.2 Control of Revenue Budget

- 3.2.1 Corporate Directors and Committees are responsible for controlling expenditure within approved budgets. To assist them with this, virement of budget provision

from one budget head to another may be permitted as described in paragraph 3.4.

- 3.2.2 Where new policies or significant variations to existing policies or practices are proposed, a report must be presented to Full Council or Policy Committee as appropriate providing details of the financial implications of the proposed policies for the current year and two further years.
- 3.2.3 A Corporate Director's authority to incur expenditure, for which provision has been made in the detailed annual revenue budget and which is in accordance with Council policies, is subject to the regulations in section 8 and the conditions in paragraph 3.3 below.

3.3 Special Items

Use of Consultants, Interim Managers and Specialist Contractors

- 3.3.1 **Consultants, Interim Managers and Specialist Contractors are time limited or ad hoc, and do not form part of 'business as usual' operations. Consultancy should be distinguished from outsourcing and staff substitution, which are not regarded as consultancy.**

3.3.1.1 Consultants, interim managers, individuals as contractors or specialist advisors may be engaged provided that there is sufficient budget provision and an annual report is made to the Policy Committee on the use of this discretion. Approval may be by:

- approval from the appropriate Committee (e.g as part of an approved capital programme or project); or
- if the estimated value of the contract is **below £50,000** prior approval must be obtained from the Corporate Director; or
- if the estimated value of the contract is **over £50,000** or is extended beyond £50,000 (and for any subsequent extension) prior approval must be obtained from the Corporate Director for Resources and the Section 151 Officer. Requests for approval must be submitted on the approved 'Request to procure a Consultant Form'.

3.3.1.2 Regardless of value, all consultants must be procured in accordance with the procurement procedures set out in section 8.

3.3.1.3 When engaging individuals as consultants, contractors or specialist advisors, Corporate Directors must determine whether the nature of their employment is 'Employed' or 'Self Employed' as set out in the guidance note IR56 issued by HM Revenue and Customs. The Council has produced guidance and a form to help with this assessment. If a Consultant or Contractor is deemed to be 'Employed' the Corporate

Director must arrange for them to be paid through the Council's payroll. HR advice should be sought.

3.3.1.4 The Corporate Director must ensure that any consultant, interim manager or specialist contractor appointed to manage a contract or procurement process on behalf of the Council be notified of and require compliance with:

- The Council's Financial Regulations; and
- The Code of Conduct for Officers and
- The Protocol for Involvement in Outside Bodies.

3.3.1.5 The use of other types of contingent labour, i.e. agency workers, should be dealt with under the existing provisions of the vacancy control process and in accordance with the contracted managed service arrangements.

3.3.2 **Leases**

3.3.2.1 All leases or credit arrangements **over £6,000** which are not for Land and Buildings must be approved by the Section 151 Officer before they are entered into.

3.3.2.2 For leases of Land and Buildings the regulations at section 17 must be followed.

3.3.2.3 Depending on the circumstances leases or credit arrangements may be classified as Capital Expenditure.

3.3.3 **Grant Aid**

3.3.3.1 Grants and contributions to individuals, the voluntary and community sector are subject to approval by the Grant Aid Sub-Committee in accordance with the Grant Aid Strategy. Also see paragraph 3.3.6 on State Aid.

3.3.3.2 All other grants and contributions are subject to approval by the relevant budget holding Committee either individually or via an approved scheme administered by officers authorised by the relevant Committee.

3.3.4 **Loans and Guarantees to External Bodies and Financial Support in Relation to Properties**

3.3.4.1 All proposals for loans or guarantees or financial support in relation to properties to individuals or outside bodies should be **accompanied by an appropriate risk assessment** and may be authorised as follows:

3.3.4.1.1 loans or guarantees for economic development or regeneration purposes must be approved by the Economic Development Committee;

3.3.4.1.2 all other loans or guarantees or financial support in relation to properties must be approved by the relevant Committee.

Also see paragraph 3.3.6 on State Aid.

3.3.5 Investment in Equities

3.3.5.1 Investment in equity stock may be authorised as follows:

3.3.5.1.1 investments **up to £250,000** for economic development or regeneration purposes must be approved by the Economic Development Committee;

3.3.5.1.2 all other investments must be approved by the Finance & Property Committee

These restrictions do not apply to pension fund investments, which are dealt with by the appropriate Pension Fund Committee.

3.3.6 State Aid

3.3.6.1 State Aid is financial aid or other advantage to a business or organisation from a public body such as a local authority. Grants, loans or guarantees to business may constitute State Aid in some cases. In all circumstances, advice should be sought from Legal Services.

3.3.7 Emergency Expenditure

3.3.7.1 A Corporate Director may incur expenditure which is essential to meet any immediate needs created by a sudden emergency, subject to this action being reported immediately to the Chief Executive and the Section 151 Officer, and to the next relevant Committee. Corporate Directors must keep a separate record of the essential expenditure incurred.

3.4 Virement

3.4.1 The transfer of budget provision from one budget holder to another is approved as follows:

3.4.1.1 **up to £50,000** (£100,000 within the Highways Maintenance Budget) by the Section 151 Officer

3.4.1.2 **up to £500,000** by the relevant Committee, or for cross Committee virements following consultation with the relevant Chairmen of Committees, by the most appropriate Committee

3.4.1.3 **over £500,000** by the Finance and Property Committee.

3.4.1.4 **Over £1 million** by the Policy Committee.

3.5 **Monitoring of the Revenue Budget**

- 3.5.1 Corporate Directors must ensure that budgets are monitored via the Council's Business Management System. Budget monitoring reports should be presented at least quarterly to each relevant Committee, with a report on the Council's overall financial position presented to Finance and Property Committee. Explanations of significant variations and proposals for avoiding any continuing budget problems must be explained to the relevant Committee.
- 3.5.2 All underspends will transfer to County Fund Balances unless specific approval is obtained for the carry forward of budget to the following year from Finance & Property Committee, on presentation of a business case.
- 3.5.3 The annual surpluses and deficits of trading organisations will be carried forward in an 'Earmarked Reserve'. The level of these reserves will be kept under review by the Section 151 Officer and reported annually to Finance and Property Committee and Full Council.

4. **CAPITAL EXPENDITURE AND OTHER MAJOR PROJECTS**

4.1 **Inclusion of schemes in the Capital Programme**

- 4.1.1 The Council has a Capital Programme, considered annually through an Annual Review Process. This programme is approved by Full Council and includes the capital schemes for the forthcoming financial year and the three years following.
- 4.1.2 The processes by which a capital scheme can be added to the Capital Programme are shown in the attached [decision tree](#). The content of bids must be as set out in paragraph 4.2 below.
- 4.1.3 All proposals for capital expenditure should be considered initially by the Corporate Asset Management Group (CAMG) who will advise on the relative priority of future capital schemes, in accordance with the agreed prioritisation criteria within the Capital Strategy. Approval must then be obtained as follows:
 - 4.1.3.1 for schemes being considered through the Annual Review process, CAMG will make recommendations to the Chairman of Finance & Property Committee and, in turn consult with the Corporate Leadership Team (CLT). A report will then be taken to Finance and Property Committee for approval in principal and inclusion within the annual budget for approval by Full Council (see decision tree route a);
 - 4.1.3.2 for schemes arising during the budget year on an ad-hoc basis, CAMG will consider and advise the Chairman of Finance & Property Committee and, in turn, will seek approval from the relevant approving body – see paragraph 4.1.4 (see decision tree routes b and c).

- 4.1.4 Where proposals are made for additional schemes during the year, or for cost variations to existing schemes, decisions can be taken as follows:
- 4.1.4.1 schemes, or variation increases, **up to £250,000** by the Section 151 Officer;
 - 4.1.4.2 schemes, or variation increases, **over £250,000 and up to £2 million** by Finance & Property Committee;
 - 4.1.4.3 schemes, or variation increases, **over £2 million** by Policy Committee.
- 4.1.5 For all schemes with a capital cost **OVER £7.5 MILLION** no detailed design work can be undertaken until a report on alternative design proposals has been approved by Policy Committee.
- 4.1.6 After approvals have been obtained under either paragraphs 4.1.3 or 4.1.4 above, Latest Estimated Cost (LEC) reports should be prepared and presented (see paragraph 4.4) before tenders are sought.
- 4.1.7 Where major projects are being procured through a 'Private Finance Initiative' (PFI), 'Public Private Partnership' (PPP) or equivalent arrangement, an options appraisal report should be prepared and approval must be obtained from Full Council before tenders are invited.

