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To: All Members of the AUDIT & RISK
COMMITTEE
(Other Members for Information)

When calling please ask for:

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Legal & Democratic Services

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Calls may be recorded for training or monitoring

Date: 28 June 2024

Membership of the Audit & Risk Committee

Cllr Julian Spence (Chair)
Cllr Michael Higgins (Vice Chair)
Cllr Jerome Davidson
Cllr Alan Earwaker

Cllr David Beaman
Cllr Zoe Barker-Lomax
Cllr Maxine Gale

Dear Councillors

A meeting of the AUDIT & RISK COMMITTEE will be held as follows:

DATE: MONDAY, 8 JULY 2024

TIME: 7.00 PM

PLACE: COUNCIL CHAMBER, COUNCIL OFFICES, THE BURYS,
GODALMING

The Agenda for the meeting is set out below.

This meeting will be webcast and can be viewed on [Waverley Borough Council's YouTube channel](#) or by visiting www.waverley.gov.uk/webcast.

Yours sincerely

Susan Sale,
Joint Strategic Director Legal & Democratic Services & Monitoring Officer



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NOTE FOR MEMBERS

Members are reminded that contact officers are shown at the beginning of each report and members are welcome to raise questions etc in advance of the meeting with the appropriate officer.

AGENDA

1. **APOLOGIES FOR ABSENCE**

To receive apologies for absence.

2. **DISCLOSURE OF INTERESTS**

To receive from Members, declarations of interests in relation to any items included on the Agenda for this meeting, in accordance with the Waverley Code of Local Government Conduct.

3. **QUESTIONS BY MEMBERS OF THE PUBLIC**

The Chairman to respond to any questions received from members of the public of which notice has been duly given in accordance with Procedure Rule 11.

The deadline for receipt of questions is 5pm on Tuesday 2 July 2024.

4. **QUESTIONS FROM MEMBERS**

The Chairman to respond to any questions received from Members in accordance with Procedure Rule 12.

The deadline for receipt of questions is 5pm on Tuesday 2 July 2024.

5. **PROPOSED CHANGES TO THE FINANCIAL PROCEDURE RULES** (Pages 1 - 86)

Purpose:

The report presents the proposed Financial Procedure Rules as part of the review of the Constitution of the Council.

Recommendation:

The Audit & Risk Committee is asked to recommend to full Council the revised Financial Procedure Rules, as set out in Appendix 1 to this report, be adopted into the Waverley Borough Constitution.

6. PROPOSED CHANGES TO THE CONTRACT PROCEDURE RULES (Pages 87 - 128)

Purpose:

The report presents the proposed Contract Procedure Rules as part of the review of the Constitution of the Council. It is good practice to keep the Contract Procedure Rules under review.

Recommendation:

The Audit & Risk Committee is asked to recommend to full Council that the revised Contract Procedure Rules, as set out in Appendix 1 to this report, be adopted into the Waverley Borough Council Constitution.

**For further information or assistance, please telephone
Christine Elsasser, Democratic Services Officer, on 01483 523351 or
by email at christine.elsasser@waverley.gov.uk**

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Waverley Borough Council

Report to: Audit & Risk Committee

Date: 8th July 2024

Ward(s) affected: All

Report of Director: Richard Bates, Joint Strategic Director - Finance

Author: Mavis Amouzou-Akue, Financial Services Manager (Deputy S151)

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Email: Mavis.Amouzou-Akue@Waverley.gov.uk

Executive Portfolio Holder/ Lead Councillor responsible: Councillor Mark Merryweather, Portfolio Holder for Finance, Assets and Property

Email: Mark.Merryweather@Waverley.gov.uk

Report Status: Open

Key Decision: No

Proposed Changes to the Financial Procedure Rules

1. Executive Summary

- 1.1 This report presents the proposed Financial Procedure Rules as part of the review of the Constitution of the Council.
- 1.2 The review of the Financial Procedure Rules has been undertaken by the Joint Constitutions Review Group (JCRG), at their meetings held on 29 May and 20 June 2024.
- 1.3 At its meeting on 20 June 2024, the JCRG agreed to recommend approval of the revised Financial Procedure Rules, as set out in

Appendix 1 to this report, to both the Corporate Governance & Standards Committee and to Waverley's Standards & General Purposes Committee at their special meetings to be held simultaneously on Monday 1 July 2024, with a further recommendation that each Committee recommends the adoption of the revised Financial Procedure Rules to their respective full Council meetings¹.

