

## **Part 4.6 Financial Procedure Rules**

### **1. INTRODUCTION**

- 1.1 In order to conduct itself efficiently, effectively, and in accordance with good corporate governance, the Council must establish appropriate financial procedure rules for all officers and Members to follow in discharging their financial duties.
- 1.2 These Rules outline in broad terms the system of financial administration to operate within the Council at Directorate level. They are complementary to the relevant sections of the Constitution, which seek to prescribe a framework for the effective management of the Council's financial business and to ensure that public accountability and high standards of financial integrity are exercised in the use of public funds. The rules apply to all officers and Members of the Council.
- 1.3 These Financial Procedure Rules are controlled by the Cabinet and are subject to any overriding or general direction by the Council. The Rules provide clarity about the roles and responsibilities of individuals, and the way the day-to-day financial administration and financial controls are exercised.
- 1.4 These Rules shall apply to any activities and services carried out by or on behalf of the Council, except where expressly approved by the Council, in any delegation or agency scheme, agreement or other document made with any other authority, body or person.
- 1.5 External providers (outsourced services, contractors and consultants for example) are managed through the Contract Procedure Rules.
- 1.6 The Section 151 Officer shall make recommendations to Cabinet to keep these Rules up to date and ensure that:
  - (a) all Members and Officers are aware of their existence and understand that failure to comply with their requirements or with instructions issued under them will constitute misconduct;
  - (b) all details of amendments and instructions issued under these Rules are circulated promptly;
- 1.7 It shall be the duty of each Strategic Director to ensure that these Rules together with any other instructions issued by the Section 151 Officer are brought to the attention of and followed by their Directorate employees.

### **2. GENERAL**

- 2.1 Subject to any directions and authorisations given by the Council, the Cabinet shall:

- (a) oversee, co-ordinate and control the Council's finances;
  - (b) maintain the Council's Treasury Management Policy Statement having regard to the requirements of the Local Government Act 2003, CIPFA's Prudential Code for Capital Finance and best practice, as set out in the CIPFA Code of Practice for Treasury Management in Local Authorities, with a view to ensuring that the authority's finances continue to be managed on a sound basis;
  - (c) make, keep under review and revise as necessary these Financial Procedure Rules to provide for the proper supervision and control of the finances, accounts, income, expenditure and assets of the Council in conformity with the Constitution and all relevant statutes and best practice.
  - (d) after consultation with the Overview and Scrutiny Committee make any other recommendations to the Council it considers necessary.
- 2.2 The Cabinet, Commissioners, other Committees and Strategic Directors shall be responsible for the observance of the Council's Financial Procedure Rules throughout all functions and financial areas under its control.
- 2.3 The Section 151 Officer must, after consultation with the relevant Director report to the Cabinet any significant non-compliance with the Financial Procedure Rules that come to their attention.

### **3. DEFINITION OF TERMS & RESPONSIBILITIES**

Sound financial planning, management and administration are essential in order to:

- ensure and maintain the effective use of resources to achieve agreed service standards;
- provide complete, accurate and transparent accounts that demonstrate accountability to the public;
- comply with legal and corporate accounting requirements;
- ensure the appropriate use and security of financial and physical assets;
- help the Council provide value for money services and conduct its affair in an efficient, effective and economic manner.

Members and officers of the Council shall carry out their roles in line with the key areas of responsibilities and associated specific financial procedure rules set out below.

#### **3.1 Chief Financial Officer**

The Assistant Director (Finance and Audit) fulfils the statutory responsibilities of the "Chief Finance Officer" (the CFO is also referred to in these Rules as the Section 151 Officer) and shall, for the purposes of Section 151 of the Local Government Act 1972, under the general direction of the Cabinet, be responsible for the proper administration of the Council's financial affairs. This will also include duties under Section 73 of The Local Government Act 1985

and Section 112/114 of The Local Government Finance Act 1988 and Sections 25, 27 and 30 of the Local Government Act 2003.

The Chief Finance Officer has the following specific responsibilities:

- to ensure the co-ordination and integration of service planning, financial planning, asset management, value for money and corporate governance;
- to ensure that the Council's financial arrangements secure the proper stewardship and control of all public funds;
- to provide financial advice, information and support so that resources are managed effectively in delivering the Council's services;
- to set corporate financial management standards and agrees with Directorates detailed procedures to meet these standards;
- to ensure that there is an adequate internal audit and control;
- to approve financial systems or proposals to introduce new processes or systems (including IT systems) to ensure sound financial controls;
- to maintain the Council's principal accounting records and prepares the Council's annual statement of accounts;
- to provide information and financial returns to external bodies;
- to prepare the revenue budget and capital programme;
- treasury management and banking.

### **3.2 Monitoring Officer**

The Officer designated under Part 1, Section 5 of the Local Government and Housing Act 1989 who is responsible for promoting and maintaining high standards of financial conduct throughout the Council and thus provides support to the Audit and Corporate Governance Committee. The Monitoring Officer is also responsible for reporting any actual or potential breaches of the law or maladministration to the Council and/or the Executive, and for ensuring that procedures for recording and reporting key decisions are operating effectively. (Further details of the powers and responsibilities of the Monitoring Officer are set out at Part 2 of the Constitution.)

### **3.3 Strategic Director**

Strategic Directors are responsible for budget formulation, allocation and management within their respective Directorates. They are also responsible for the overall accountability and control of employees and the security, custody and control of all other resources including vehicles, plant, buildings, materials, furnishings, cash and stores appertaining to their respective Directorates. Strategic Directors shall be responsible for ensuring the whole system of controls, financial and otherwise, set up within the organisation. This will enable reasonable assurance to be provided to the Section 151 Officer that the Council's financial rules of procedure are being complied with. Strategic Directors will report any non-compliance with the Rules to the CFO and Members.

### 3.4 **Service Manager**

Designated by the Council or nominated by a Strategic Director as being charged with managing a particular service, project or activity. Service Managers are responsible through the Directorate line management structure for the financial management of their area. However, such delegation shall not divest the Strategic Director of the responsibility for the effective, efficient and proper delivery of such matters.

### 3.5 **Service Lead for Finance**

The nominated Officer by the Section 151 Officer who is the finance representative responsible for the respective directorate. This is the Deputy s151 officer in the new structure.

### 3.6 **Cost Centre Manager**

Officers who have designated responsibility for overseeing a cost centre budget. Whilst this Officer may have day –to-day responsibility for overseeing the budget and managing the service, the Service Manager bears ultimate responsibility for ensuring the proper management of the Council’s resources within their functional area.

### 3.7 **Responsible Officers**

Officers with financial management responsibilities delegated to them by their Strategic Directors for specific purposes such as approving requisitions, certifying invoices or signing timesheets etc.

### 3.8 **Cost Centre**

The budget held on a unique code for an activity, making up part of a service, and an aggregate of the subjective sub-codes. In this context, “budget” must be taken to be the permission to spend given by Council.

### 3.9 **Budget Head**

The budget held on a unique code combination at subjective analysis level. In this context, “budget” must be taken to be the permission to spend given by Council.

### 3.10 **All Employees**

All employees have a responsibility to follow the Financial Procedure Rules, Contract Procedure Rules, Code of Conduct, and other Council policies, procedures and instructions.

Employees must ensure the Council resources are only used in carrying out the business of the Council and help the Council achieve open and honest administration by supporting approved fraud prevention strategies and avoiding potential conflicts of interest.

Under no circumstances must employees use Council resources or assets for their personal benefit.

Employees must not allow any personal debt owed to the Council to become unmanaged. Personal debt includes, but is not limited to, rent arrears, Council Tax arrears, arrears arising for leaseholder agreements with the Council, employee loan arrears or employee leasing arrangements. Where any such arrears have been accrued prior to employment with the Council and are still outstanding, employees should undertake to clear those arrears within an agreed and reasonable period of time, which shall be determined the S151 Officer or deputy.

All employees have a responsibility to assist the Council's audit processes, to keep accurate and comprehensive records to support the transactions undertaken on the Council's behalf and to report to their Strategic Director any occasions where they believe that Finance Regulations and Rules, Contract Procedure Rules, Council Policies or Directorate instructions are not being followed, or where the resources are at risk.

#### **4. AUDIT & CONTROL ISSUES**

##### **General**

- 4.1 The Section 151 Officer, the Council's Internal Audit Team and the Council's External Auditors shall have the authority to:
- (a) enter any Council premises or land;
  - (b) have access to all assets, records, documents and correspondence and control systems relating to any financial and other transactions of the Council;
  - (c) access records belonging to third parties, such as contractors, when required;
  - (d) require and receive such explanations as are necessary concerning any matter under examination, and
  - (e) require any employee or agent of the Council to produce cash, stores or any other Council property under their control.
  - (f) Report to the Head of Paid Service, the Audit and Corporate Governance Committee or any other officers or members of the council.
- 4.2 All elected members, members of staff and contractors must give access at all reasonable times to premises, personnel, documents and assets that the auditors consider necessary for the purposes of their work and that auditors are provided with any information and explanations that they seek in the course of their work during any audit.

##### **Internal Audit**

- 4.3 The Section 151 Officer shall ensure that an effective Internal Audit Team is maintained by the Council. The Head of Audit shall provide assurances on

the adequacy of the internal control system and audit work will be conducted to professional standards in accordance with CIPFA and other relevant guidance. The Head of Audit will report on internal control no less frequently than annually in line with the Accounts and Audit Regulations (2015 and amended 2016).

4.4 The Section 151 Officer shall:

- (a) Approve the strategic and annual audit plans prepared by internal audit, which take account of the characteristics and relative risks of the activities involved.
- (b) Maintain a permanent record of internal audit reports which are available for inspection by Members of the Council.
- (c) Regularly inform the Audit and Corporate Governance Committee of audit reports and corrective action, where appropriate.

4.5 Strategic Directors should consider and respond promptly to recommendations in audit reports and ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient fashion.

4.6 Whenever a matter arising out of any audit activity, or otherwise, comes to the attention of Internal Audit and this reveals, or suggests, the possibility of any irregularity, the Head of Audit shall consult immediately with the Strategic Director of the Directorate concerned, the Section 151 Officer and the Monitoring Officer, to determine the nature of any action to be taken and to effect compliance with these Rules.

## **External Audit**

- 4.7 The Council's External Auditors will be appointed in accordance with the Local Audit and Accountability Act 2014 and their roles and responsibilities are set out in the Act and the [Code of Audit Practice](#) for the audit of local public bodies. Their work covers;
- The financial aspects of the Council's corporate governance arrangements
  - The Council's financial statements
  - a conclusion on the Council's use of resources
  - The Council's preparation of grant claims
- 4.8 The Section 151 Officer shall be responsible for the submission of the Council's accounts to the External Auditor in accordance with the Accounts and Audit Regulations (2015) by the 30<sup>th</sup> June of each year.
- 4.9 The Section 151 Officer shall be responsible for preparing and publishing the accounts for inspection in accordance with the Accounts and Audit Regulations 2015. This will be 3-14 July 2017 for the year of accounts 2016-17 and 1-14 June 2018 for the year of account 2017-18. The section 151 Officer is also responsible for publishing the audited accounts of the Council for each financial year, in accordance with the statutory timetable and with the requirement for the Council, or its delegated committee, to approve the statement of accounts within a timescale determined by legislation.
- 4.10 The section 151 Officer shall work with the external auditor and advise Council, Audit and Corporate Governance Committee and Strategic Directors on their responsibilities in relation to external audit.