4.2 Content of Bids for Capital Expenditure

- 4.2.1 All proposed schemes, or programmes of work, must include an options appraisal which has been carried out before detailed design work begins, setting out the full lifecycle costs of the investment and the impact on future revenue budgets. All bids for capital expenditure must be prepared by Corporate Directors in the form laid down by the Section 151 Officer.
- 4.2.2 The advice of the appropriate technical officer(s) must always be provided before a scheme is included in any capital programme, e.g. Service Director for ICT for computer technology, Service Director for Property for building, construction and associated works.
- 4.2.3 When scheduling costs for schemes construction costs should not normally appear in the first year, unless the following criteria have been considered and the risks evaluated:
- 4.2.3.1 purchase, lease or lease option of the land or property has been completed and land assembly costs and issues have been identified. In the case of projects where the Council will not be the landowner or where powers of compulsory purchase are being exercised, a right of entry must have been obtained;
 - 4.2.3.2 outline planning permission must have been obtained, where required;
 - 4.2.3.3 the sources of funding, including any grants or contributions from outside organisations, have been secured - except for land reclamation

projects where grant notification is not normally received until the year of the project;

- 4.2.3.4 the service department has prepared a detailed business case for the project which has been agreed with the relevant technical officer who will carry out the design;
 - 4.2.3.5 there has been a proper assessment of the time-scale, the likely costs and governance arrangements for the project;
 - 4.2.3.6 where existing property is affected by the proposed development, the service department has agreed proposals for dealing with staff or clients who might be displaced as a result of the construction (temporarily or permanently); and
 - 4.2.3.7 relevant sustainability issues have been considered and impact assessments have been undertaken in accordance with any Council policies.
- 4.2.4 All costs should be at estimated out-turn prices, unless otherwise determined by the Section 151 Officer.
- 4.2.5 The anticipated revenue costs of all schemes in the capital programme must be assessed each year. The staffing, lifecycle maintenance and other running costs must be included in the revenue budget. The financing costs for expenditure funded by borrowing or leasing will be calculated by the Section 151 Officer and included within the overall revenue budget.

4.3 Feasibility Studies

- 4.3.1 The appropriate project manager/ technical officer can carry out feasibility work on any scheme not in the approved capital programme subject to:
- 4.3.1.1 the relevant Committee agreeing to the cost being met from its revenue budget for the year; and
 - 4.3.1.2 prior approval from the Section 151 Officer has been obtained if the estimated cost of the feasibility study is **over £25,000**.
- 4.3.2 Detailed design work must not take place on schemes which are not included within the approved capital programme unless written approval has been obtained from the [Chief Executive and the] Section 151 Officer. This does not apply to schemes over £7.5 million that are subject to separate approval by Policy Committee (see paragraph 4.1.5).
- 4.3.3 The appropriate project manager/technical officer can carry out preparatory work on any scheme included in the approved capital programme. The costs of this work must be charged to that scheme. If for any reason the scheme does not go ahead, then the costs of preparatory work undertaken must be charged to the revenue budget of the relevant Committee, which will need to make available sufficient budget cover for this. This means that the project manager/ technical officer should not carry out preparatory work unless an undertaking has been

secured for the funding of any abortive costs from the service department and the appropriate budget identified.

4.4 Project Management and reports on "Latest Estimated Costs" of Proposed Schemes

4.4.1 All projects should be managed in accordance with the principles of good project governance and management. Projects **over £250,000** should be governed, managed and delivered using best practice project management techniques e.g. PRINCE2. Where significant risks have been identified, they should be included in the Corporate Risk Register and addressed in accordance with the Council's Risk Management strategy.

4.4.2 Corporate Directors must take a report to the relevant Committee setting out the latest estimated costs of all proposed capital schemes where the capital cost is **between £250,000 and £1 million** and to Finance & Property Committee for schemes where the capital cost is **over £1 million**. The report must be made after detailed design work has been completed but before tenders are invited and should contain:

4.4.2.1 Capital costs analysed into:

4.4.2.1.1 land acquisition costs and associated liabilities;

4.4.2.1.2 construction costs;

4.4.2.1.3 acquisition of plant, equipment and furniture;

4.4.2.1.4 professional fees (including legal fees) and project management costs;

4.4.2.1.5 any other relevant costs.

4.4.2.2 Revenue costs identified and analysed into:

4.4.2.2.1 staffing costs;

4.4.2.2.2 energy costs;

4.4.2.2.3 other running costs;

4.4.2.2.4 financing costs;

4.4.2.2.5 lifecycle maintenance costs.

In addition to total costs, their phasing over each financial year should be shown. If the costs exceed the existing capital programme provision for that scheme, the report must contain a statement on how these extra costs can be contained within the approved total capital programme or, if further capital funds are required, approval to increase the capital programme (the capital variation) must be obtained as set out in paragraph 4.1 above.

4.5 **Budgetary approval prior to Contract Award**

- 4.5.1 Where the preferred tender exceeds the LEC or Capital Programme estimate, Corporate Directors must submit a revised LEC report and obtain all necessary approvals for the additional expenditure needed before accepting the tender.
- 4.5.2 The award of contracts must comply with the procedures for the procurement of Goods, Services and Works set out in section 8 and the guidance must be sought from the Procurement Centre and Legal Service.

4.6 **Final Accounts**

- 4.6.1 Corporate Directors must report the final accounts for capital schemes over £1 million to the relevant Committee.
- 4.6.2 The Section 151 Officer shall, where considered necessary, examine any scheme final accounts and is entitled to make such enquiries and receive such information and explanations as may be required to confirm the completeness and accuracy of the accounts.

4.7 **Post-Project Evaluations**

- 4.7.1 Corporate Directors have the responsibility to ensure the completion of a post project review for all their projects.
- 4.7.2 The post project review should normally address the following matters:
 - 4.7.2.1 out-turn costs vs original cost estimates and the reasons for any cost increases;
 - 4.7.2.2 breakdown of the professional fees incurred;
 - 4.7.2.3 actual timetable achieved vs original planned timetable and the reasons for slippage and delays;
 - 4.7.2.4 overall project outcomes and quality of project management;
 - 4.7.2.5 achievement of service objectives and benefits;
 - 4.7.2.6 lessons to be learned for future projects.
- 4.7.3 For completed projects, post-project reviews must be evaluated by the Corporate Asset Management Group (CAMG) and an annual report submitted by the Chairman of CAMG to the Finance and Property Committee as follows:
 - 4.7.3.1 projects **up to £5 million** - for a sample of projects selected by CAMG;
 - 4.7.3.2 projects **over £5 million** - all projects.

4.8 Capital Financing

- 4.8.1 The Section 151 Officer will make arrangements for the financing of capital expenditure in accordance with the CIPFA 'Prudential Code for Capital Finance' and the annual budget report approved by Full Council.
- 4.8.2 Corporate Directors must notify the Section 151 Officer prior to committing to leases or hire purchase arrangements for vehicles, equipment or land/buildings where the value will exceed £6,000 (see paragraph 3.3.2 and section 17).

5. ACCOUNTING SYSTEMS

- 5.1 All staff must comply with accounting instructions issued from time to time by the Section 151 Officer. Any new accounting systems and changes to such systems must be approved by the Section 151 Officer.
- 5.2 The Council adheres to the CIPFA Accounting Codes of Practice on Local Authority Accounting and the CIPFA Service Expenditure Reporting Code of Practice and the supporting guidance statements.
- 5.3 All interim or final claims in respect of Government grant and reimbursements or contributions from outside bodies, other than where an invoice has been raised, must be signed by the Section 151 Officer.
- 5.4 Corporate Directors are responsible for ensuring that appropriate systems and procedures are in place for the proper transfer of all financial records and assets, e.g. stocks, stores, imprest accounts, inventories, valuables, cash, etc., when responsibility is to transfer from one officer to another.
- 5.5 The accounting control systems of the Council must include:
 - 5.5.1 measures to promptly and accurately record all financial transactions of the Council;
 - 5.5.2 measures to prevent and detect inaccuracies and fraud, and reconstitute any lost records promptly and at reasonable cost;
 - 5.5.3 identification of the duties of officers dealing with financial transactions and division of responsibilities of those officers.
- 5.6 At the end of each financial year, Corporate Directors must notify the Section 151 Officer of all outstanding expenditure relating to the previous financial year in such detail and by such date as may be required by the Section 151 Officer so that accounts can be prepared to meet statutory reporting requirements (known as the accruals process).

6. ASSETS

Assets include land and buildings (see section 17) stocks and stores (see paragraph 6.1 below) and cash, equipment and furniture (see paragraph 6.2 below).

6.1 Stocks, Stores and Inventories

- 6.1.1 Corporate Directors are responsible for ensuring that appropriate systems and procedures are in place for the safe custody and physical control of the stocks and stores in their Department. They must arrange for periodic stocktaking by an independent person to ensure that all items are checked at least once per annum or at such other frequency as the Section 151 Officer may agree. Test checks should be carried out from time to time.
- 6.1.2 Inventories of the Department's assets must be prepared and kept up-to-date by each Corporate Director. Records and the method and frequency of inventory checks will be determined by the Section 151 Officer.
- 6.1.3 Corporate Directors must notify the Section 151 Officer each year of the value of stock held by their Department as at 31 March and must supply such other information relating to stocks and stores as may be required by the Section 151 Officer.
- 6.1.4 Discrepancies revealed at a stock taking may be adjusted by the Corporate Director provided that it is **under £1,000 in aggregate**. Discrepancies **over £1,000** must be reported to the Section 151 Officer who may authorise the necessary adjustment or refer any item to Internal Audit.
- 6.1.5 Departments should not hold excessive stocks and Corporate Directors must ensure that a periodic review of stock turnover and stock levels of all items is undertaken and that action is taken to reduce/dispose of excessive or obsolete stocks.
- 6.1.6 Corporate Directors must satisfy themselves that the stocks, stores or materials cannot be re-used elsewhere in the Council. Any surplus stocks, stores or materials must be disposed of in accordance with the procedures below set out in paragraph 6.4.