2. Recommendation

- 2.1 The Audit & Risk Committee is asked to recommend to full Council the revised Financial Procedure Rules, as set out in Appendix 1 to this report, be adopted into the Waverley Borough Constitution.

3. Reason(s) for Recommendation:

- 3.1 Financial Procedure Rules which are materially the same for both Councils, whilst being owned by each Council in respect of their services, will help to promote more efficient joint working and will support the transformation programme by aligning officer decision making across both Councils.
- 3.2 The recommended changes will improve the governance procedures for each Council and will ensure that there is greater clarity over financial decision making.
- 3.3 The reductions in financial limits will ensure that key decisions are made by the Executive, thereby promoting accountability and transparency.
- 3.4 Aligning both Councils' Financial Procedure Rules supports the Councils Collaborative and Transformation programme and provides clarity for those officers employed to provide a joint service across

¹ Ordinary council meetings scheduled for 16 July (Waverley), and 23 July (Guildford)

both Councils. The rules will replace the existing Financial Procedure Rules (Guildford) and Financial Regulations (Waverley).

4. Exemption from publication

4.1 No part of this report is exempt from publication.

5. Purpose of Report

5.1 This report is presenting the proposed revised Financial Procedure Rules, set out in the Appendix 1, for members to consider.

5.2 The purpose of the revised Financial Procedure Rules is to align financial limits and procedures across the two Councils where possible.

6. Strategic Priorities

6.1 This report will assist in the delivery of the Council's Corporate Plan priorities and collaborative working agenda.

7. Background

7.1 To conduct its business effectively, a Council needs to ensure that it has sound financial management policies in place which are strictly adhered to. Part of the financial management is having an established set of Financial Procedure Rules which set out the financial policies of the Council. They provide the rules for the Council to follow to protect public money and give clarity to members and officers regarding responsibility for financial management.

7.2 Financial Procedure Rules apply to every member and employee of the Council. Both Councils currently each have a different set of Financial Procedure Rules and financial limits. This means that

officers must refer in detail to each set of Rules to check them before making a decision. This leads to a lack of clarity for members of the Joint Management Team, as they work across both Councils but with differing decision levels across their services, as well as staff within their teams.

7.3 Financial Procedure Rules cover the following general principles:

- (a) There should be adequate and understood separation of duties so as to maintain control over financial transactions.
- (b) There should be a clear hierarchy of control.
- (c) There should be adequate training and supervision of staff with management and audit trails.
- (d) There should be appropriate management of risks.
- (e) Operational financial procedures should be clearly documented, key risks identified with business continuity plans in place to maintain effective administration of the Council's finances at all times.

7.4 The Financial Procedure Rules is designed to work in conjunction with the Scheme of Delegation and Contract Procedure Rules.

8. Consultation

8.1 These revised Financial Procedure Rules have been designed with Legal Services so that they form part of a set of constitutional amendments. The Joint Management Team have been made aware of the proposals and asked for any comments.

8.2 They have also been considered by members at the Joint Constitution Working Group, and will be considered by the Standards & General Purposes Committee on 1st July. Any changes recommended by the Standards & General Purposes Committee will be reported verbally to the meeting.

9. Key Risks

9.1 There is a risk of poor decision making and a lack of accountability where financial controls are unclear. This can be mitigated by having

a clearly expressed set of Financial Procedure Rules which is the same for both Councils, and training officers as necessary.