## **Risk management**

- 4.11 The Cabinet is responsible for approving the Authority's risk management policy statement and strategy and for reviewing the effectiveness of risk management arrangements. The Section 151 Officer will prepare and promote the Council's Risk Management policy.
- 4.12 The Section 151 Officer will develop an appropriate corporate Risk Management process, in conjunction with Strategic Directors.
- 4.13 Strategic Directors will take responsibility for managing the risks their directorates face, having regard to advice from the Section 151 Officer and other specialist officers as necessary. are responsible for maintaining risk registers in accordance with the Risk Management policy and framework, Strategic Directors will regularly review the risks and report to Cabinet where actions are required.
- 4.14 Strategic Directors will ensure that regular risk assessments and monitoring of risks are carried out within their Directorates. All risks should be identified on a 'likelihood / impact' matrix, where each is assessed in terms of having a low,

medium or high likelihood and severity, by quantifying the financial impact where possible.

### **Financial Irregularities**

- 4.15 Slough will not tolerate fraud and corruption in any aspect of the way it carries out its responsibilities, whether from inside or outside the Council. The Section 151 Officer is responsible for developing and maintaining the Council's Anti-Fraud and Corruption Policy, which is available at Part 5 of the Constitution.
- 4.16 Any employee who becomes aware of any breach of the requirements set out in the Constitution, and more particularly these Rules or of any matter that involves or is thought to involve, any potential financial irregularity shall notify immediately their Strategic Director. The Strategic Director shall consult with the Head of Audit to determine the most appropriate action to be taken. No investigation of potential financial irregularity should take place prior to seeking advice from Internal Audit. Where there is evidence to suggest that a criminal offence may have been committed, it shall be the duty of the Section 151 Officer in consultation with the Chief Executive to refer the matter to the police having taken advice from the Monitoring Officer and the Head of Audit and to inform the relevant Lead Commissioners and Leader of the Council.
- 4.17 It shall be the duty of a Strategic Director to report to the Chief Executive, the Section 151 Officer and the Monitoring Officer when, after proper investigation, if it is determined that the financial sections of the Constitution have not been complied with, or any financial irregularity has occurred. The report shall include details of actions taken and/or proposed. The Chief Executive and the Monitoring Officer will consider whether to report the matter to the Cabinet and the Audit and Corporate Governance Committee or to any other Committee.

### **Whistleblowing**

- 4.18 Slough is committed to the highest possible standards of openness, probity and accountability in the delivery of its services to the people who live and work within the borough. The Council's Whistleblowing Policy provides a safe environment for concern is to be raised confidentially and places an obligation on Council employees to deal with allegations appropriately. The Whistleblowing Policy (see Part 5 of the Constitution) is the responsibility of the Monitoring Officer.

## **5. ACCOUNTING ARRANGEMENTS**

- 5.1 Subject to statutory requirements and to any directions given by the Cabinet, the Section 151 Officer shall determine all the accounting procedures and records of the Council and its officers and be responsible for making judgements and estimates that are reasonable and prudent.

- 5.2 All relevant Members, finance staff and service managers are required to operate within the accounting standards and timetables.
- 5.3 The Section 151 Officer, or nominated lead for finance, will ensure that all claims for funds, including grants, are made by the due date.

### **Annual Statement of Accounts**

- 5.4 The Section 151 Officer is responsible for ensuring that the annual statement of accounts, and accounting policies, are prepared in accordance with the Accounts and Audit Regulations (2015) and the Code of Practice on Local Authority Accounting in the United Kingdom: a Statement of Recommended Practice (CIPFA/LASAAC).
- 5.5 The Section 151 Officer is responsible for the preparation and publication of an Annual Governance Statement (AGS), included as part of the statement of accounts, following an annual review of the Council's systems of internal control, in accordance with proper practices.

### **Accounting Records**

- 5.6 The Section 151 Officer shall be responsible for keeping the principal accounts and financial records of the Council. Directorate financial procedures and records shall be compiled and maintained in accordance with such directions given by the Section 151 Officer in consultation with the Directorate Strategic Director, Leads for Finance and Service Managers. All the Council's transactions, material commitments and contracts and other essential accounting information should be recorded completely, accurately and on a timely basis and reconciliation procedures carried out to ensure transactions are correctly recorded.
- 5.7 The Strategic Directors shall ensure the safe retention of all accounting records, including paid invoices and certificates or media record thereof, for as long as may be statutorily required, currently 7 years for prime records such as invoices and 3 years for budget records.

### **Accounting systems and procedures**

- 5.8 There must be effective protocols for reconstituting accounting records in the event of a system failure.
- 5.9 A Strategic Director, Lead for Finance and/or Service Manager shall consult with and must obtain written permission from the Section 151 Officer before introducing, amending or discontinuing any Directorate system, record or procedure that relates to any area covered in these Financial Procedure Rules. No feeder computer system shall be linked into any corporate financial system without the prior consent or authority of the Section 151 Officer or nominated Officer.

## **Trading Accounts**

- 5.10 The Section 151 Officer, or lead for finance, will advise on the establishment and operation of trading accounts. Each trading account will have defined objectives, including the way in which surpluses or deficits will be dealt with.
  
- 5.11 The Strategic Directors will observe all statutory requirements in relation to services that maintain trading accounts, including the maintenance of a separate revenue account to which all relevant income is credited and all relevant expenditure, including full recovery of overhead costs, is charged, and to produce suitable information for the statutory disclosure in the final accounts.

## **Directorate financial management arrangements**

- 5.12 The Strategic Directors in determining the allocation of accounting duties within their Directorates shall observe the following principles:
- (a) the duties of providing information regarding sums due to the Council and the calculating, checking and recording of these sums shall be separated as completely as possible from the duty of collecting or disbursing them;
  - (b) employees charged with the duty of examining or checking the accounts of cash transactions shall not themselves be engaged in any of those transactions.

## **6. BUDGETING**

- 6.1 The Section 151 Officer will develop and maintain a Financial Strategy for the Council. This will include an annual revenue budget, a capital strategy and a medium term financial strategy. The procedure leading to the approval by Council of the Capital Programme and Annual Revenue Budget will be determined each year by the Section 151 Officer. The annual revenue budget will include the key income assumptions, service pressures, savings and key reserves. The Section 151 Officer will advise Council on his / her opinion of a minimum level of general reserves for the financial year ahead.
- 6.2 Capital and Revenue Budgets shall be prepared by Strategic Directors in conjunction with the relevant Lead for Finance in accordance with directions and the overall budgetary position as detail by the Section 151 Officer. Budgets shall reflect Council priorities and will include meeting savings targets where applicable.
- 6.3 The Capital and Revenue Budgets will be presented to the Corporate Management Team and subsequently the Cabinet by the Section 151 Officer for agreement, prior to being submitted to the Council for formal approval.
- 6.4 No new revenue, capital or grant aided scheme(s) may be committed without the specific approval of the Cabinet and unless a report including full scheme appraisal has been undertaken. The report on the scheme must include a financial and technical appraisal in the format prescribed by the Strategic Director, Regeneration, Housing and Resources, identifying amongst others, alternative(s) to the proposed bid, resources required for delivery, delivery mechanism and timetable.
- 6.5 Before the report is presented to Members, the Section 151 Officer and the Monitoring Officer must be satisfied all financial and contractual arrangements are in order and all Financial Procedure Rules have been complied with.
- 6.6 Approval of the annual revenue budget and capital programme for the next financial year will confer authority on the Cabinet, Committees, Strategic Directors and Service Managers to incur revenue and capital expenditure.

- 6.7 De minimus level for capitalisation of assets is set at:  
£6,000 for vehicles  
£20,000 for all other expenditure

Related assets may be grouped together to exceed the de-minimus level where individually they would not. For example: wheeled bins or IT hardware

## **7. BUDGETARY CONTROL AND VARIATIONS**

### **Corporate Budgetary Control**

- 7.1 The Section 151 Officer shall report quarterly to Overview and Scrutiny Committee and the Cabinet on the Council's overall financial performance and ensure the Cabinet and other Committees are kept adequately informed of the financial implications of their activities.
- 7.2 The Strategic Directors with the assistance of their Lead for Finance, shall return the monitoring information to Finance each month in accordance with the agreed format and timetable.
- 7.3 The Service Managers shall be responsible for ensuring they supply timely information on monthly expenditure, income and commitments to their Lead for Finance.
- 7.4 All Officers producing reports for elected Members must seek support and advice from their Leads for Finance in assessing the financial implications of any actions recommended. The financial implications of reports must then be cleared with the Section 151 Officer prior to the report being presented to elected Members in accordance with the reporting timetable.

### **Cost Centre Budgetary Control**

- 7.5 The Section 151 Officer shall ensure an effective system of budgetary control is operated throughout all Directorates.
- 7.6 The Strategic Directors and/or Service Managers must nominate a named manager for each cost centre within their Directorate, known as the Cost Centre Manager.
- 7.7 The Strategic Directors are responsible for the economic, efficient and effective use of resources allocated to their Directorate, including identifying opportunities to minimise resource requirements without having a detrimental effect of service delivery.
- 7.8 Service Managers should delegate day to day responsibility for overseeing the budget and managing the service to the Cost Centre Manager, But, they retain the ultimate responsibility for ensuring the proper management of the Council's resources for their service area and are responsible for the economic, efficient and effective use of resources allocated to them.
- 7.9 The Service Managers and Cost Centre Managers will be assisted in their duties by financial management information, support and advice provided by the finance section.
- 7.10 The Service Managers and Cost Centre Managers must not spend more than their annual budget and are expected to take corrective action, if necessary, during the course of the year in order to stay within budget. Unauthorised overspend contrary to the financial rules of procedure may lead to disciplinary action being taken against the cost centre manager or Service Manager.

- 7.11 The Lead for Finance shall co-ordinate the information from Service Managers and submit a regular monitoring report to the Directorate Management Team. Where a monitoring report highlights a projected overspend, the Strategic Director and Service Managers must produce an action plan to contain that overspend.
- 7.12 The Section 151 Officer will determine the rules for considering either carry forward requests or penalties, except for the schools block. Any approved revenue budget unspent at year-end can only be carried forward if approved, initially by the Section 151 Officer.

### **Capital Projects Control**

- 7.13 The Section 151 Officer is responsible for reporting against the capital programme, and determining the definition of “capital”, having regard to government and accounting requirements.
- 7.14 The Capital Strategy Board is responsible for co-ordinating the preparation, review and implementation of the Council’s Capital Strategy and Asset Management Plan. The Group is also responsible for evaluating bids for capital funding and the monitoring of the capital programme including Post Project Evaluations.
- 7.15 To support the management and delivery of the capital programme:
- (a) Directorates, as the owners and sponsors of individual capital projects, hold the ultimate responsibility and accountability for the delivery of individual capital projects. The Regeneration, Housing and Resources Directorate will help and support the delivery of the overall capital programme.
  - (b) The Directorate Lead Officer on the respective capital projects will provide the progress information necessary to enable the Section 151 Officer to present quarterly capital monitoring to the Members, which will include level of committed budget, and any areas of underspend or re-profiling required.