6.2 Cash, Equipment and Furniture

- 6.2.1 Corporate Directors are responsible for maintaining appropriate security for all cash, furniture and equipment etc. under their control. The Council's property must not be removed from its usual location or used for unofficial purposes except with the permission of the relevant Group Manager.
- 6.2.2 Money held at premises must be placed in a cash box which must be kept locked and put in a secure place.
- 6.2.3 Safes must be kept locked and the key removed. Keys to safes, strong rooms and similar locked areas are to be stored securely at all times. The loss of such keys must be reported to the Section 151 Officer immediately. Master keys and spare safe keys should be stored securely at a separate location.
- 6.2.4 Where several officers use the same safe, each officer must use a separate lockable cash box for the monies they are responsible for.

6.3 Protection of Private Property

- 6.3.1 Where an officer assumes responsibility for items belonging to a private person, s/he must ensure that a formal inventory is prepared promptly, and where possible, in the presence of two officers who must sign and date the inventory to certify its accuracy. The property must be held securely.
- 6.3.2 All valuables such as jewellery, watches and other small articles of a similar nature and financial documents or property documents of title must be kept in a safe.
- 6.3.3 All reasonable steps must be taken to return the private property to its rightful owner. Where a significant cost has been incurred by the Council in providing safe custody, the cost should be recovered before the property is returned and an official receipt provided for monies received.

6.4 Disposal of Assets (including Stocks, Stores or Materials)

- 6.4.1 Where land or buildings are concerned, the Council's disposal policy must be complied with (see section 17).
- 6.4.2 Where ICT equipment is concerned, disposal must comply with the policies and procedures set by the Service Director – ICT.
- 6.4.3 Before disposing of any asset, officers should consult with the Section 151 Officer and must satisfy themselves that the asset has not been leased.
- 6.4.4 Having satisfied themselves that the assets (including stocks, stores or materials) cannot be economically re-used elsewhere in the Council, surplus assets must be disposed of in accordance with the procedures below:
 - 6.4.4.1 items estimated to realise **less than £500** – at the Corporate Directors' discretion;
 - 6.4.4.2 items estimated to realise **between £500 and £10,000** - competitive quotations must be sought (and copies retained on file);
 - 6.4.4.3 items estimated to realise **more than £10,000** advice must be sought from the Section 151 Officer on the appropriate method of disposal to ensure that the most advantageous price is obtained. Where tenders are used, an appropriate number must be sought (and copies retained on file)
- 6.4.5 Assets which have been sold may be released to the purchaser once cleared funds have been received by the Council.

7. SALARIES, WAGES AND PENSIONS

- 7.1 The payment of salaries, wages, pensions or other benefits will be made only by the Service Director – Human Resources and Customer Services. Each Corporate Director

must notify the Service Director, as soon as possible, and in the form prescribed, of all matters affecting an officer's pay.

- 7.2 All time-records or other pay input documents must be in a form prescribed or approved by the Service Director – Human Resources and Customer Services. Officers authorised to approve pay input documents must comply with the relevant employment procedure rules and any directions issued by the Service Director – Human Resources and Customer Services.
- 7.3 Overtime claims must be submitted promptly. Where these claims are over three months in arrears they will only be paid with the approval of the Service Director – Human Resources and Customer Services.
- 7.4 No employee should be paid by the Council unless they have a valid contract of service with the Council.
- 7.5 For income tax purposes, where consultants, contractors, or temporary staff meet the test of 'Employed' as set out in paragraph 3.3.1.3 they shall be treated as employees and paid through payroll.

8. COMMISSIONING AND PROCUREMENT OF GOODS, SERVICES AND WORKS

8.1 General

- 8.1.1 All procurement documentation, including contracts, must be in a form approved by the Group Manager for Legal Services.
- 8.1.2 All procurement must be performed in accordance with the all applicable laws, the rules set out here and the guidance provided by the Procurement Centre in consultation with Legal Services. In particular all procurement activity should follow the principles set out in the current Procurement Strategy. The laws, rules and guidance are intended to ensure the following objectives are met:
 - 8.1.2.1 **Probity and Openness:** Honesty, integrity and openness in all dealings (subject to reasonable requirements of confidentiality) and the avoidance of corruption;
 - 8.1.2.2 **Best Value:** The optimum outcome for the Council and the residents of Nottinghamshire including the consideration of best value with regard to social, economic and environmental factors.
 - 8.1.2.3 **Equal Treatment of Suppliers:** Fair and equitable treatment for all potential suppliers;
 - 8.1.2.4 **Officer Protection:** Avoidance of situations which may lead to accusations of officer impropriety.
- 8.1.3 All procurement undertaken by the Council with a contract value greater than the relevant EU threshold is subject to both National and European Union (EU) Rules.

- 8.1.4 The Procurement Centre **must** be involved in all procurement over £10,000. Budget holders must therefore contact the Procurement Centre before commencing a new procurement exercise where it exceeds £10,000.
- 8.1.5 The Procurement Centre must seek advice from Legal Services at the commencement of any procurement over the EU thresholds and must be involved in the entire process for all complex or non-standard procurement projects or where detailed advice is required on procurement law.
- 8.1.6 If contracts arranged through the Procurement Centre already exist then these must be used. If not, Government or other public body frameworks must be used unless they do not meet service delivery needs.
- 8.1.7 Where a Council department provides goods, services or works of a particular kind that department must be given the opportunity to provide the required goods, services or works. Where the goods, services or works are obtained from in-house sources, there is no requirement to obtain quotations and tenders. Discussion with the Procurement Centre and the service area and prior approval from the Section 151 Officer must be obtained where external suppliers are to be used to obtain goods, services or works that are available from in-house providers. The reasons for not using the in-house provider will be retained on file for review and audit purposes by the relevant Department.
- 8.1.8 All necessary Committee and budgetary approvals must already have been obtained before commencing with your procurement.
- 8.1.9 The current thresholds and how to conduct your procurement is set out in the table below:

Contracts for Supplies and Services

Estimated Total Contract Value	Minimum Procurement Requirements	Advertising	Contract Signatory
Up to £5,000	Written quotations to be sought if deemed appropriate by the Corporate Director or his/her nominee		Budget Holder
£5,001 to £10,000	Written quotations must be sought from more than one supplier		Budget Holder
£10,001 to £25,000	Three written quotations must be sought	Source Notts	Budget Holder
£25,001 to £50,000	Three tenders must be	Source Notts and	Budget Holder

	invited	Contracts Finder.	
£50,001 to EU Threshold* for Supplies and Services (£164,176 as at January 2016)	Five tenders must be invited	Source Notts and Contracts Finder	Budget Holder and Officer of equal or senior status to the budget holder
Above EU Threshold for Supplies and Services	EU procurement rules must be complied with	Source Notts and OJEU and Contracts Finder	Budget Holder and Officer of equal or senior status to the budget holder
Over £1 Million	EU procurement rules must be complied with	Source Notts and OJEU and Contracts Finder	Must be executed as a deed under seal

Contracts for Works

Estimated Total Contract Value	Minimum Procurement Requirements	Advertising	Contract Signatory
Up to £10,000	Written quotations must be sought from more than one supplier		Must be executed as a Deed under Seal
£10,001 to £25,000	Three written quotations must be sought	Source Notts	Must be executed as a Deed under Seal
£25,001 to £250,000	Three tenders must be invited	Source Notts and Contracts Finder	Must be executed as a Deed under Seal
£250,001 to EU Threshold for Works (£4,104,394 as at January 2016)	Five tenders must be invited	Source Notts and Contracts Finder	Must be executed as a Deed under Seal
Above EU Threshold for Works	EU procurement rules must be complied with	Source Notts and OJEU and	Must be executed as a

		Contracts Finder	Deed under Seal
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Supplementary Notes

Quotations and Tenders:

Details of all quotations and tenders sought and received, including supplier details and pricing information, must be kept on the procurement file by the relevant Department for review and audit purposes. Whenever possible and appropriate SME's and local suppliers should be encouraged to submit a quotation or tender.

Thresholds:

The current thresholds are set out in the table above; however, valuation of contracts is not always straightforward. Splitting of contracts in order to avoid the EU Rules is not allowed. Advice and guidance should be sought from the Procurement Centre.

Allowed Exceptions:

Where the contract value is **less than the EU threshold** there are limited circumstances where obtaining quotations / tenders is not required:

- a. The work to be executed or the goods or materials to be supplied consist of repairs to, or parts for, existing proprietary machinery, where such repairs or parts are specific to that machinery or upgrades to existing software packages.
- b. Works, supplies or services are urgently needed for the immediate protection of life or property, or to maintain the immediate functioning of a public service for which the Council is responsible. In such cases the contract must only last as long as is reasonably necessary to deal with the specific emergency
- c. The Corporate Director, in consultation with the Group Manager for Procurement, decides that special circumstances make it appropriate and beneficial to negotiate with a single firm or that a single tender be invited and that best value for the Council can be achieved by not tendering

In all cases where the value is over £5,000 but below the EU thresholds prior approval via a Financial Regulations Waiver Request Form (available on the intranet) must be obtained for all exceptions to these Financial Regulations.

Advertising:

All Source Notts adverts, Contracts Finder and OJEU notices must be routed via the

Procurement Centre for publication.
Corporate Contracts: Where there is no single budget holder then the Budget Holder signatory role may be undertaken by the Group Manager for Procurement.
Building Works Property Services should be contacted for any contracts that impact upon the Authority's property portfolio.