### **Revenue Budget Virement**

- 7.16 Budget provision may be transferred from one budget head to another (known as virement) during the course of the year subject to the following rules:
- (a) the total cost of the proposal is capable of being met from an identified part of that Service Manager’s / Managers’ approved budget(s);
  - (b) the item is not creating new policy or initiatives not identified in approved budgets or service plans;
  - (c) the transfer creates no commitment to recurring expenditure;
  - (d) there should be no virement to or from employee budgets;

and with the authorisation of the following Officers and Members for these categories which are cumulative (ie up to £250,000 within a Directorate subject to the agreement of the relevant Strategic Director):

Amount	Approval	Informed
Up to £100,000 within a Directorate	Strategic Director	
Between £100,000 and £250,000 within a Directorate	Strategic Director and Section 151 Officer / Lead for Finance	Commissioner
Between £250,000 and £500,000 within or between a Directorate	Cabinet	
Up to £250,000 between Directorates	Strategic Director, Section 151 Officer or/and Lead for Finance	Commissioner(s)
Over £500,000	Council, delegated to Cabinet	

7.18 Each virement decision at whatever level needs the written approval of the relevant Officers listed. A virement register must be kept by Finance recording all virements.

7.19 The Strategic Directors must report the cumulative value of virements, by service, as part of the regular cost centre budgetary control, as referred to above.

7.20 The following transfers will not count as Virement for these purposes:

- (a) Transfers of budgets when a whole service transfers from one Directorate to another:
- (b) Income and expenditure budgets related to additional grants not included in the Council's approved budget.
- (c) virements completed as a result of Council decisions as part of the budget approval process
- (d) any transfers in respect of support service overhead allocations

### **Capital Budget Variations**

7.21 Capital schemes may last for more than one financial year so variations need to be considered in terms of both the impact on the scheme as a whole and on the agreed annual programme. The Section 151 Officer, via the approval of the Capital Strategy Board, may authorise a variation(s) to the capital project subject to the overall cost of the scheme (the variation itself, or when added to previous variations) not incurring additional expenditure of more than 10% of the total cost of the scheme or £250,000 whichever is the lower;

A variation(s) which results in the total or annual cost of the scheme exceeding the above financial limits must be reported to the Cabinet; a scheme approved in the capital programme for a future financial year may be brought forward into the current financial year, or a current scheme may be varied, subject to:

- (i) The overall revenue impact of the capital programme in the current financial year remaining the same, and there being no increase to the underlying borrowing requirement
- (ii) Approval by the Capital Strategy Board, the Section 151 Officer, and the respective Commissioner
- (iii) Is reported to Cabinet as part of the next quarterly finance paper

7.22 Where completion of a contract is likely to be delayed by more than one eighth of the contract period, the appropriate Strategic Director shall inform the Monitoring Officer and Section 151 Officer and a joint decision as to whether, and for what reason an extension of time is to be granted or a claim for liquidated damages is to be actioned.

7.23 Any re-profiling of capital schemes in year will be reported for Cabinet to consider on the basis that the overall revenue cost of the capital programme is not exceeded. Any re-profiling from previous years is for Cabinet to approve on the basis that funds were set aside for these capital programmes in previous years. Any revenue increase to the Capital Programme or the underlying borrowing requirement must be considered by the full Council.

7.24 Where a Directorate has overspent on capital schemes in any one year, it will be expected to have balancing underspends to enable the Council to stay within the overall annual capital programme.

## **8. EXPENDITURE**

### **Authorisation and Certification**

8.1. The Strategic Directors shall, having had regard to any guidance issued by the Section 151 Officer, determine which officers in their respective Directorates, shall be duly authorised to certify the following:

- (a) Official Requisitions, Orders and Contracts.
- (b) Invoices, Contract Certificates for Payment and Requests for Cheques.
- (c) Contract Variation Orders / Architect Instructions.
- (d) Documents relating to the remuneration and other conditions of employment of employees.
- (e) Petty Cash and Travelling and Expenses reimbursement claims.
- (f) Stock Sheets.

- (g) Any other purpose as defined or authorised by the Council or Strategic Director that may arise in relation to financial matters.
- 8.2 The Strategic Directors shall ensure the Section 151 Officer is provided with an up to date composite list of the names and specimen signatures of all the officers so authorised. Approval at Assistant Director level or above is required where agency staff are included on the authorised signatory list. The list shall be held in the format determined by the Section 151 Officer.
- 8.3 Before entering into a contract and/or placing an order, the Responsible Officer must ensure there is an approved budget (capital or revenue) sufficient to meet the cost of the contract as specified by a written estimate of the cost of the goods, services or works and any associated annual expenditure.
- 8.4 The Section 151 Officer will set out appropriate authorisation limits for the authorisation of purchase orders and payments for the organisation.

### **Payment of Accounts**

- 8.5 Apart from petty cash payments from imprest accounts the method of payment of money due from the Council shall be by bank transfer, Purchasing Card or other instrument drawn on the Council's bank account.
- 8.6 Accounts for payment by the Council shall be on the supplier's official printed invoice, or on PDF documentation. Photocopies and faxes are not acceptable under any circumstances. Supplier invoices shall not be made out by officers of the Council unless agreed by the Section 151 Officer. Where accounts are made out by officers they shall accord with the requirements of these Rules and shall bear the signature of at least two duly authorised officers prior to certification for payment.
- 8.7 No officer shall amend or add any item or items to an invoice rendered by a supplier without approval of the Section 151 Officer.
- 8.8 When goods or services ordered through the finance system have been received, the Directorate requisitioning them will input to the system confirmation that they have been received and match the details on the requisition. Payment will then be generated automatically.
- 8.9 In exceptional cases, e.g. for utilities, the Directorate issuing a requisition or an order shall be responsible for the examination, verification and certification of the invoice. Certification of invoices for payment can only be undertaken by Officers authorised to do so under the Council's Scheme of Delegation, or the Strategic Director's delegated powers as per 8.1 and 8.4 above. The certification for payment shall mean that the certifying officer is satisfied that:
  - (a) The goods have been received, examined and approved as to quality and quantity, or the work has been done or the service provided satisfactorily and that price is reasonable and in accordance with the contract or order.
  - (b) The expenditure is within the approved budget or covered by special financial provision and is in accordance with the Constitution.

- (c) The proper entries have been made on the copy order and in the inventory, asset register or stores record as appropriate.
  - (d) The account has not previously been certified for payment. Payment must not be made against a faxed or photocopied invoice.
  - (e) A duplicate invoice is appropriate since the original has not previously been certified for payment and can no longer be found.
  - (f) Any available trade or cash discount, adjustment, credit note, returns or packaging, have been claimed and taken into account.
  - (g) In the case of charges for utilities services including gas, electricity, telephone, water or rates any standing charges are correct and that consumption is charged on the most advantageous tariff and is reasonable.
  - (h) Any VAT included on the invoice has been appropriately included and charged at the correct rate.
  - (i) If VAT is charged, that the invoice complies with the requirements of HM Revenues & Customs as per Section 3 of the Council's VAT Manual.
  - (j) The account is arithmetically accurate.
  - (k) The coding to the appropriate revenue budget or capital scheme, including the VAT amount, shown on the invoice is correct. The invoice shall contain the official order number.
- 8.10 The Strategic Directors shall arrange a suitable division of staff duties within their Directorates so that the Officer who inputs details of receipt of goods or services or certifies an invoice for payment shall not, save in exceptional circumstances as agreed with the Section 151 Officer, be the person who either raised the requisition or placed the order.
- 8.11 Accounts for payment shall be submitted to and in the manner and frequency prescribed by the Section 151 Officer.
- 8.12 The Section 151 Officer shall arrange for the prompt payment of all accounts on being satisfied by means of a suitable level of selective checks and enquiries and receiving such information and explanations as may be considered necessary that they have been duly examined and certified and are properly payable by the Council.
- 8.13 The Strategic Directors and Service Managers shall, notify the relevant Directorate Finance Manager of all due but outstanding revenue and capital payments and receipts relating to the previous financial year in accordance with the closure of accounts guidance notes issued by the Section 151 Officer.

#### **Leasing arrangements and PFI/PPP arrangements**

- 8.14 Finance and operating lease arrangements or PFI/PPP arrangements shall only be negotiated on behalf of the Council by the Section 151 Officer or such

other authorised Officer. All such leasing agreements must be signed by the Section 151 Officer or such other Officer mandated by these Rules.

- 8.15 Any Strategic Director considering lease finance or PFI/PPP arrangements as a means of funding the acquisition of an item shall consult with the Section 151 Officer before undertaking any discussions with any lease finance supplier. Arrangements for the supply of items that may be acquired by way of lease finance shall comply with the Constitution and Prudential Indicators.
- 8.16 The Section 151 Officer shall keep all lease or PFI/PPP documentation in safe custody and maintain records of all leases entered into by the Council and retain them for such time as may be required to satisfy statutory requirements.

### **Payment of Salaries and Wages**

- 8.17 The Strategic Director, Customer & Community Services shall make all necessary arrangements, including the issue of guidance and submission timetables, for the preparation and control of all payrolls, and for the payment of all salaries, wages, pensions, compensation or other emoluments to employees, former employees or other persons approved by the Council.
- 8.18 The Strategic Director, Customer & Community Services shall record and make arrangements for the accurate and timely payment of tax, superannuation and other deductions.
- 8.19 The Strategic Director, Customer & Community Services shall ensure that there are adequate arrangements for administering superannuation matters on a day-to-day basis.
- 8.20 Each Service Manager or other Responsible Officer shall notify promptly to and within the time limits and in the form prescribed by the Assistant Director, Organisational Development & Human Resources, all matters affecting the payment of salaries, wages or other emoluments of Directorate personnel and in particular:
- (a) Appointments, resignations, dismissals, suspensions, secondments/transfers.
  - (b) Absences from duty for sickness or other reason (including relevant dates) apart from approved leave or training.
  - (c) Changes in remuneration, other than normal increments and pay awards and agreements of general application.
  - (d) Information necessary to maintain records of service for superannuation, income tax and national insurance liability.
- 8.21 The Strategic Directors will ensure adequate and effective systems and procedures are operated, so that:
- (a) Payments are only authorised to bona fide employees.
  - (b) Payments are only made where there is a valid entitlement.

- (c) Conditions and contracts of employment are correctly applied.
  - (d) Employees' names listed on the payroll are checked at regular intervals.
  - (e) Accuracy and completeness is verified.
- 8.22 The Strategic Directors should give careful consideration to the employment status of individuals employed on a self-employed consultant or sub-contract basis. HMRC applies a tight definition for employee status and, in cases of doubt, advice should be sought from the Assistant Director, Organisational Development & Human Resources to ensure compliance with IR35 Rules.
- 8.23 Appointments of all employees shall be made in accordance with the Rules of the Council and approved budgets, grades and rates of pay.
- 8.24 Time sheets, bonus sheets and overtime claims for weekly wages or monthly salaries shall be signed by the claiming employee as being a true record of hours worked for the Council. The relevant Service Managers or other authorised officers shall certify, on being satisfied all Procedure Rules have been complied with, such documents and process them in such a manner as determined by the Strategic Director, Customer & Community Services within such period before the respective pay day.
- 8.25 The Strategic Director, Customer & Community Services shall arrange for such checks and enquiries, and seek such information and explanations as deemed necessary, so as to be satisfied that these documents have been appropriately examined and certified and are otherwise properly payable by the Council.
- 8.26 Payment of salaries or wages shall not be made in advance of the normal payment date except in exceptional cases at the discretion of the section 151 officer and with the support of the relevant Strategic Director or Service Manager.
- 8.27 The Strategic Directors shall refer to the Lead for Human Resources and to the section 151 officer matters relating to the application of salary and wage scales and other conditions of service including any payments in relation to redundancy, early retirement or any other payments associated with an employee's termination of employment, and no commitment in these matters shall be entered into without their joint agreement. The Assistant Director, Organisational Development & Human Resources and s151 officer shall be jointly empowered to automatically apply non-discretionary salary and wage awards, expenses and other allowances approved by the various joint negotiating councils'.
- 8.28 No payments may be made to members of staff other than through the payroll, and payments must be made directly into employees / Members bank account, and should only be made to the person concerned, unless specifically agreed by the Section 151 Officer.



## **Payment to Members for Travel, Subsistence and Allowances**

- 8.29 Claims by Slough Borough Council's Members for payment of travelling, subsistence and other allowances shall be submitted to the Monitoring Officer in the form prescribed by the Strategic Director, Customer & Community Services duly completed and signed as being a true record by the Member. The Monitoring Officer, on being satisfied such claims are properly payable by the Council, shall certify these claims and pass them to the Strategic Director, Customer & Community Services for payment.
- 8.30 Claims submitted more than two months after the expenses were incurred shall be paid only with the express approval of the Monitoring Officer.
- 8.31 The Monitoring Officer shall provide to the Section 151 Officer details of any approved allowances due to Members.
- 8.32 The Section 151 Officer and the Monitoring Officer will consider and determine requests by Members for advance payments of their allowances as provided for in the current Members' Allowances scheme.

## **Payment to Staff for Travel and Subsistence**

- 8.33 Claims by employees' for payment of car allowances, subsistence allowances, travelling and incidental expenses shall be submitted to the Strategic Director, Customer & Community Services, in the appropriate form and supported by receipts, where appropriate, and in the approved timescale. Travel and subsistence claims must not be paid from imprest, petty cash etc.
- 8.34 The claimant must sign to confirm that journeys were carried out on official business, the mileages are correct, the form of transport used was reasonable and any expenses were relevant and properly incurred.
- 8.35 Claims must be counter signed by a Responsible Officer authorised to approve such records. The Responsible Officer shall be satisfied that the journeys made and form of transport used were authorised and that the expenses claimed are reasonable and were necessarily incurred and are properly payable by the Council.
- 8.36 The Assistant Director, Organisational Development & Human Resources shall arrange for such checks or enquiries and seek information and explanations as deemed necessary so as to be satisfied that allowance and expense claims have been appropriately examined and certified and are otherwise properly payable by the Council. The Strategic Director, Customer & Community Services shall process them for payment in such a way as to ensure they are treated correctly for tax, national insurance and VAT purposes.

## **9. COLLECTION OF INCOME AND WRITING OFF BAD DEBTS**

- 9.1 The collection of all money due to the Council shall be under the supervision of the Section 151 Officer who shall ensure adequate arrangements are maintained for:
- (a) The financial organisation and accounting necessary to ensure the proper recording of all sums due to the Council, and
  - (b) The collection, custody, control, disposal and prompt accounting of all cash in all Directorates and establishments of the Council and any bodies acting on the Council's behalf;
  - (c) Securing the safety of any employee whom has a responsibility for receiving and looking after money on behalf of the Council.
- 9.2 The Service Managers shall arrange for accounts to be raised promptly in respect of charges for work done or goods or services supplied and for rendering such accounts to the debtors concerned, along with required supporting documentation. Where appropriate, these accounts shall conform to current VAT Rules and instructions issued by the Section 151 Officer.
- 9.3 The Section 151 Officer shall provide for the setting up and continued maintenance of a periodical income register of all sums regularly due to the Council. Service Managers shall promptly notify the Section 151 Officer of contracts, leases and other agreements and other arrangements entered into which involves the receipt of money by the Council. The Section 151 Officer shall inspect any documents or other evidence in this connection as considered necessary to verify the accuracy of the register.
- 9.4 The format of all receipt forms, books, tickets and any other documents or vouchers or tokens acknowledging on the Council's behalf the receipt of money or money's worth shall be agreed between Service Managers concerned and the Section 151 Officer. Service Managers shall arrange for the ordering, custody and internal issue of such items in a manner approved by the Section 151 Officer.
- 9.5 All moneys received on behalf of the Council shall be banked daily unless otherwise agreed by the Section 151 Officer. All payments shall be made intact. Refunds of overpayments shall be made through the Creditor payments system or, if so authorised by the Section 151 Officer, an imprest account.
- 9.6 In the transport of cash for banking or other purpose the Service Manager, in consultation with the Occupational Health Safety and Welfare Manager and the Head of Audit, shall make arrangements for the safety of Council employees and for the proper security of the cash.
- 9.7 Any Officer or other person authorised to receive money on behalf of the Council shall keep such records as may be prescribed by the Strategic Director, Regeneration, Housing and Resources including an accurate and

chronological account of all receipts and deposits. Monies received shall not be used in any circumstances to cash personal or third party cheques and must be banked without deductions of any kind.

- 9.8 Every transfer of official money from one employee to another shall be evidenced in the records of the Directorates / sections involved by the signature of the receiving employee and retained for such period as may be determined by the Section 151 Officer.
- 9.9 The Service Manager in consultation with the Section 151 Officer shall ensure that proper and secure arrangements are in place for the receipt, opening and discharge of post containing remittances at offices and establishments of the Council. The opening of post shall be in the presence of at least 2 officers. A record shall be kept in such form as may be determined by the Section 151 Officer in which details of the remittances shall be entered. A discharge shall be given when remittances are handed over to a cashier for receipting and banking.
- 9.10 Each Officer or other person who deposits money to the credit of any Council account shall enter on the paying in slip and on the counterfoil or duplicate such particulars as are required by the Strategic Director, Regeneration, Housing and Resources.
- 9.11 Where a sum shown as due on the Council's accounts is found to be overstated an allowance may be recorded in respect to the amount overstated where the Section 151 Officer is satisfied that such an allowance is in order.
- 9.12 No debts shall be recommended for write off until all cost effective measures have been taken to try to recover the debt.
- 9.13 Expenditure which is reliant upon the satisfactory recovery of income should not generally be incurred until the income has been received and banked unless the Section 151 Officer has given prior approval.

#### **Writing off bad debts**

- 9.14 Any individual debt of up to £1,000 may be recommended for write off by the relevant Service Manager and Lead for Finance, and approved by relevant Strategic Director.
- 9.15 Any individual debt of up to £15,000 may be recommended for write off by the relevant Strategic Director or Lead Officer for finance and approved by the Section 151 Officer.
- 9.16 Any individual debt in excess of £15,000 may be recommended for write off by the Section 151 Officer and approved by the Cabinet.

- 9.17 In any one financial year;
- (a) A Strategic Director may not approve write offs of debt totalling more than £15,000 in aggregate.
  - (b) The Section 151 Officer may not approve write offs of debt totalling more than £500,000 in aggregate.
- 9.18 All debt write offs must be regularly reported to the Section 151 Officer who will report the cumulative debt write off figure quarterly to Cabinet.
- 9.19 All write off of losses arising from theft must be agreed by the relevant Section 151 Officer unless the cumulative value involved is in excess of £15,000 then this can only be written off with the approval of the Cabinet.
- 9.20 All debt written off will be charged back to the originating budgets, unless in exceptional circumstances where approval by Section 151 Officer will be sought.

## **10. TAXATION**

- 10.1 The Section 151 Officer is responsible for ensuring the Council is fully compliant with all relevant guidance and statutory responsibilities in relation to all taxation matters.
- 10.2 Strategic Directors are responsible for complying with all guidance and instructions issued by the Section 151 Officer to ensure correct accounting records are maintained in relation to:
- VAT
  - Construction Industry Tax
  - Income Tax
  - National Insurance
- 10.3 The Section 151 Officer is responsible for making tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.
- 10.4 Strategic Directors are responsible for ensuring all persons employed by the Council are added to the Council's payroll and tax deducted from any payments, except where the individuals have demonstrated they are bona fide self-employed or are employed via a recognised staff agency.

## **11. BANKING**

### **Banking Arrangements**

- 11.1 All arrangements with the Council's bankers shall be made by or under arrangements approved by the Section 151 Officer, who shall be authorised to operate such banking accounts as may be considered necessary. If prior

approval is not given, the Council's bankers will report the matter to the Council and disciplinary action is likely.

- 11.2 All banking accounts shall stand in the name of Slough Borough Council and not in the name or designation of any officer. No payment including direct credit/debit or standing order shall be made from the Council's banking accounts unless agreed by the Section 151 Officer.
- 11.3 All cheque and cheque forms but excluding cheques drawn on authorised imprest accounts, shall be ordered only on the authority of the Section 151 Officer who shall be responsible for the safe custody and issue of such forms.
- 11.4 Except in those cases determined by the Section 151 Officer all payments by the Council shall be by crossed cheque endorsed "**a/c payee only.**" Blank cheques should not be signed under any circumstances.
- 11.5 Cheques in excess of £100,000 shall be signed in manuscript by the Section 151 Officer and other such officer duly authorised by the Section 151 Officer. Cheques signed previously by a duly authorised officer or bearing the facsimile signature of the Section 151 Officer which require a second signature must be signed by one of the other duly authorised signatories.
- 11.6 The Section 151 Officer should ensure that similar levels of control operate in respect of electronic funds transfers such as BACS and CHAPS.
- 11.7 The Section 151 Officer shall ensure the Council's banking accounts are reconciled regularly with the Council's accounts.
- 11.8 The Section 151 Officer may arrange overdraft facilities from time to time on behalf of the Council within the limit authorised annually by the Cabinet.
- 11.9 Strategic Directors are responsible for following the instructions on banking issued by the Section 151 Officer.