8.2 Joint Procurement

- 8.2.1 The Council may procure goods, services and works through collaborative procurement exercises or joint commissioning in partnership with other public sector organisations. The organisations involved in the exercise must decide which of them is to act as the lead and the procurement procedures of the lead body must be followed.
- 8.2.2 Where the Council acts as lead authority it must carefully assess the risks involved, ensure that it does not take on liabilities of other public bodies by acting as lead and must follow any procedural safeguards as advised by the Group Manager for Legal Services and financial arrangements determined by the Section 151 Officer to protect the Council's position.

8.3 Tender Principles

- 8.3.1 Unless expressly approved in writing by the Group Manager for Procurement, all procurement must be undertaken using the Council's electronic system and procedures determined by the Section 151 Officer in consultation with the Group Manager for Legal Services.
- 8.3.2 If the specification for any tender is developed by or in conjunction with any consultant or supplier, then that consultant or supplier shall be excluded from a future tendering exercise for those services, supplies or works for as long as that specification is in use.
- 8.3.3 Councillors and Officers who have a financial or personal interest in a contract or other procurement decision must ensure they comply with the appropriate codes of conduct and must not be supplied with or given access to any tender documents, contracts or other relevant related information without the authority of the Monitoring Officer.
- 8.3.4 Where a contract contains onerous obligations for the Council, such as an indemnity or guarantee, advice must be sought from the Group Manager for Legal Services.
- 8.3.5 Where ICT equipment, software and services to be purchased or for upgrades to software the Service Director, ICT should also be consulted.

- 8.3.6 The Council's information management policies and procedures should be followed in respect of retention of records and disclosure of information relating to contracts and tenders.
- 8.3.7 The Corporate Director must ensure that where any officer who is not an employee of the Council is responsible for the letting, administration and management of a contract on the Council's behalf, they must:
- retain all relevant documentation on the Council's approved systems;
 - retain all relevant original records (see paragraph 8.3.5) and provide it to the Corporate Director or Section 151 Officer on request and in any event prior to the end of their contract with the Council;
 - provide all the appropriate drawings, including the final 'as built' drawings, together with all project and contract documentation to the Corporate Director and in any event within three months of completion of the works.
- 8.3.8 Subject to any statutory requirements relating to disclosure, the names of, prices contained in or other confidential information from any tender must not be divulged to other bidders, or individuals not properly connected with the tender process.

8.4 Invitation to Tender

- 8.4.1 Every invitation to tender must state that a tender will only be considered if it is submitted in accordance with the instructions to tenderers. The invitation to tender must also state that tenders which do not comply fully may be rejected.
- 8.4.2 All invitations to quote/tender must specify that the Council is not bound to accept the lowest or any quotation or tender.
- 8.4.3 Tenders may be evaluated on the basis of price, or a mixture of price and quality criteria. The basis on which the tender will be evaluated must be determined before tenders are invited and included as part of the invitation to tender information.
- 8.4.4 Where prior advertisement has not specified the award criteria, the invitation to tender must state the award criteria together with the weighting for each of the chosen criteria.
- 8.4.5 The invitation to tender must include the Council's contract terms for that contract.
- 8.4.6 The invitation to tender for contracts above EU thresholds must contain information for tenderers about the way the standstill period will be applied (see paragraph 8.8.2).

- 8.4.7 Subject to prior discussion with the Procurement Centre and Legal Services, approval shall be sought from the Section 151 Officer regarding whether:
- 8.4.7.1 provision should be made for liquidated and/or ascertained damages in the contract, where the contract is for the supply of goods or materials by a particular date or series of dates and if required, the amount of such damages shall be determined by the appropriate technical officer in consultation with the Group Manager for Legal Services
- 8.4.7.2 security in the form of a bond and/or parent company guarantee is required for the due performance of a contract, where:
- The total value of the contract exceeds £1 million;
- or**
- The total value of the contract is less than £1 million but the Corporate Director, appropriate technical officer or the Section 151 Officer considers that Council is at particular risk.
- 8.4.7.3 in the case of construction and maintenance contracts provision should be made for a payment retention (normally 5%) to be withheld for an appropriate period to allow for the rectification of faults and defects.
- 8.4.8 The release of any security must be authorised by the appropriate technical officer in consultation with the Section 151 Officer.
- 8.4.9 If a performance bond or other security is required the nature and amount of the security to be given must be set out in the specification.

8.5 Receipt and Opening of Tenders

- 8.5.1 Receipt and opening of tenders must be undertaken using the Council's approved electronic system.
- 8.5.2 Where the use of a paper-based tender process has been authorised by the Group Manager for Procurement in accordance with paragraph 8.3.1 above the following procedures must be followed:
- 8.5.2.1 tenders shall be returned to the Group Manager for Procurement;
- 8.5.2.2 until the time specified for opening tenders, tenders must remain unopened and be held securely.
- 8.5.2.3 the opening and recording of tenders must be performed by a representative of the Procurement Centre who shall record the tenders in the official tender book in the presence of a representative from the client department.
- 8.5.2.4 the official tender book shall include the following:
- Description of the contract being let;

- Date and time set for tender receipt;
- Date and time tenders were opened;
- The officers present at the opening;
- Details of the following for each tender:
 - Tenderers name;
 - Date received;
 - The tendered value (where applicable); and
 - Details of any noteworthy events (e.g. Tender excluded with reasons).

8.5.2.5 Any issues on the opening and recording of tenders, including any tenders received late, shall be referred to Legal Services.

8.6 Clarification and Negotiation following tender submission

8.6.1 Where examination of tenders reveals errors which would affect the tender figure in an otherwise successful tender, the tenderer must be notified of such errors and be given the opportunity to clarify and confirm or withdraw their tender. Under no circumstances must the clarification process be used to attempt to seek an adjustment of prices or other changes to the specification tendered.

8.6.2 EU Directives only allow for negotiations under specific circumstances where the procurement is above EU thresholds, they are:

- competitive procedure with negotiation, no negotiation is permitted after receipt of final tenders.
- or the Innovation Partnership Procedure all tenders except final tenders can be negotiated
- Competitive Dialogue allows limited negotiation with the preferred bidder to confirm financial commitments or other terms of the tender. This negotiation is permitted provided that it does not have the effect of materially modifying essential aspects of the tender.

In these circumstances advice must be sought from the Group Manager for Legal Services.

8.6.3 For procurement below EU thresholds, guidance must be sought from the Procurement Centre about the circumstances in which negotiations are permissible and the procedure for the relevant contract procurement must be followed.

8.7 Tender Evaluation

8.7.1 All tenders must be evaluated in accordance with the published evaluation criteria set out in the contract notice or the invitation to tender.

8.8 Contract Award

- 8.8.1 A tender may be accepted as the winning tender by the appropriate Corporate Director using a form of acceptance letter approved by the Group Manager for Legal Services and the Group Manager for Procurement.
- 8.8.2 For contracts above the EU thresholds, there must be a minimum standstill period of at least 10 clear calendar days between communicating the award decision to all tenderers and candidates, and contract conclusion. A 10 day standstill period is also required before awarding a contract after a stand-alone e-auction is closed or at the end of an e-auction run within a Dynamic Purchasing System.
- 8.8.3 All tenderers and candidates must be notified of the result of the procurement as soon as possible after the award decision.

The notification must contain:

- The award criteria;
- The reasons for the decision
- The tenderer's score;
- The winning tenderer's score
- The name of the winning tenderer
- A statement outlining the standstill period before the Council will enter into the contract or conclude the framework agreement

Further guidance is available from the Procurement Centre.

- 8.8.4 Successful tenderers must be informed that no work may start on site or goods, services or materials ordered until either
- An official order has been issued;
- or**
- A formal contract (and, where applicable, a completed bond) has been completed by all parties.
- 8.8.5 Within 48 days of awarding an EU contract, a Contract Award Notice, in the prescribed form, must be sent to the Official Journal of the European Union (OJEU).

8.9 Contract Administration

- 8.9.1 Corporate Directors are responsible for ensuring that contracts are managed and monitored by suitably experienced officers with knowledge of the relevant contract terms and conditions.
- 8.9.2 All contracts must be performance managed by the commissioning department in accordance with best practice, the Strategic Management Framework and any

applicable performance management requirements. Any significant contract management concerns or issues should be reported to the Section 151 Officer and the Group Manager responsible for Performance.

- 8.9.3 Contractors may only be paid for matters which fall within the terms of the contract. Any claims for payment falling outside the terms of the contract must be referred to the Group Manager for Legal Services for consideration of the Council's legal liability as soon as possible. Where the Group Manager for Legal Services considers it necessary, these claims must also be referred to the Section 151 Officer for consideration before any settlement is reached.
- 8.9.4 Valid claims for loss and expense arising from delays and disruption must be notified to the Group Manager for Legal Services where they are likely to exceed £100,000 or for any amount where there is a possibility of legal proceedings, including arbitration or alternative dispute resolution procedures provided by the contract.
- 8.9.5 Where there is provision in the contract for liquidated and/or ascertained damages, these rights must be enforced where contracts are not completed within the original contract period (plus any extensions of time granted in accordance with the contract) unless otherwise agreed in writing by the Section 151 Officer and the Group Manager for Legal Services.