### **Imprest Accounts**

- 11.10 The Section 151 Officer shall arrange for the maintenance of a central imprest account(s) for the meeting of urgent minor cash payments.
- 11.11 The Section 151 Officer after consultation with respective Strategic Directors may make such advances of cash or postage stamps as considered appropriate to such officers of the Council as may need them for petty cash imprests, change floats, postage imprests, etc.
- 11.12 Petty Cash accounts shall be on an imprest system supported by records in a form agreed by the Section 151 Officer and operated as follows:
  - (a) An account with such supporting documents as may be required shall be submitted to the Section 151 Officer on a monthly basis for examination and reimbursement of expenditure; all reimbursement claims shall be

certified in manuscript by the officer responsible for the imprest account control and the appropriate authorised Officer;

- (b) Payments shall be limited to items of expenditure not exceeding £250
  - (c) Cash receipts, other than imprest reimbursements, shall not be paid into any such account but must be paid over to or as directed by the Section 151 Officer in accordance with these Rules.
  - (d) Requests to increase imprests must be made to the Lead for Finance.
  - (e) All imprest accounts must be accounted for on 31<sup>st</sup> March each year.
- 11.13 Where an imprest is operated through a bank account the Section 151 Officer shall ensure that suitable arrangements are made with the bank which shall include the requirement that all imprest cheques shall bear the signature of two authorised employees. A record of the names and specimen signatures of such employees shall be deposited with the Section 151 Officer and updated promptly as changes become necessary.
- 11.14 No personal cheques shall be cashed through nor shall money be borrowed from any imprest account.
- 11.15 Service Managers' shall ensure that any Officer within their area of responsibility holding petty cash, change or other cash or postage floats shall, on leaving the Council's employment or ceasing to be entitled to hold the imprest or float, repay the unexpended balance to, and submit any accounts and vouchers required by the Section 151 Officer. Imprest funds must never be used to pay salaries, wages or other employee expenses e.g travel & subsistence without the specific approval of the Section 151 Officer due to VAT and taxation concerns.

### **Treasury Management**

- 11.16 The Council has adopted the key recommendations of CIPFA's Treasury Management in the Public Services and Treasury Management Policy (TMP) will be presented to Cabinet and Council on an annual basis for approval.
- 11.17 The Cabinet will receive reports on the treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, and an annual report after its close, in the form prescribed in the TMPs.
- 11.18 The Council delegates responsibility for the implementation and monitoring of the treasury management policies and practices to the Cabinet, and for the execution and administration of treasury management decisions to the Section 151 Officer, who will act in accordance with the Council's policy statement and TMPs and CIPFA's Standard of Professional Practice on Treasury Management.

- 11.21 Strategic Directors will ensure that loans are not made to third parties and that interests are not acquired in companies, joint ventures or other enterprises without the approval of the Cabinet, following consultation with the Section 151 Officer.
- 11.22 The Section 151 Officer or nominated Officer shall be the Council's registrar of stocks, bonds and mortgages and shall maintain records of all borrowing of money by the Council.
- 11.23 The Chief Executive or other duly authorised Officer, in consultation with the Section 151 Officer, shall sign, seal, issue, transfer or reassign as appropriate any mortgage for money advanced to or by the Council. The Section 151 Officer shall produce to the Chief Executive such documentary evidence as may be required of the receipt of value for securities given or secured.

## **Trust Funds**

- 11.24 Trust Funds are held for a variety of purposes including trust schemes administered by the Council (e.g. resulting from a bequest), funds held on trust for others (e.g. vulnerable people such as children in care) or grant funding from government departments. Strategic Directors will arrange for all trust funds to be held, wherever possible, in the name of the Council. All Officers acting as trustees by virtue of their official position shall deposit securities, etc., relating to the trust with the Section 151 Officer, unless the deed otherwise provides.
- 11.25 All Strategic Directors will ensure that the administration of Trust or Private funds includes correct accounts for VAT on donated funds.
- 11.26 All Officers dealing with trust funds must declare an interest and absent themselves from any managerial involvement in any trust or private funds from which they or their family could directly or indirectly benefit.

## **12. ASSETS**

### **Security and Safety of Personnel, Assets and Inventories**

- 12.1 All Strategic Directors and Assistant Directors are responsible for maintaining property security at all times for all information, buildings, stocks, stores, furniture, equipment and cash under their control and shall consult, via the Assistant Director, Assets, Infrastructure and Regeneration, where they consider security is thought to be defective or where they consider special arrangements are needed.
- 12.2 Appropriate controls for all assets shall be identified by the risk assessment processes and by referring to security standards and procedures. Arrangements shall be agreed as above.

- 12.3 Maximum limits for cash holdings shall be identified by the risk assessments process and agreed with the Section 151 Officer or nominated officer and shall not be exceeded without permission.
- 12.4 Key holders for safes and similar security receptacles are to be agreed by each Assistant Director in conjunction with the Lead Officer for finance. The loss of keys shall be reported immediately using the security incident reporting procedures.
- 12.5 The Council's Data Protection Officer shall be responsible for ensuring proper security and privacy with regard to information held in all of the Council's computer installations and/or for its use and shall register protected data.
- 12.6 Strategic Directors will ensure controls are in place to ensure that staff do not carry out private work in Council time.
- 12.7 The instrument for affixing the common seal of the Council shall be in the custody of the Monitoring Officer or a duly authorised Officer.
- 12.8 In any premises of the Council to which the public has access, satisfactory arrangements, including a register of items shall be maintained in respect of lost property handed in or reported lost. Items of money and valuables such as jewellery, watches etc., shall be deposited with the Strategic Director, Regeneration, Housing and Resources. Goods so held and not claimed after a period of 3 months may be returned to the finder.
- 12.9 The Assistant Director, Assets, Infrastructure and Regeneration is responsible for maintaining an up to date asset register. The Strategic Directors shall provide information and maintain records as required by this guidance. Any register relating to property, including land, owned by the Council shall record the purpose for which it was originally acquired, its location, area, plan reference, purchase details, current value, subsequent appropriations, particulars or nature of interest, tenancies granted and rents payable.
- 12.10 The Section 151 Officer will ensure assets are valued in accordance with the latest CIPFA Accounting Code of Practice
- 12.11 Strategic Directors will ensure no Council asset is subject to personal use by an employee without proper authority.
- 12.12 The Monitoring Officer shall have custody of all title deeds of property belonging or mortgaged to the Council.
- 12.13 Service Managers shall arrange for a complete check of their Directorate inventories at least once a year. A certified copy of each such inventory shall be supplied to the Assistant Director, Assets, Infrastructure and Regeneration at the end of each financial year. Written explanations of deficiencies or surpluses shall be supplied. Items identified as being in excess of requirements or obsolete shall be dealt with in the manner described in these Rules.

- 12.14 The Council's property including vehicles, plant, equipment, etc. shall not be removed otherwise than in accordance with the ordinary course of the Council's business or used otherwise than for the Council's purpose.
- 12.15 A loss of any asset of any kind must be reported to the Risk and Insurance Officer.
- 12.16 The management and security of assets, financial or otherwise, of third parties must adhere to these Financial Procedure Rules, all statutory and best practice guidance and any other relevant policies and procedures in operation within the Council for example, the Money Management procedures within the Social Services Financial Procedures.

### **Intellectual Property**

- 12.17 Intellectual property is a broad term that includes inventions and written material. Intellectual property may be created during the work of the Council's staff (e.g. through the preparation of documentation or the development of computer software). By law, that intellectual property belongs to the Council and its rights should be protected. The Assistant Director, Assets, Infrastructure and Regeneration shall issue guidance on the identification and protection of the Council's intellectual property rights.

### **Stocks and Stores**

- 12.18 Strategic Directors shall be responsible for ensuring adequate arrangements exist to provide for the custody and physical control of stocks and stores in their respective Directorates. Except in special circumstances approved by the Section 151 Officer in consultation with the appropriate Service Manager stocks and stores shall not be carried by any Directorate in excess of reasonable requirements as ascertained by experience.
- 12.19 Stocks and stores records shall be kept in such form as may be determined by the Service Manager in consultation with the Section 151 Officer which as a minimum shall show in chronological order receipts, issues and remaining balances of each item. The Section 151 Officer shall maintain financial stores control accounts where appropriate and may prescribe general principles governing issue pricing and levels of stock.
- 12.20 A delivery note shall be obtained in respect of every receipt of goods into stores and must be signed by the person taking delivery at the time. All goods shall be checked as regards quantity and quality in compliance with the order and entered on a goods received note.
- 12.21 Issues of goods from or return of goods to a store shall be supported by a receipt on a stores issued or returned note as appropriate.
- 12.22 Service Managers must ensure that stocktaking of all stores appropriate to their Directorate is undertaken on a programme determined in consultation with the Section 151 Officer such that all items of stores shall be checked at least once in a period of 12 months.

- 12.23 Stock sheets shall be signed by the Officers making the stock check and by the Service Manager or Responsible Officer certifying that the particulars shown therein are correct. A copy of the certified stock sheet must be forwarded to the Section 151 Officer.
- 12.24 Adjustments to stores records to write off deficiencies or to bring surpluses into account shall be made only with the approval of the Section 151 Officer or duly authorised Officer. The Section 151 Officer in consultation with the Service Manager concerned shall arrange for an investigation into the cause or causes in all cases of significant stock deficiencies/surpluses and take appropriate action.

### **Disposals**

- 12.25 The Section 151 Officer, in conjunction with the Assistant Director, Assets, Infrastructure & Regeneration, shall issue guidelines representing best practice for disposal of assets.
- 12.26 Where stocks, stores, furniture and fittings, vehicles, plant and equipment or other assets are certified by a Strategic Director to be excess to requirements or obsolete the Strategic Director may arrange for the disposal in the following way unless directed otherwise by the Council:
- (a) Where the estimated realisable value exceeds £5,000 by competitive tender or
  - (b) Where the estimated realisable value is less than £5,000 in the best possible market and at the best price reasonably obtainable subject to advice and consent of the Section 151 Officer and/or any other relevant Officers.
- 12.27 Strategic Directors will ensure income received for the disposal of an asset is properly banked and coded.

### **Strategic Acquisitions**

- 12.28 The Strategic Acquisition Board (SAB) shall approve acquisitions up to a value of £25m. Before approving any acquisition, the SAB will require confirmation that the acquisition will not increase the Council's ongoing revenue costs, including the cost of borrowing and officer time.
- 12.29 The SAB shall be a subgroup of the Capital Strategy Board and will meet on a monthly basis, chaired by the Strategic Director for Resources, Housing and Regeneration. Standing members of the SAB will include:
- Leader of the Council
  - Commissioner for Neighbourhoods & Renewals
  - Strategic Director Regeneration, Housing & Resources
  - Assistant Director Assets, Infrastructure and Regeneration

- Assistant Director Housing & Environmental Services
- Directorate Finance Manager Customer & Community Services, Regeneration & Housing
- Head of Asset Management

12.30 The appraisal and business case will assess how the strategic acquisition will be financed and will:

- Consider if the investment achieves corporate objectives.
- Confirm that for the acquisition of land the price is reasonable (allowing for a special purchase consideration) and supported by an independent valuation.
- Confirm that for the acquisition of a standing investment the price is reasonable and supported by an independent valuation (reference will be made to previously identified added value opportunities).
- Confirm there is a market requirement.
- Where appropriate, there is secure rental income taking into account risks associated with the security of future payments, including (where appropriate) sensitivity analysis for void periods.
- Identify whole life costs (where appropriate).
- Identify the most appropriate funding source(s) and confirm availability.
- Clarify that the Council's Finance Section has assessed the business case and confirmed a suitable return on investment.