8.10 Procurement and Ordering

- 8.10.1 Purchase Orders must be in the form approved by the Group Manager for Procurement and Group Manager for Legal Services.
- 8.10.2 Corporate Directors are responsible for the control of all official orders issued from their Department.
- 8.10.3 Except in cases of emergency, no work shall be carried out or goods, materials or services ordered or a consultant appointed unless there is adequate budget available.
- 8.10.4 For all goods, services or works an official purchase order should be raised before they are ordered.
- 8.10.5 All orders should be raised via the Council's Business Management System (BMS) unless the use of Purchase Card, Petty Cash or Legacy system has been approved. Within BMS the limit for system approvals is as follows:

Estimated Value	Level of Approval Required
Under £200	No additional approval required
£200 to £100,000	Senior Practitioner or Team Manager
£200 to £200,000	Group Manager

£200 to £2 Million	Service Director
Unlimited	Corporate Director / Chief Executive

8.10.6 Purchase Card purchases must only be made by authorised officers. Purchase Card application forms are available on the intranet and must be approved by the Group Manager for Procurement.

8.10.7 Petty cash (Imprest Accounts) purchases must only be made by authorised officers and in accordance with the requirements set out under section 10.4.

9. PAYMENT FOR GOODS, SERVICES AND WORKS

9.1 Payment for goods, services and works relating to approved orders in BMS do not need further approval. See separate guidance on raising, approving and making variations to purchase orders in BMS on the Council's BMS webpages.

9.2 For BMS non-purchase order related payments before authorising an official purchase invoice, or any process that may lead to a payment, officers must:

9.2.1 ensure they are authorised to process the payment (see BMS limits for system approvals set out in paragraph 8.10.5);

9.2.2 satisfy themselves that the goods/services/works are a proper charge on the funds under their control;

9.2.3 satisfy themselves that the goods/services/works have been received, conform in all respects with the official order and are acceptable in every way;

9.2.4 ensure that amounts are correct and include all discounts due;

9.3 Where payment is made by Purchase Card, charge card or credit card, it may not be possible to comply with paragraph 9.2.3 above but officers must ensure compliance with paragraphs 9.2.1, 9.2.2, and 9.2.4 and with the guidance for the use of Purchase Cards (see separate guidance on use of Purchase Cards on the Council's BMS webpages).

9.4 The Council's normal method of payment of monies owed is by BACS, cheque or Purchase Card.

9.5 Direct Debits must not be set up on any of the Council's bank accounts, including imprest accounts, without the prior written approval of the Section 151 Officer.

9.6 Direct Debits must be cancelled promptly when the related goods or services are no longer being received. All Direct Debits must be reviewed annually to confirm they are still appropriate.

9.7 An officer initiating payment should ensure that the account has not previously been passed for payment and that it is coded to the correct accountancy code for which prior approval has been obtained from the budget holder.

- 9.8 The duties of ordering, receiving goods and certifying invoices for payment must not be performed by the same officer without prior agreement of the Section 151 Officer. Where alternative electronic procurement systems to BMS have been approved, these systems may allow single officers to do this, provided that they have suitable security protocols to the satisfaction of the Section 151 Officer.
- 9.9 VAT invoices must not be amended. A credit note or replacement invoice must be obtained from the supplier.
- 9.10 Invoices must not be made out by officers of the Council except in the case of recurring or other items, e.g. rent where no invoice is normally receivable, when a payment request form may be used. An officer must not add any additional item or items to an invoice received by the Council.
- 9.11 **Contract Payments**
- 9.11.1 Where contracts provide for payment to be made by instalments, the appropriate Corporate Director must ensure that a record of the payments made is maintained on the project file. The record(s) must show the state of account on each contract between the Council and the contractor together with any other payments and the related professional fees.
- 9.11.2 Payments to contractors in instalments must be made only on provision of a certificate showing the total amount of contract, the value of the work executed to date, retention monies, the amount paid to date and the amount now certified. These certificates should be issued by the appropriate Corporate Director or by their authorised nominee.
- 9.11.3 The approved sum payable to the contractor is the tender sum as accepted under the procedure at paragraph 8.8 plus such additional sums due under the contract as have also been properly incurred and approved by the relevant budget holder.
- 9.11.4 As soon as it becomes apparent that the approved sum will be exceeded, a report must be presented to the Section 151 Officer, who may also require a report to be submitted to the Finance and Property Committee.
- 9.11.5 Where claims for payment are submitted for amounts which exceed the approved sum the Section 151 Officer only has authority to pay such claims where the amounts can be justified as being in the best interest of the Council, having regard to the procedures in paragraph 8.5.
- 9.11.6 In respect of variable price contracts, such as PFI or PPP contracts which have complex variation procedures, the appropriate Corporate Director must periodically review the cost and report to the Section 151 Officer if the approved budget over the life of the contract is likely to be exceeded. These reports must be made whenever significant increases are identified up to completion of the contract. The Section 151 Officer may decide that a report must also be taken to the relevant Committee and/or Finance and Property Committee.

10. INCOME, BANKING AND IMPREST ACCOUNTS (Known as Petty Cash)

10.1 Income and Receipts

- 10.1.1 The Council has nominated the Section 151 Officer as its anti-money-laundering officer. The Council's anti-money-laundering policy and guidance is available on the intranet. Corporate Directors must ensure compliance with this policy.
- 10.1.2 Cash payments of more than £1,000 must not be accepted for a single transaction without the written approval of the Section 151 Officer.
- 10.1.3 The following requirements apply to all income received:
 - 10.1.3.1 all income must be recorded and accounted for immediately it is received. Where appropriate, an official receipt must be provided;
 - 10.1.3.2 the transfer of money from one employee to another must be properly recorded and acknowledged;
 - 10.1.3.3 income must be banked intact and not used to finance expenditure;
 - 10.1.3.4 encashment of personal cheques is forbidden;
 - 10.1.3.5 income must be held securely until suitable arrangements for banking it are made – see paragraphs 6.2 and 10.1.7.
- 10.1.4 All official receipt books relating to the collection of income are ordered, and issued by County Supplies. The officer the receipt book is issued to must acknowledge receipt in writing.
- 10.1.5 Where income is received by cheque, it must be cross-referenced on the bank paying-in slip to the drawer, either by receipt number or name. In addition, the reverse of each cheque must show the department, office or establishment that paid the cheque into the bank.
- 10.1.6 For establishments with access to the BMS cash receipting system all income must be recorded by the end of the business day. The income must be recorded before it is banked, and the total shown on the bank paying-in slip must equal the total value entered onto the system.
- 10.1.7 All monies received must be banked intact, and as promptly as possible and at least weekly.
- 10.1.8 Where there is a main collection e.g. school meals money, all monies must be banked, or lodged with the approved collector, on the day of the collection.
- 10.1.9 If an officer fails to comply with the above guidelines and a loss occurs, the Section 151 Officer may, where appropriate, seek restitution from the officer concerned in accordance with the Personnel Handbook, section D36.
- 10.1.10 Money received by officers which is held in trust (i.e. on behalf of someone else) but not being official Council money must be properly recorded in a form agreed by the Section 151 Officer.

10.1.11 All arrangements to receive payments by credit card, direct debit, standing order, or other e-payment methods must be first approved by the Section 151 Officer.

10.1.12 Prior approval of the Section 151 Officer is required before procuring an e-payments on-line solution or electronic point of sale device. The Section 151 Officer will require details of the provider and PCI compliance certificate.

10.2 Accounts Receivable

10.2.1 The Council will seek to recover all debt owed to it in accordance with the approved payment terms. Corporate Directors must ensure all invoices comply with the Council's corporate invoicing standards, and are raised within 10 working days of the goods and/or services being provided unless otherwise approved by the Section 151 Officer.

10.2.2 Sales invoices should not normally be raised to cover sums due to the County of **LESS THAN £30**. Wherever possible small sums should be collected in advance.

10.2.3 Accounts for sums due to the Council at fixed intervals e.g. rents, wayleaves, etc., must be issued promptly in accordance with the Council's approved systems.

10.3 Write-Offs

10.3.1 Corporate Directors must seek approval from the Section 151 Officer for the write-off of any debt. Amounts **over £1,000** may be written-off by the Section 151 Officer after consultation with the Group Manager for Legal Services.

10.3.2 A summary of all write-offs must be included in the Final Accounts report to all relevant Committees.

10.3.3 Where a sales invoice requires cancellation, a credit note must be raised complete with a cross-reference to the original sales invoice. The credit note must be authorised by the relevant budget holder.

10.4 Imprest Accounts (known as Petty Cash)

10.4.1 Corporate Directors must operate imprest accounts in accordance with the guidance provided and arrangements between their department and the Section 151 Officer.

10.4.2 The Section 151 Officer will control the opening and closing of imprest accounts in line with overall banking arrangements at the request of the appropriate Corporate Director.

10.4.3 The Section 151 Officer will determine the appropriate level of the imprest, based on the average monthly level of petty cash expenditure in the establishment concerned.

10.4.4 The nominated imprest holder must ensure that all transactions are recorded promptly and that monthly statements are submitted to the Section 151 Officer.

10.4.5 The nominated imprest holder must ensure that the imprest account is not overdrawn.

- 10.4.6 Income received on behalf of the Council must not be paid into an imprest account.
- 10.4.7 Payments from an imprest account should normally be limited to minor or urgent items of expenditure, or payments via charge cards. Each payment must be supported by a receipt which should be appended to the subsequent reimbursement claim.
- 10.4.8 All imprest accounts are subject to Council audit. The nominated officer in charge of the account will be required to give the Section 151 Officer a certificate as to the state of the imprest account on request.
- 10.4.9 Where a nominated officer responsible for an imprest account leaves the Council, the Corporate Director concerned must notify the Section 151 Officer as soon as possible that the officer is no longer responsible for that account and notify an alternative nominated officer.

10.5 Banking

- 10.5.1 The Section 151 Officer must operate banking accounts in accordance with the bank contract approved by the Finance and Property Committee. All bank accounts must have a title which incorporates the Council's name and in no circumstances should a bank account be opened or operated in the name of an individual.
- 10.5.2 All payments to and from Council bank accounts must be made under the direction of the Section 151 Officer.
- 10.5.3 All cheques drawn on the Council's main bank accounts must bear the printed signature of the Section 151 Officer. Where required by the Council's bank mandate, cheques must also be countersigned by a second officer who is authorised to do so by the Section 151 Officer. The Section 151 Officer must ensure a register of authorised cheque signatories is maintained.
- 10.5.4 All payments by CHAPS must be authorised by a senior officer nominated by the Section 151 Officer. Request for CHAPS payments and guidance on such payments is obtained from the Group Manager – Financial Strategy & Compliance.

11. RISK MANAGEMENT AND INSURANCE

- 11.1 The Council's approach to risk management is detailed in its Risk Management Strategy and the Corporate Risk Register contains the key risks facing the Council and how these risks will be managed. Corporate Directors are responsible for ensuring that risk management is applied appropriately within their Department and for notifying the holder of the Corporate Risk Register of all appropriate risks in accordance with the Risk Management Strategy.
- 11.2 The Section 151 Officer is responsible for arranging all necessary insurance cover and for reviewing the adequacy of this cover regularly, in consultation with Corporate Directors. The Section 151 Officer will also keep Corporate Directors informed of claims experience.

- 11.3 Corporate Directors are responsible for notifying the Section 151 Officer of all material changes in insurance risks and must submit insurance claims in accordance with the arrangements made by the Section 151 Officer.
- 11.4 In the event of buildings, contents, motor vehicles etc. being lost, stolen or damaged, contact must be made with the Risk and Insurance Section on the same day, or if the incident is outside of office hours, immediately on the following day.
- 11.5 Where there is death or serious injury to an employee or other person arising from County Council operations (including the use of vehicles), the Risk and Insurance Section must be contacted as soon as possible for appropriate insurance advice.
- 11.6 Liability must not be admitted in connection with accidents involving a third party other than with the authority of the Risk and Insurance Section.
- 11.7 The Risk and Insurance Manager may negotiate and agree settlements on any insured loss / claim up to the individual policy excess. Above this limit, the Risk and Insurance Manager must consult the Section 151 Officer and agree settlements as appropriate, in consultation with the Council's insurers and loss adjusters. Reports related to significant claims settled will be submitted to the Finance and Property Committee.

12. WORK FOR EXTERNAL BODIES (INCLUDING PARTNERSHIP WORKING)

12.1 General Requirements

- 12.1.1 The Council has the power under the Local Authorities (Goods and Services) Act 1970 to undertake and tender for the work of other public bodies. Other powers introduced in the Local Government Act 2003 and the Localism Act 2011 enable the Council to:
 - 12.1.1.1 charge for discretionary services subject to certain rules; and
 - 12.1.1.2 trade for a profit provided that a separate company is set up.
- 12.1.2 In all cases where a Department wishes to explore the possibility of working for, or trading with, external bodies, Corporate Directors must consult with the Group Manager for Legal Services and the Section 151 Officer. This applies to new types of sold service or working for bodies not previously subject to consultation.
- 12.1.3 Where work is carried out for external bodies, officers must seek guidance from the Procurement Centre and Legal Services
- 12.1.4 Before entering into any contract or agreement to work for, or trade with, external bodies, Corporate Directors must present a report to, and obtain prior approval from the relevant Committee, including consideration of a business case where trading for a profit is proposed. See paragraph 12.3.2 below. This applies to new types of sold service or working for bodies not previously subject to a report.
- 12.1.5 All new contracts to supply services under the legislation listed in this section must be approved by the Group Manager for Legal Services and Section 151 Officer.

12.2 Charging for Discretionary Services

- 12.2.1 The Council is able to charge for services which it has the power to provide, but is not obliged to provide to the public, i.e. discretionary services.
- 12.2.2 The Council is under a duty to ensure that, taking one year with another, the charges made do not exceed the cost of providing the services. Charges can be set so that different people are charged different amounts, or are not charged for the service at all.
- 12.2.3 The person receiving the service must have agreed to receive the service and pay for it.
- 12.2.4 The power does not override any other legislation which expressly prohibits the Council from charging for a discretionary service.
- 12.2.5 Where charges are made for discretionary services arrangements should be put in place, and fully documented in a form approved by Legal Services, to provide the recipient of the service with:
 - 12.2.5.1 the terms and conditions for the provision of the service;
 - 12.2.5.2 information about charges, including discounts and annual increases;
 - 12.2.5.3 billing and payment arrangements.
- 12.2.6 Careful consideration must also be given by the relevant department to the following issues :
 - 12.2.6.1 the risks to the Council as a whole of engaging in such activity;
 - 12.2.6.2 the need to ensure appropriate skill and expertise is in place before offering to undertake work;
 - 12.2.6.3 the need to ensure that the proposals are properly costed before agreeing to supply the goods, works or services;
 - 12.2.6.4 the type of warranties and/or indemnities that may be required from the Council regarding the quality of work/service provided (this is especially likely when tendering for work for other bodies);
 - 12.2.6.5 the provision of adequate insurance arrangements to cover the Council for any liability in negligence or contract for the work undertaken;
 - 12.2.6.6 due consideration being given to the impact of such arrangements on the Council's core duties, functions and obligations to prevent any adverse impact on them;
 - 12.2.6.7 ensuring that the Council is not at risk from bad debts and to seek, where possible, advance payment;
 - 12.2.6.8 ensuring that no contracts for external bodies are subsidised by the Council from public funds;

12.2.6.9 Any other considerations relevant to the particular activity.

12.3 The power to trade

- 12.3.1 This power allows the Council to trade for a commercial purpose (i.e. for profit) through a company.
- 12.3.2 All work for, or trade with, external bodies for profit must be conducted through a separate incorporated company which has been formally set up for the purpose. It should be noted that when the company has been established it will be a separate legal entity from the Council.
- 12.3.3 Where it is intended to trade for profit, Corporate Directors must prepare a sound business case for the proposed activity, based on a genuine risk-based approach. The business case must be a robust commercial assessment which explains why trading through a company is desirable and will provide best value for the Council.
- 12.3.4 Consideration within the business case will be required for each of the matters listed in paragraph 12.2.5 and 12.2.6 above plus such issues as:
 - 12.3.4.1 the need to transfer staff and consideration of the Transfer of Undertakings (Protection of Employment) regulations (TUPE);
 - 12.3.4.2 the impact on the trading activities of the service, as it may no longer be possible for the Council to award work directly to the company, instead it may have to bid for it via a competitive tender process;
 - 12.3.4.3 pensions implications;
 - 12.3.4.4 premises requirements;
 - 12.3.4.5 taxation implications.
- 12.3.5 The approval of Policy Committee will need to be sought to exercise a power to trade and to set up the company.

12.4 Pricing, Charging and Accounting Issues

- 12.4.1 As a general principle, the charge for any work performed for an external organisation should cover the estimated full cost of undertaking the work. The full cost would include the direct cost of undertaking the work (e.g. based on the number of days of staff time the work is likely to take, any associated travelling expenses, printing costs etc.) and a contribution towards overheads (e.g. office expenses, management overheads, accommodation costs etc.). Any deviation from this principle must be approved by the Section 151 Officer.
- 12.4.2 Charging, accounting and monitoring arrangements should be as follows:
 - 12.4.2.1 income should be collected in accordance with these regulations;

- 12.4.2.2 invoices should be rendered promptly and normally within one month of supply or in accordance with the contractual arrangements;
 - 12.4.2.3 the income arising from the performance of work for external organisations must be identified separately within the relevant service's accounts and it should be possible to determine associated direct expenditure;
 - 12.4.2.4 appropriate arrangements should be devised to monitor resource inputs, e.g. if the contract price is based on person-days, the number of person-days actually taken should be monitored;
 - 12.4.2.5 for External Audit requirements it is important to be able to identify work carried out for external organisations separately in the Council's accounts. Further guidance on accounting and monitoring should be sought from the relevant Senior Finance Business Partner.
- 12.4.3 Corporate Directors must produce an annual report on the work carried out for external organisations for the relevant Committee.

13. INVESTMENT AND BORROWING

- 13.1 The Section 151 Officer is responsible for arranging the investment of Council funds and the Pension Fund in accordance with approved Council policies.
- 13.2 Each year Full Council will approve the Treasury Management Strategy and Policy.
- 13.3 The Section 151 Officer is responsible for arranging the borrowing and lending of money on the best available terms taking into account:
- 13.3.1 present and anticipated economic conditions;
 - 13.3.2 projected flow of funds, and;
 - 13.3.3 the approved Treasury Management Strategy and Policy.
- 13.4 The Council has accepted the CIPFA Prudential Code for Capital Finance, and the Code of Treasury Management. The Section 151 Officer must report any significant variations to the Prudential Indicators, with any necessary explanations to the Finance and Property Committee as soon as practical.