12.31 The financial appraisal will identify all costs and assumed income to assist informed decision making on whether the acquisition is suitable. In the case of revenue generating assets, this will be assessed by comparing the anticipated net income against the rate of return the Council could otherwise expect to achieve on its capital.

12.32 On reaching agreement as to the terms of acquisition, a final report will be prepared for approval by the Strategic Director for Resources, Housing and Regeneration in consultation with the Leader. In all instances the final report must be supported by advice from the Section 151 Officer.

12.33 Where acquisitions have occurred in the previous 6 months, a report prepared by the Head of Asset Management shall be brought to the Cabinet setting out the acquisitions and prices, at least twice per year.

### **13. INSURANCES**

13.1 The Section 151 Officer shall, under the general direction of the Cabinet and in consultation with other Strategic Directors and such Service Managers as necessary, ensure adequate arrangements are maintained to effect and keep under review all necessary insurance cover of the Council and its Officers and for the negotiation of all claims.

13.2 Service Managers shall keep suitable records to ensure the inspection of engineering plant under their respective control, which is normally inspected

by an insurance company, is carried out by the company within the statutorily prescribed periods. In the event of any failure of the company to carry out an inspection within the period the Section 151 Officer shall be notified immediately in writing.

- 13.3 Each Service Manager shall give prompt notification in writing to the Section 151 Officer of:
- (a) All new risks, properties, vehicles, plant and machinery which require to be insured and of any alteration affecting existing insurance cover, and
  - (b) Any fire, loss, liability or damage or any other event likely to lead to a claim upon the Council.
- 13.4 Service Managers shall consult with the Section 151 Officer and as considered appropriate the Monitoring Officer respecting the terms of any indemnity which the Council is requested to give.
- 13.5 Strategic Directors ensure that employees, or anyone covered by the Council's insurances, do not admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.
- 13.6 All employees of the Council shall be included in appropriate fidelity guarantee insurance whilst carrying out duties directly connected with their employment as a Council officer.
- 13.7 The Section 151 Officer shall at least once a year make arrangements to provide Service Managers' with details of all insurances in force affecting their Directorates and any consequent variations to these arrangements shall be notified promptly to the Section 151 Officer.

#### **14. GIFTS AND HOSPITALITY**

- 14.1 Staff and elected Members must comply with the Rules contained in Slough Borough Council's Constitution and in particular the relevant Codes of Conduct.

#### **15. THIRD PARTY ARRANGEMENTS AND PARTNERSHIPS**

- 15.1 The s151 officer shall ensure that all External Arrangements, Partnerships, External Funding and Work for Third Parties, shall be undertaken in accordance with all relevant Financial Procedure Rules, appropriate accounting & financial management policies & procedures, effective internal controls and risk assessments.
- 15.2 The Head of Policy, Partnerships & Programmes has issued specific guidance on partnerships (the Slough Partnership Protocol) and for seeking and managing external sources of funding (the Grant Bids and Claims Manual).

- 15.3 As set out within the Slough Partnership Protocol, the Strategic Directors, in consultation with the Head of Policy, Partnerships & Programmes and s151 officer, will ensure that, prior to entering into a partnership arrangement that they adhere to the Slough Partnership Protocol.
- 15.4 The s151 officer must be informed of all funding with external bodies, and that this is received and properly recorded in the Council's accounts.

## **16. CONTRACT PROCEDURE RULES**

### **Introduction**

- 16.1 Procurement is the process by which the Council manages the acquisition of all its supplies, services and works. It includes the identification of need, consideration of options and the actual procurement procedures to obtain Value for Money. The principles of non-discrimination, equal treatment, transparency and proportionality apply to all public contracts.
- 16.2 These Contract Procedure Rules in conjunction with the Procurement Operating Procedures (POP), which are the separate operational guidance for procurement, provide the corporate framework for the procurement of all supplies, services and works for the council and the subsequent management and review of contracts. The rules are designed to ensure that all procurement activity is conducted in line with the principles of good public procurement and the Public Contracts Regulations 2015.

### **Application of Contract Procedure Rules**

- 16.3 These Rules apply to purchases by or on behalf of the Council of works, supplies (goods) and services.
- 16.4 These Rules apply to all contracts including purchase orders, consultancy agreements, concessions and contractual arrangements commissioned or entered into by or on behalf of the Council, except for the specific types of contracts and purchasing methods which are expressly excluded under the Public Procurement Regulations 2006 (amended 2009 and 2015).
- 16.5 These Rules are made in accordance with the requirements of Section 135 of the Local Government Act 1972.
- 16.6 These Rules do not provide guidelines on what is the best way to purchase works, supplies (goods) and services and they seek to set out the minimum requirements to be followed. Further information and guidelines are set out in the Council's POP that can be accessed through the Council's SBCinsite<sup>1</sup> and should be read in conjunction with this document.
- 16.7 In the event where a Governing Body of a Community School, intends to enter into a contract for works, supply of goods or services the Head teacher or such persons as delegated by them must follow these Contract Procedure Rules and consult with the Head of Legal Services over the form and content of the contract proposed to be entered into.
- 16.8 In the event of a declaration of major incident the Council's Major Incident Plan and/or Business Continuity Plan may be invoked. When this becomes necessary the Contract Procedure Rules will be suspended and the Chief

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<sup>1</sup> <http://sbcinsite.ad.slough.gov.uk/831.aspx>

Executive, or an officer nominated by the Chief Executive, is then authorised to incur whatever expenditure is necessary in consultation with the Section 151 officer. A Strategic Director will act in the place of the Chief Executive if they are unavailable.

- 16.9 Any person or a firm appointed as an interim/consultant to supervise or manage a contract on behalf of the Council shall be supplied with a copy of the Council's Financial Procedure Rules and their conditions of appointment shall commit them to compliance to the rules.
- 16.10 Failure to comply with these Rules will be viewed by the Council as a breach of the Officers' Code of Conduct contained within the Constitution (Codes and Protocols) and may be considered a disciplinary matter.

### **Purpose of Contract Procedure Rules**

- 16.11 The purpose of these Rules is to provide a structure within which purchasing decisions are made and implemented. These rules are intended to promote good purchasing practice, public accountability and deter corruption. Any conflict of interest, or connection with a potential supplier, for officers or Members must be declared.
- 16.12 These Rules seek to protect the legal position of the Council in respect of compliance with the law and in its contractual dealings with external suppliers and contractors. They protect the interests of Members, Officers and the Citizens of Slough.
- 16.13 The provisions contained in these Rules are subject to the statutory requirements of both the European Union and the United Kingdom Government. The letting and content of Contracts shall conform to all statutory requirements and be subject to any over-riding directives of the European Union relating to contracts and procurement. This Rule cannot be waived, since a failure to comply with European or national legislation may result in a legal challenge with consequent reputational and financial risk.
- 16.14 In addition, where specific statutory procedures are prescribed for certain types of procurement or contract, then these procedures must be followed at all times. In any case where the Council approves, through a resolution of its Cabinet, to have separate procedure rules for particular types of contract, then such rules (which must be prepared in consultation with the Chief Executive and the Strategic Director and Legal Services) will apply but will be subject to compliance with the EU regulations where appropriate.

### **Tendering – Preliminaries**

- 16.15 It is the responsibility of the Chief Executive, Strategic Directors, and Heads of Service to ensure all purchases of goods, services and works comply with:
- (a) All relevant statutory requirements;
  - (b) The relevant EU Rules and EU Treaty Principles and Directives.

- (c) The Council Constitution including these Financial Procedure Rules and Part 3.6 – Scheme of Delegation to Officers<sup>ii</sup>
- (d) Any code, guidance or conditions approved by the Audit & Corporate Governance Committee and/or the chief Executive and/or the Council to exercise of powers delegated by them.
- (e) Any conditions attached by the Cabinet or the Council to the exercise of powers delegated by them.
- (f) The Corporate Procurement Strategy, Procurement forward plan and Procurement Operating Procedures inclusive of consultancy services.
- (g) Other Council policies and procedures as appropriate.

16.16 In the event of conflict between the above, the EU Rules will take precedence, followed by UK legislation, then (c), (d), (e), (f) and (g) as above.

### Authority

- 16.17 All transactions must fall within the powers delegated to the relevant officer must have been approved by a decision (in accordance with the Council's Constitution) of the Executive, the Council or one of its committees or sub-committees. Officers must be satisfied that there is sufficient budgetary provision (whether from Council or external funds) for the anticipated procurement and any sources of funding are agreed before commencing the procurement.
- 16.18 No contract, agreement or other document shall be signed or sealed unless it gives effect to a decision or resolution (in accordance with the Council's Constitution) of the Cabinet, or one of its committees or sub committees or in accordance with the Scheme of Delegation.

### Tendering - Financial Thresholds & Procedures

- The financial values (exclusive of Value Added Tax) at which processes become mandatory are set out in the table below.
- Reference to Public Contracts Regulations 2015 (OJEC) EC Procurement thresholds<sup>iii</sup>
- Reference to Health Social care and related services to Directive 2014/24/EU of 26<sup>th</sup> February 2014; public service contracts for social and other specific services listed in Annex XIV; procurement threshold of EUR 750,000 – GBP 591,290
- The Council will use an electronic tendering system as the platform to process its tenders and Request for Quotes.

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<sup>ii</sup> <http://www.slough.gov.uk/moderngov/ieListDocuments.aspx?CId=563&MIId=5272&Ver=4&Info=1>  
<sup>iii</sup> <http://www.ojec.com/Thresholds.aspx>

- The Council will comply with the Scheme of Delegation Part 3.6 2b of the constitution.