14. LEGAL CLAIMS AND SETTLEMENTS

- 14.1 Corporate Directors must
- 14.1.1 Refer all potential legal claims for recovery of sundry debt collection matters to the corporate team responsible for debt recovery.
 - 14.1.2 Refer all potential or actual legal claims in relation to insured losses to the Risk and Insurance team.
 - 14.1.3 Seek advice from Legal Services on all other matters where the Council might have a legal claim against a third party and where there is likelihood that the

Council will be sued by an outside body or individual or where legal proceedings are threatened or commenced. In addition, Corporate Directors must inform the Section 151 Officer where the Council's finances might be affected and must co-operate with and provide all information requested by Legal Services.

- 14.2 Corporate Directors, in consultation with the Group Manager for Legal Services, the head of the corporate team responsible for debt recovery or the head of Risk and Insurance team as appropriate, have the power to settle such claims in order to avoid litigation and/or to achieve best value for the Council subject to the provisions in relation to write-offs set out in paragraph 10.3.1 and the provisions in relation to insured losses set out in paragraph 11.7.

15. PROTECTING PUBLIC FUNDS AND ASSETS

- 15.1 The Council has a responsibility to protect its public funds and assets and has developed a strategy to deter fraud and corruption together with a strategy for protecting public funds and assets and also has a Whistle Blowing Policy to allow concerns to be raised. These can be found on the Council's website.

16. AUDIT

- 16.1 The Section 151 Officer is responsible for arranging the continuous independent internal audit of the Council. The role of the Internal Audit Service is set out in the Internal Audit Charter in compliance with the Public Sector Internal Audit Standards and the Accounts and Audit Regulations.
- 16.2 Internal Audit focuses on the Council's control environment and independently appraises the internal controls present in financial and other systems. The arrangements made by Corporate Directors for secure, economic, efficient and effective use of resources are also reviewed. Internal Audit reports are produced containing recommendations which must be responded to formally in writing. The results of Internal Audit work contribute to the Council's Annual Governance Statement.
- 16.3 Internal Audit staff have the right of access to such records, assets, premises and personnel, and are entitled to receive such information and explanation, as they think necessary for the proper fulfilment of their duties.
- 16.4 If an irregularity occurs or is suspected, which may involve financial loss it must be reported immediately to the Section 151 Officer who may investigate and report to the Monitoring Officer and the relevant Corporate Director. The Section 151 Officer and the Monitoring Officer will jointly determine what further action to take, in consultation with the Corporate Director.
- 16.5 The Internal Audit Service reports on relevant audit issues on a regular basis to the Council's Audit Committee. Frequent liaison also occurs between Internal Audit and the Council's external auditors who rely upon the work of Internal Audit when forming their opinion on the Council's key financial and other systems.

17. LAND AND BUILDINGS

17.1 Introduction

- 17.1.1 The Finance and Property Committee is responsible for all property related functions including the acquisition and disposal of land and buildings.
- 17.1.2 The Service Director for Property must maintain a record of all land and buildings owned or occupied by the Council and shall publish prescribed details as required by regulation.
- 17.1.3 Details of all land and buildings transactions must be notified promptly to the Section 151 Officer in order that the transactions may be properly recorded in the financial records.

17.2 General

- 17.2.1 Councillors and officers who have any pecuniary or other private interest in any property transaction relating to any Council land or buildings must ensure that they comply with the appropriate codes of conduct, and shall not be supplied with or given access to any tender documents, contracts or other information without the authority of the Monitoring Officer.
- 17.2.2 The Service Director for Property will report periodically to the Finance and Property Committee on all operational property transactions, summarising key transactional information, including how value for money was achieved.
- 17.2.3 Finance and Property Committee clarifies annually the operational decision making boundaries for officers for all property transactions.
- 17.2.4 Finance and Property Committee shall approve an annual Property Statement which includes information on the various appropriate methods of disposal and the most appropriate disposal strategy for different types of property assets.

17.3 Acquisition

- 17.3.1 Funding for the acquisitions of land or buildings (including entering into leases of property) is dealt with under the rules governing capital expenditure and other major projects (see section 4).

17.4 Disposal (including granting rights and interests)

- 17.4.1 The Council is under a statutory obligation when disposing of land or buildings to obtain the best price reasonable obtainable on the open market. Therefore, consideration must be maximised including, where appropriate, sharing in any increase in value of the land arising from future development ("overage provision"). Value for money is demonstrated by reference to the most current market valuation for the asset being disposed.
- 17.4.2 When selling land the effect on the value and use of the Council's retained land must be considered and appropriate value must be obtained.

- 17.4.3 When **granting rights or interests** in land the effect on the value and use of the Council's retained land must be considered and appropriate value must be obtained.
- 17.4.4 Subject to Secretary of State approval, Finance and Property Committee approval is required in all cases where the disposal or granting of an interest in land does not meet the current market value (a disposal at an **undervalue**). Such disposals also require the consent of the Secretary of State.

17.5 Methods of Disposal

- 17.5.1 Disposals must be by one of the methods outlined below:

17.5.2 Formal Tender

- 17.5.2.1 Under the formal tender process the tender documentation forms the contract for sale. Tenders will be paper based and must be submitted in accordance with the procedures set out below unless an electronic system approved by the section 151 Officer and the Group Manager for Legal Services is in operation.
- 17.5.2.2 The form of tender will be settled by the Service Director for Property after consultation with the Group Manager for Legal Services and must be capable of acceptance as a binding contract.
- 17.5.2.3 Every invitation to tender must state that a tender will only be considered if it is submitted in accordance with the instructions provided, and received by the date and time specified in the invitation to tender. The invitation to tender must also state that tenders which do not comply fully may be rejected and that the Council reserves the right not to accept the highest or any tender received.
- 17.5.2.4 At least 28 days before the last date for the receipt of tenders, an initial public notice must be placed in at least one local newspaper and, dependent on the nature of the land or buildings to be sold, in national newspapers and in such other publications as the Service Director for Property considers desirable. The notice must describe the land to be sold, invite requests for tender documents and state the date and time by which tenders are to be returned.
- 17.5.2.5 Tenders submitted must arrive in a sealed, plain envelope or package with the word "Tender" and the title of the contract clearly written on each envelope or package.
- 17.5.2.6 Such envelopes and packages must be addressed to the Service Director for Property and upon receipt each envelope must be stamped with the date and time they were received.
- 17.5.2.7 Until such time specified for opening tenders, tender envelopes or packages received must remain securely held in the custody of the Service Director for Property or their authorised nominee.

17.5.2.8 The opening of tenders must comply with the following requirements:

Total estimated cost less than £100,000 - tenders must be opened recorded at one time in the presence of:

- an officer from the Council's Property team; and
- a supervising officer, with suitable seniority, training and experience in the role and responsibilities of a supervising officer, who must not have any direct involvement in the disposal.

The estimated cost £100,000 or more - tenders must be opened and recorded at one time in the presence of:

- an officer from the Council's Property team; and
- a supervising officer, with suitable seniority, training and experience in the role and responsibilities of a supervising officer, provided by the Group Manager for Legal Services or the Section 151 Officer.

17.5.2.9 A formal record of all tenders received for each contract must be retained and include:

- I. description of the land being disposed;
 - II. the date and time tenders were opened;
 - III. the supervising officer and other officers present;
- And for each tender:
- IV. the tenderer's name;
 - V. the date received;
 - VI. the tendered value;
 - VII. details of any noteworthy events (e.g. tender excluded with reasons, late tenders, complications etc.).

17.5.2.10 The procedures to be followed when opening tenders will be determined by the Group Manager for Legal Services and the Section 151 Officer. These procedures must include provision for dealing with late tenders and other complications that may arise.

17.5.2.11 All parties submitting unsuccessful tenders must be notified of the outcome of their offer.

17.5.3 Informal Tender

- 17.5.3.1 Under the informal tender process the contract only confirms heads of terms and is not binding on all parties, however, the process to be followed is as the formal tender process.

17.5.4 Public Auction

- 17.5.4.1 The auctioneer should be briefed at an early stage, and fully involved in preparing conditions of sale and fixing the reserve price. Sale by auction requires preparation of all contractual details beforehand in order that a binding contract may be effected immediately a bid is accepted.
- 17.5.4.2 The following criteria must be taken into account when selecting an auctioneer: cost, quality and the nature of the asset, having regard to location and value of the asset to be sold. Any reserve price will be agreed by the Service Director for Property, in consultation with the Chairman of Finance and Property Committee and with the chosen auctioneers.

17.5.5 Private Treaty Disposal to One Party / Special Purchase

- 17.5.5.1 After a reasonable period marketing the property, confidential negotiations are carried out with prospective buyers (or their agents), before contracts are exchanged.
- 17.5.5.2 Where the nature of the property or other special circumstances have identified that there is only likely to be one potential purchaser and prior to detailed negotiations, the Service Director for Property shall consult with, the Group Manager for Legal Services and the Section 151 Officer regarding the circumstances of the disposal as to whether it is appropriate to proceed with the sale.

17.5.6 Collaboration Agreements

- 17.5.6.1 Where the Council is considering entering into a collaborative partnership which may ultimately result in the disposal of land advice must be sought from the Group Manager for Legal Services and the Section 151 Officer prior to entering into detailed negotiations.
- 17.5.6.2 Approval must be sought from Finance and Property Committee before entering into a collaborative partnership or land development agreement.