Total Value		Procedure to be used	Social value to consider	Governance PRB / Cabinet approval	Governance Scheme of Delegation 3.6 2	Contract Terms and Conditions
<b>Under £50,000</b>		<i>Please refer to the Procurement Operating Procedures (POP) for guidance</i>				
1	Less than £1,000	Obtain at least one verbal quote – must be recorded on a pro-forma	Quote preferably from a local/SME supplier.	N/A	Level 1,2,3,4	Purchase order Terms and conditions
2	£1000 - £5,000	Obtain three formal quotations – must be recorded on a pro-forma	At least 1 or 2 Quotes from a local/SME supplier where possible.	N/A	Level 1,2,3,4	Purchase order Terms and conditions.
3	£5,000 - £49,999	Obtain Three formal quotes using the electronic tendering portal & advice from Corporate Procurement	At least 1 or 2 Quote from a local/SME supplier where possible	N/A	Level 1,2,3,4	Slough standard Terms and Conditions for Goods and Services
<b>Over £50,000</b>		<i>Please refer to the Procurement Operating Procedures (POP) for guidance</i>				
4	£50,000 – EU Threshold £172,514 supplies and services  £4,322,012 – works <a href="http://www.ojec.com/Thresholds.aspx">http://www.ojec.com/Thresholds.aspx</a>	Formal tender process using the electronic tendering required. Mandatory for minimum three tenders to be evaluated. Most economically advantageous tender must be selected, achieving Best Value and value for money for Council.  Corporate Procurement must be contacted for guidance and support. Use of e-procurement system is mandatory.	Principles of fair access to public contracts must be followed, ensuring that local, SME and other suppliers have opportunity to compete.	Approval to be sought prior to going to the market and post tender report with recommendation to award. For works over £250,000 - Cabinet approval in April prior to tender. Significant decision to be declared to cabinet on award.	Level 1,2, 3 All Contracts to be sealed	Slough standard Terms and Conditions for Goods and Services  OR Alternative approved by Legal e.g. JCT/NEC 3
5	Over EU Threshold £172,514 supplies and services £4,322,012 – works <a href="http://www.ojec.com/Thresholds.aspx">http://www.ojec.com/Thresholds.aspx</a> £591,290.00 for social care and related services	Formal OJEU tender process required. Advertise in the European Journal and tendered in accordance to the relevant EU procurement directive and procurement regulations.  Most economically advantageous tender must be selected, achieving Best Value and value for money for Council. OR Accessing national framework agreements where permitted and running mini competitions or call offs	Principles of fair access to public contracts must be followed, ensuring that local, SME and other suppliers have opportunity to compete.	Approval to be sought prior to going to the market and post tender report with recommendation to award. For contracts over £250,000 - Cabinet approval in April prior to tender. Significant decision to be declared to cabinet on award.	Level 1 Level 2 up to £250,000 All Contracts to be sealed	Slough Standard Terms and conditions to be ratified by Legal.  OR Alternative approved by Legal e.g. JCT/NEC 3

## **Tendering Advertising – Principles of fair competition.**

- 16.19 An electronic “Invitation to Tender” shall be issued by the Council through the e-tendering portal for all contracts over £49,999 and tenders shall be submitted electronically in accordance with the requirements of the Invitation to Tender.
- 16.20 When advertising contract opportunities, officers must apply the principles of fair competition. These principles set out the rules of the competition and expectations for fair, equal and transparent treatment of Bidders.
- 16.21 All Bidders will be treated in a fair and equitable manner and are subject to the same competition rules and processes.
- 16.22 All tenders over the EU Thresholds must be advertised in the European Journal by way of a public notice and electronically on the SE (South East) Shared Services Portal which is deemed an appropriate vehicle.
- 16.23 For tenders below the OJEU thresholds, Requests for Quotations and Invitations to Tender must be advertised on the SE (South East) Shared Services Portal which is deemed an appropriate vehicle.
- 16.24 All tenders must be advertised and available for download on the SE Shared Services Portal ([www.sesharedservices.org.uk/esourcing](http://www.sesharedservices.org.uk/esourcing)) and on the Council’s web site ([www.slough.gov.uk](http://www.slough.gov.uk)).
- 16.25 All contract opportunities, which are:
- above the EU thresholds; and
  - subject to the full application of EU procurement rules must be advertised by notice in the Official Journal of the European Union (“OJEU notice”) prior to such advertisement appearing on any other advertising medium (such as trade journal etc.).
- 16.26 However under the EU Treaty principles where the contract is of potential cross border interest then it must be publicised to ensure that tenderers from other member states have an opportunity to participate and the process is conducted in a fair and transparent manner.
- 16.27 Where contracts are of a type and value that mean the EU Rules apply to them then there are five main types of EU procedures available. These are open, restricted, competitive dialogue and competitive procedure with negotiation and Innovation partnership procedure. Refer to the Procurement Operating Procedures (POP) for guidance.

## **Tendering - Contract Value & Aggregation**

- 16.28 The contract value shall be the total cost of the supply, service or work to be procured over the contract term. The starting point for calculating the contract value for the purposes of these Contract Procedure Rules is that the contract value shall be the genuine pre-estimate of the value of the entire contract excluding Value Added Tax. This includes all payments to be made, or potentially to be made, under the entirety of the contract and for the whole of the predicted contract period (including proposed extensions, variations and options).
- 16.29 There shall be no artificial splitting or disaggregation of a contract to avoid the application of the provisions of the EU Rules and/or these Contract Procedure Rules.
- 16.30 The EU Rules can cover contracts, which are below the stated EU threshold, where they constitute repeat purchases and/or purchases of a similar type in a specified period. Officers responsible for the procurement should therefore seek advice on the application of the EU Rules where they envisage that they may be required to make such purchases.
- 16.31 Strategic Directors are responsible for ensuring processes are in place to comply with these regulations within their own service areas.

## **Tendering - Principles and Evaluation**

- 16.32 All tendering procedures (including obtaining quotes), from planning to contract award and execution (seal or signature), shall be undertaken in a manner so as to ensure:
- Sufficient time is given to plan and run the process;
  - Equal opportunity and equal treatment;
  - Openness and transparency;
  - Probity, Integrity
  - Outcomes that deliver sustainability, efficiency and cost savings (Where and as appropriate).
- 16.33 Before undertaking any procurement exercise the Officer responsible for the procurement must complete (in writing) the following:
- Sustainability Impact Assessment (as appropriate).
  - Equality Impact Assessment (as appropriate).
- Please refer to the Procurement Operating Procedures for guidance

## **Tendering - Submission and Opening of Tenders**

- 16.34 An electronic "Invitation to Tender" shall be issued by the Council through the e-tendering portal for all contracts over £49,999 and tenders shall be submitted electronically in accordance with the requirements of the Invitation to Tender.

16.35 Where the tender is expected to have a value in excess of £49,999, it is submitted using the Council's e-tendering Portal, the acceptance, opening and evaluation of formal tenders will be carefully controlled through a secure electronic tendering system and will ensure fairness to all bidders. The opening process is managed within the Contracts, Commissioning & Procurement team.

## **Tendering – Evaluations of Quotes and Tenders**

16.36 All quotes and tenders shall be evaluated in accordance with the selection and award criteria notified in advance to those submitting quotes/tenders.

16.37 Tenders subject to the EU Rules shall be evaluated in accordance with the EU Rules. Reference to the Procurement Operating Procedure and advice from Corporate Procurement Services should be sought on the selection and award criteria.

16.38 Tenders must be accepted and evaluated on the basis of "most economically advantageous" tender.

16.39 Where on examination a tender or quotation reveals mathematical errors which affect the tendered or quoted figure in an otherwise successful submission, the sender shall be supplied with the detail of such errors and given the opportunity of confirming or withdrawing the tender or quotation in writing within 7 working days unless otherwise agreed by the Assistant Director, Contracts, Commissioning & Procurement and the Head of Legal Services. If withdrawn, the next submission in competitive order shall be considered and as necessary dealt with in a similar manner.

16.40 For clarity, whole-life costs should be assessed when determining the most economically advantageous tender. In the case of capital works this includes taking into account the revenue impact of capital projects over a reasonable life for the asset (for example a slight increase in capital cost, such as energy management features, will reduce running costs).

16.41 In the case of PFI projects, financial evaluation and acceptance will be on the basis of the agreed financial model and all other relevant documents used during the process to determine the most economically advantageous tender.

16.42 In the event that two or more tenders or quotations provide the same level of quality at the same quoted cost, Best and Final Offers (BAFO) may be sought to determine the successful bid if they are relevant to the contract. Corporate procurement should be contacted prior to issuing a BAFO.

16.43 Evaluation of tenders and quotations must be based on whole life costs, or total cost of ownership, including environmental, social and economic benefits where relevant to the contract. This should be undertaken in accordance with the Procurement Operating Procedure and associated toolkits.

## Tendering - Exceptions

16.44 In the case of the circumstances below, procurement may be deemed to be an exception if proposed by the service Director and approved by the Procurement Review Board (PRB). The relevant paragraph should be quoted when seeking the approval.

- (a) Contracts valued at less than £50,000 for non-Schedule 3 services and £589,148 for those included in Schedule 3 of the Public Contract Regulations (2015).
- (b) Contracts formalising the grant funding of voluntary sector bodies, where the purpose of the contract is to establish the general conditions of grants by the Council.
- (c) For the extension, addition to or maintenance of existing buildings, works, plant or equipment where this can only be done satisfactorily by the original contractor/supplier.
- (d) When carrying out security works where the publication of documents in the tendering process could prejudice the security of the work to be done.
- (e) Where the contract is on behalf of another local authority for which the Council is acting as agent and is so instructed in writing by the principal.
- (f) For the supply of goods required in respect of a contract from another local authority.
- (g) For the performance of work or provision of services where effective competition is prevented by the specialist nature of the work.
- (h) Where goods and services are to be procured by another Local Authority or public body which is acting on behalf of the Council provided the Assistant Director (Procurement and Commercial Services) has confirmed that the procurement is in line with the Public Contracts Regulations (2015) if applicable.
- (i) In accordance with Regulation 32(2)(c) of the Public Contracts Regulations (2015), insofar as is strictly necessary where, for reasons of extreme urgency brought about by events unforeseeable by the contracting authority, the time limits for the open or restricted procedures or competitive procedures with negotiation cannot be complied with, and Regulation 32(4) which states that the circumstances invoked to justify extreme urgency must not in any event be attributable to the contracting authority.
- (j) Where the Procurement Review Board agree that selective or competitive Tendering, or use of electronic tendering, is not appropriate, and the procurement remains compliant with the Public Contract Regulations (2015)

16.45 Approval of exceptions by PRB is not required in the following circumstances

- (a) Authorisations for call-off from internally managed Frameworks and Dynamic Purchasing Systems, where approval of their use of has been agreed by PRB, and their use is in accordance with the defined call off arrangements and Rules 16.58 – 16.64 within this document.
- (b) Where urgent steps are necessary for the protection of life, property or to comply with statutory requirements subject to the Chief Executive and Head of Legal Services approval.
- (c) Before a contract is to be completed at auction the limit of authority of the person bidding has been approved in advance.
- (d) When buying land and buildings and interests in land and buildings (Contracts for the sale of land must be disposed of by competitive tender or auction except where the Section 151 Officer and the Head of Legal Services consider that a negotiated agreement will add value to the Council and this is documented and approved by the Cabinet). Officers need to be aware that certain transactions involving the buying of land and buildings may also constitute contracts for works or services subject to the Public Contract Regulations (2015) if such elements are part of the contractual arrangements. Advice should be sought from the Head of Legal Services in such circumstances.
- (e) The engagement of barristers or expert witnesses within or in the contemplation of legal proceedings;
- (f) The engagement of designated artists, performers, productions for public entertainment purposes or items of art for public display;

16.46 The Procurement Review Board consists of the Section 151 Officer, the Head of Legal Services and the Assistant Director (Procurement and Commercial Services).

16.47 Tenders need not be invited in accordance with these Rules where they have been undertaken by or on behalf of any consortium, collaboration or similar body, of which the Council is either a member or is able to access contracts for goods, services or works. Officers should ensure that any contracts let by such a consortium, collaboration or similar body are in accordance with UK and EU procurement directives and regulations.

16.48 Where the Council acts as lead body on a consortium or collaborative arrangement, the procedures for tendering contained within these Rules shall be followed unless those provisions are inconsistent with the method by which tenders are dealt with by the consortium, collaboration or other body concerned and are not detrimental to the Council.

16.49 Where another body is acting on behalf of the Council, the Council is providing funding to another body to undertake a scheme or project or the Council is provided funding from another organisation, satisfactory processes must be

put in place and followed. Advice must be sought from the Strategic Director and Assistant Director Contracts, Commissioning and Procurement and Head of Legal Services.