17.6 Completion of Sale

- 17.6.1 Once a sale has been agreed a reasonable period (not exceeding six months) will be allowed for completion of the transaction, except where a longer period is agreed at the time the transaction is approved. If completion has not taken place by the end of the agreed period the Service Director for Property will undertake a fresh valuation of the asset/interest being disposed of and if the value has

increased shall report to the appropriate decision maker recommending that either the period for completion be extended, further negotiations take place or that sale proceedings be started afresh.

- 17.6.2 The Group Manager for Legal Services must be advised of all decisions to extend the completion date or to begin the sale proceedings afresh, so that they can inform all interested parties of the decision.

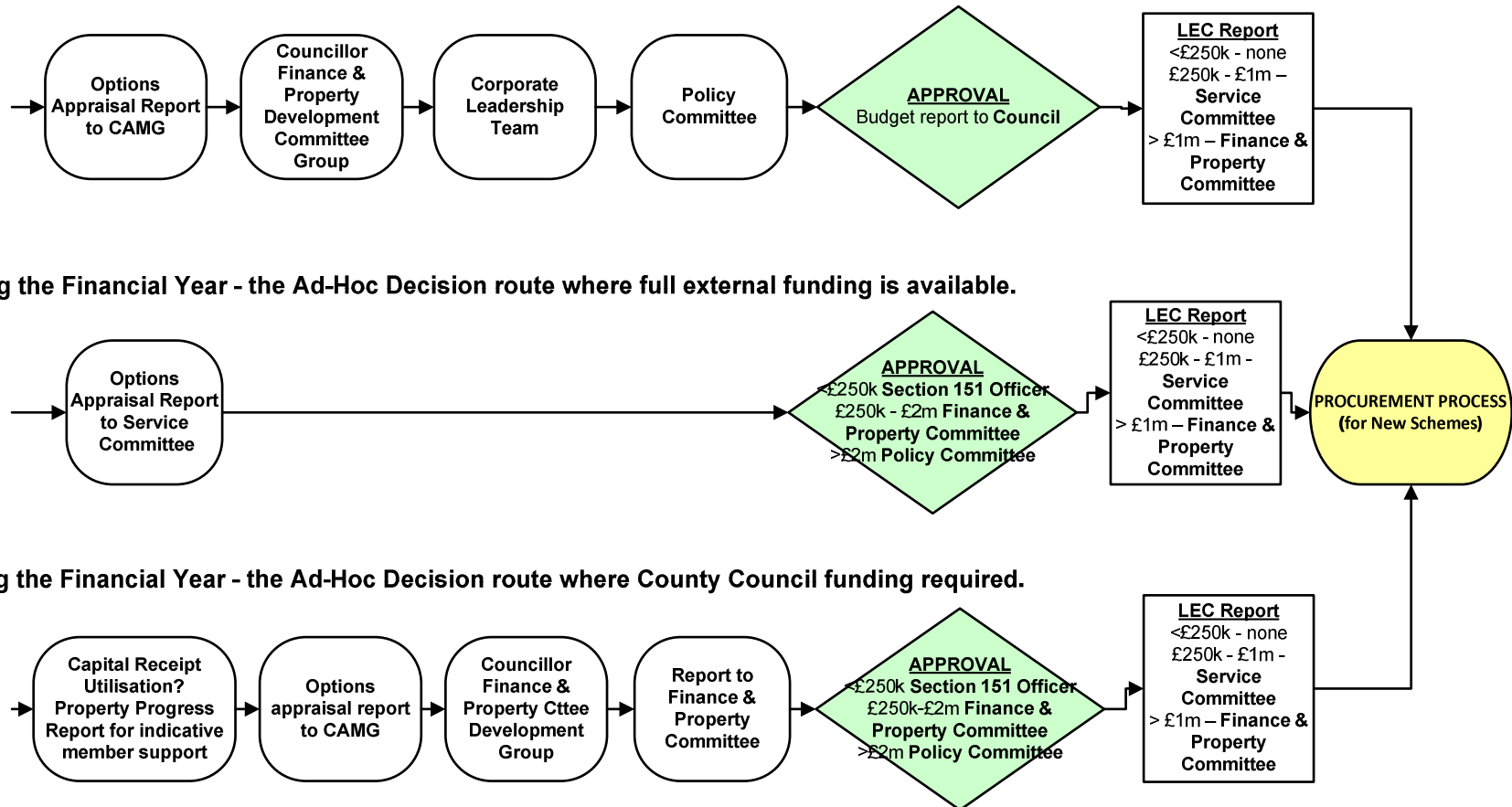
17.7 Cancellation

- 17.7.1 Every contract for the disposal of land or property must include a clause to allow the Council to cancel the contract and to recover from the purchaser the amount of any loss resulting from the cancellation if there is evidence of bribery, fraud, contravention of the Bribery Act 2010, or other misfeasance.

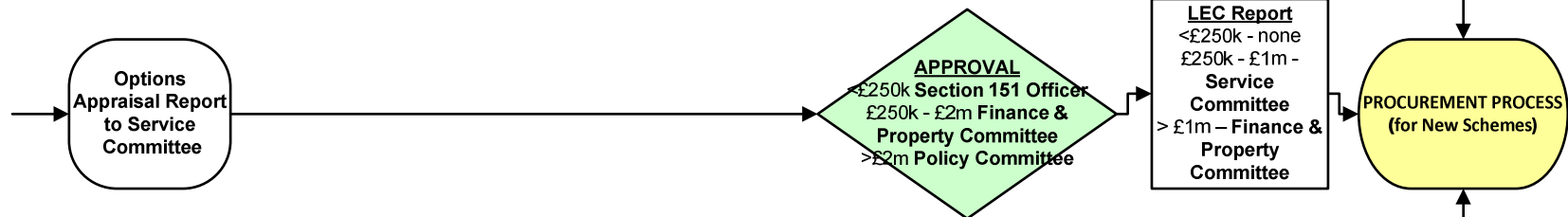
4.2.1 DECISION TREE - HOW TO GET A SCHEME INTO THE CAPITAL PROGRAMME

All capital expenditure requires approval by the relevant approval body. All County Council projects requiring County Council funds should be appraised and prioritised by CAMG. Proposed expenditure on land acquisitions and capital contributions may be exempted from the CAMG process if determined by the Section 151 Officer.

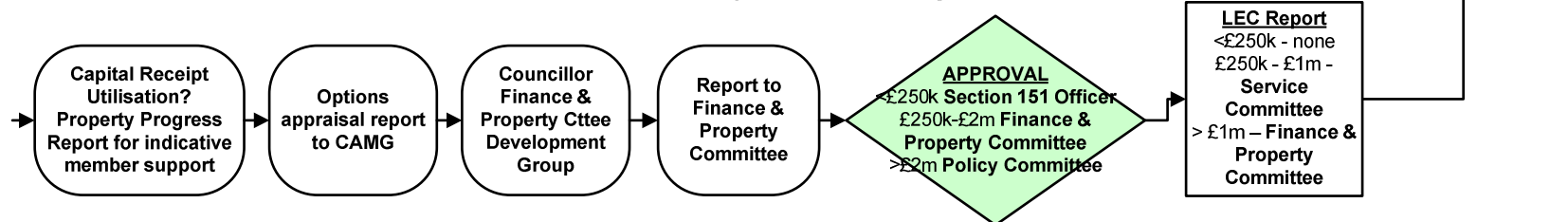
a. At the beginning of a Financial Year - The Annual Review Process.



b. During the Financial Year - the Ad-Hoc Decision route where full external funding is available.



c. During the Financial Year - the Ad-Hoc Decision route where County Council funding required.



CAMG = Corporate Asset Management Group
LEC = Latest Estimate Cost

Glossary

Corporate Asset Management Group (CAMG)	A group of senior officers tasked with ensuring that the County Council has a clear and cohesive strategy for managing its physical assets (including property, highway assets, IT assets and vehicles) and to oversee the development and delivery of the County Council's Capital Programme in support of that strategy
General Contingency	A centrally-held budget provided to cover redundancy costs, delays in efficiency savings, changes in legislation and other eventualities
Group Manager for Legal Services	The person with responsibility for the Council's legal practice
Section 151 Officer	Chief Finance Officer as set out in the Local Government Finance Act 1972
Treasury Management Strategy & Policy (TMS&P)	Approved annually by Full Council these documents are prepared in accordance with relevant regulations, guidance and codes of practice to support the Council's MTFS
Corporate Risk Register	<p>The Council has a procedure for managing corporate risks. The procedure is intended to identify, record, and communicate risks in terms of their comparative importance to the Council. The risk register helps the Council to:</p> <ul style="list-style-type: none"> • understand the nature of the risks the it faces; • be aware of the extent of those risks; • identify the level of risk that that it is willing to accept; • recognize its ability to control and reduce risk.

PCI	Payment Card Industry
Prudential Indicators for Capital Finance	The Prudential Code for Capital Finance, developed by the Chartered Institute of Public Finance & Accountancy (CIPFA), sets out a number of prudential indicators that indicate how capital expenditure will be financed by borrowing in an affordable, prudent and sustainable way
MTFS	Medium Term Financial Strategy
relevant Committee	Unless the context otherwise requires, the relevant budget-holding Committee