16.50 Nothing contained in the above exceptions exempts officers from using the Council's internal services. Officers must ensure that the best possible balance of value for money and quality is obtained for the Council.

16.51 For contracts subject to the EU Rules, any waiver or exception from the requirement for competition must meet the conditions set out in the EU Rules in addition to the general requirements above.

### **Engagement of consultants**

16.52 An authorised officer may only appoint external consultants or advisors providing professional or consulting services if such services are not available within the Council or if Council officers providing them do not have the resources to meet the needs of the service.

16.53 Appointment of individual consultants and advisors must be procured through the Council's corporate contract for temporary agency resources where appropriate. Subject to the contract not meeting the service needs, the authorised officer shall comply with the following rules.

(a) If the contract value is under £50,000 then 3 quotes need to be sought and provided. Service Managers must ensure that the quotes are recorded and thereafter retained for till the term of the contract.

(b) If the contract value is over £50,000 then the relevant Assistant Director must demonstrate that a competitive tendering exercise has taken place. The nature of the exercise will be determined by the specific contract value and advice should be sought from Corporate Procurement from the outset.

16.54 In exceptional circumstances (e.g. no one else could possibly provide the service because it is so bespoke) then an Authorised Officer may complete and submit an Exemption Business Case to the Procurement Review Board for approval. An Approval to Recruit Form must be completed. The form can be accessed from the Procurement Team..

## Partnerships

16.55 The Council must comply to these Rules when exploring any proposals for partnership or joint ventures including PFI's

- (a) In relation to the Rules, a joint venture or partnership includes any arrangement involving one or more organisations in addition to the Council through which either a specific project or services within any of the functions of the Council is to be provided, and
- (b) Provides a role for the Council or any of its members or officers in whatever structure is used to deliver the project or services involved (such structures may include, but are not limited to, companies, trusts and management committees).

16.56 Council authorised officers must refer to the Procurement Operating Procedures for guidance on strategic partnerships and PFI projects.

## Consortium Contracts, Framework Agreements and Dynamic Purchasing Systems

16.57 A Framework Agreement is a form of Contract that provides one or more authorities with the opportunity to procure goods, works or services from one or more suppliers either by a call-off procedure or by mini-tender.

16.58 It will operate for a prescribed term with defined terms and conditions for its use. The Framework Agreement must name the owning and joining authorities as well as the selected suppliers. Joining authorities will be required to sign an Access Agreement prior to use of the Framework.

16.59 An officer responsible for the procurement exercise may use Framework agreements, subject to the following conditions and must seek advice from corporate procurement in advance

- the Council is legally entitled to use the Framework agreement;
- the purchases to be made fall properly within the scope of the framework;
- The establishment and operation of the framework agreement is in
- compliance with the Public Contract Regulations (2015) (where they apply) and meets the Council's own requirements.

16.60 A "framework agreement" may include:

- Contractor prequalification lists/select lists;
- Framework arrangements (including those set up by the Government Procurement Service);
- Purchasing arrangements set up by central purchasing bodies and
- commercial organisations;
- Consortium purchasing;
- Collaborative working arrangements;
- Formal agency arrangements;
- E-procurement / purchasing schemes and methods;
- Other similar arrangements.

16.61 Dynamic Purchasing Systems are electronic systems open to an unlimited number of suppliers who meet the qualifying criteria, and can be divided into lots for different services. Operation of the System must be in accordance with Regulation 34 of the Public Contract Regulations (2015), which requires competitive call off from the DPS for individual services or Frameworks. In the case of services listed in Schedule 3 of the Public Contract Regulations call offs may be run under the Light Touch Regime set out in Rule 16.65 below.

16.62 Use of Framework agreements and Dynamic Purchasing Systems must be approved in advance by the Procurement Review Board. Call off from an internally managed Framework or tendering from a Dynamic Purchasing System does not require further PRB approval, subject to the requirements of Rule 16.47a. The £250,000 threshold for reporting to Cabinet still applies.

### **Social & Health Care and Children's Care (and other Schedule 3 Services)**

16.63 Services falling under Schedule 3 of the Public Contract Regulations (2015) are subject to a Light Touch Regime if the value of the contract exceeds £589,148. This means that there is no requirement to follow the standard procurement routes set out in the full Regulations. Light Touch Procurement must, however, follow Regulations 74 to 76, which require that the procurement procedure used shall be "at least sufficient to ensure compliance with the principles of transparency and equal treatment of economic operators". Procurement under the Light Touch Regime must be approved by PRB if it is not a call-off from an internally managed Dynamic Purchasing System.

16.64 The relevant Director has the responsibility of monitoring spend against values set within the terms and conditions of the contracts, Dynamic Purchasing Systems, and Framework Agreements as applicable.

16.65 The relevant Director has the responsibility for monitoring and addressing deviation or out of line situations specifically where the risk is of exceeding PCR thresholds.

### **Prevention of Corruption**

16.66 The public is entitled to demand of Local Government Officers conduct of the highest standard. Public confidence in their integrity would be undermined were the least suspicion, however ill-founded, to arise that they could in any way be influenced by improper motives.

16.67 All procurement activity must be undertaken with regard to high standards of probity and in accordance with the relevant provisions of the ethical framework contained in Part 5 of the Council's Constitution.

## **Entering into a Contract**

16.68 All contracts entered into by the Council must be in writing in a form approved by the Head of Legal Services or their delegated officer. Where a standard form of contract is used, or a standard form is to be amended, the form of contract shall be prepared and/or ratified by Legal Services.

16.69 Legal Services shall retain all relevant contract documents.

16.70 The relevant Head of Service must formally notify Legal Services (or nominated officer) of the award of all contracts with the relevant data for the purpose of it being recorded on the Council electronic Contracts.

16.71 Every contract shall include wherever possible the standard clauses set out in Standard Form of Agreement issued and updated from time to time by the Legal Services.

16.72 As a minimum, all contracts shall include clauses which set out:

- the works, supplies (goods), services, material, matters or things to be carried out or supplied;
- the time within which the contract is to be performed. Quality requirements and/or standards which must be met;
- requirements on the contractor to hold and maintain appropriate insurance;
- what happens in the event that the contractor fails to comply with its contractual obligations (in whole or in part);
- requirements on the contractor to comply with all relevant equalities and health and safety legislation;
- That the Council shall be entitled to cancel the contract and recover losses in the event that the contractor does anything improper to influence the Council to give the contractor any contract or commits an offence under the Bribery Act 2010.
- Requirements, as appropriate, relating to Freedom of Information and Environmental Information, Data Protection, Safeguarding of Vulnerable Groups, and the self-employment status of contractors who are individuals.

All contracts shall include relevant specifications and/or briefs/technical requirements which are prepared taking into account the need for effectiveness of delivery, quality, sustainability and efficiency (as appropriate) and the information set out in the Council's Procurement Operating Procedures guidance document.

## **Limits of councillors' authority in contracts**

16.73 Unless specifically authorised by the Cabinet, a Member shall not:-

- (a) Issue any order relating to work done by or for the Council, or
- (b) Claim any rights to enter or inspect property where the Council has the right or duty to enter or inspect.

16.74 A Member shall not enter, either orally or in writing, into any contract on behalf of the Council.

16.75 A Member shall not negotiate personally on behalf of the Council for the purchase of goods or services or sale of any land, property, plant rights, or commodities or for any lease or tenancy. All such negotiations shall be conducted by an employee authorised by the Council except that, at the request of the Leader or Deputy Leader, a Cabinet Commissioner and, at the request of the Scrutiny and Overview Committee, a Scrutiny Member may attend any personal interview in the course of negotiations.

In matters of special importance, the Cabinet may instruct one or more of its Commissioners together with the employees concerned, to conduct negotiations.

### **Official requisitions and Purchase orders**

16.76 Official requisitions and orders shall be in a form approved by the Section 151 Officer in consultation with the Head of Legal Services. Official requisitions shall be raised in accordance with the delegated authority set up in the finance system (as approved by the Section 151 Officer). Where they continue to be used, official orders shall be signed by a Directorate Head of Service or such other person authorised by the Strategic Director as having authority to approve official orders issued from that Directorate.

16.77 Official requisitions and orders must be issued for all work, goods or services to be supplied to the Council except for,

- a) The continuous supply of utility services
- b) Supplies subject to periodical payments
- c) Petty cash purchases
- d) Where a formal contract required by these Rules provides for an alternative procedure and
- e) Such other exceptions as the Strategic Director, Regeneration, Housing and Resources may approve.

16.78 Requisitions and orders shall be placed only where there is adequate financial provision within the approved revenue budget or capital programme. Cost Centre Managers must maintain a record of expenditure throughout the year and must ensure that orders and/or contracts are not placed which would cause the any budget head to be exceeded. Any special conditions shall be clearly recorded on the requisition and order form.

16.79 Each requisition and order shall indicate clearly the nature and quantity of the work, goods or services required and any contract or agreed prices. Computer hardware and software and other such IT related goods must only be ordered through the IT Service Desk.

16.80 Purchasing cards can be used as an alternative to placing an order and any such purchases must comply with the detailed guidelines set out in the Council's "P-Card Policy".

16.81 Requisitions and orders should only be used for goods and services provided to the Council. Individuals must not use official requisitions or orders to obtain goods or services for their private use.

## Legal Consideration

- (a) **Indemnities** - No relaxation of full indemnities releasing the Council from all liability whether provided by public liability insurance or other instrument should be allowed unless authorised in writing by the Head of Legal Services and the Section 151 officer or nominated Officer.
- (b) **Risk Assessment & Performance Bond** - Where a contract is estimated to exceed £49,999 in value or amount and is for the execution of works (or for the supply of goods or materials or services by a particular date or series of dates) the relevant Head of Service should consider requiring a performance bond (for an amount equal to 10% of the value of the contract) from the contractor. This is to provide sufficient security for the due performance of the contract. If a performance bond is considered not necessary then the relevant Head of Service must:
- Register a risk in the Council Corporate risk register.
  - Include within the business case for approval from the Procurement Review Board.
- (c) **Sealing** - All contracts above the value of £49,999 shall be sealed subject to Legal services discretion. The affixing of the seal shall be attested and witnessed in writing by the Head of Legal Services, or an Officer duly designated by them in accordance with the delegated powers conferred by the Council. An entry of every sealing of a document shall be made and consecutively numbered in a book to be provided for the purpose and shall be signed by the person attesting the sealing.
- (d) **Signature of Documents:**
- All contracts must be signed by council officers that have authority to sign under the Council's scheme of Delegation to officers within the constitution Part 3.6 section 2.b- procurement delegations<sup>4</sup>.
  - Where any document will be a necessary step in legal proceedings on behalf of the Council it shall, unless any enactment otherwise requires or authorises or the Council shall have given the necessary authority to some other person for the purpose of such proceedings, be signed by the Head of Legal Services.
  - All signed contracts will be uploaded on the electronic contracts database.

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<sup>4</sup> <http://www.slough.gov.uk/moderngov/ieListDocuments.aspx?CId=563&MId=5272&Ver=4&Info>