- 9.2 There is a risk that by reducing the financial limits, the Executive, whilst having greater oversight, has a busier agenda at its meetings. This can be mitigated by ensuring that Executive decision making provides suitable delegations to officers, thereby ensuring that the Executive have retained overall control and made decisions for officers to implement. It could be further mitigated by the Executive considering greater use of delegated authority to Individual Portfolio Holders where appropriate.

10. Financial Implications

- 10.1 There are no direct financial implications resulting from this report.
- 10.2 The indirect financial implication is that officer spending limits will be reduced to key decision levels.

11. Legal Implications

- 11.1 Councils have a responsibility to keep their Constitution up to date, under Section 9P Local Government Act 2000. The Financial Procedure Rules form part of the Constitution of the Council.

12. Human Resource Implications

- 12.1 There are no direct HR implications.

13. Equality and Diversity Implications

- 13.1 There are no equality and diversity implications arising from this report. This report has given due regard to the requirements of the Public Sector Equality Duty (Equality Act 2010) when making any recommendations concerning constitutional arrangements.

14. Climate Change/Sustainability Implications

14.1 There are no climate change or sustainability implications.

15. Conclusion

15.1 The Audit & Risk Committee are asked to consider the proposed revised Financial Procedure Rules attached as Appendix 1 to this report.

The Audit & Risk Committee may:

(a) accept the draft revised Financial Procedure Rules and agree to recommend them to full Council for formal adoption, or

(b) suggest amendments to any part of the draft revised Financial Procedure Rules; or

(c) choose not to recommend that the draft revised Financial Procedure Rules are adopted.

16. Background Papers

16.1 Annexed to this report - Existing Financial Regulations – Waverley Borough Council (Part 4 of the WBC Constitution)

17. Appendices

17.1 Appendix 1 – Financial Procedure Rules

17.2 Appendix 2 – Changes to Financial Procedure Rules

Please ensure the following service areas have signed off your report.

Please complete this box, and do not delete.

Service	Sign off date
Finance / S.151 Officer	Richard Bates 27.06.2024
Legal / Governance	Deborah Upton 26.06.2024
HR	Jon Formby 26.06.2024
Equalities	
Lead Councillor	Cllr Merryweather 27.06.2024
CMB	N/A
Executive Briefing/Liaison	N/A
Committee Services	27/6/24

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DRAFT FINANCIAL PROCEDURE RULES

Contents: [To be added once approved]

1. Introduction

- 1.1. The Financial Procedure Rules and Contract Procedure Rules provide the framework for managing the Council's financial affairs. They apply to every Member and Officer and anyone acting on its behalf. All decision makers need to ensure that they have the authority under the Constitution to make a decision, and that they are also authorised under these Rules to incur the financial consequences of every decision that they make.
 - 1.2 They link with other internal regulatory documents forming part of the Council's Constitution, for example the Scheme of Delegation and Contract Procedure Rules. They also ensure robust procedures are in place to provide the necessary assurance to the Council about the adequacy of the finance and governance arrangements underpinning the Annual Governance Statement.
 - 1.3 Where critical action becomes necessary as a result of some unforeseen emergency the Chief Executive, in consultation with the Joint Strategic Director - Finance and Monitoring Officer, may take appropriate action in accordance with his delegated powers under the Constitution, and waive the Financial Procedure Rules, provided they have undertaken the necessary consultation with members. Every use of this rule must be reported by the Chief Executive, in writing, to the next available meeting of the Executive or Full Council, as appropriate.
 - 1.4 The Joint Strategic Director - Finance is responsible for maintaining a continuous review of the Financial Procedure Rules and Contract Procedure Rules and submitting any additions or changes necessary to the Full Council for approval. The Joint Strategic Director - Finance is also responsible for reporting, where appropriate, breaches of the Financial
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Procedure Rules and Contract Procedure Rules to the Audit & Risk Committee/Corporate Governance & Standards Committee.

- 1.5 The Joint Management Team (JMT) is responsible for ensuring that all staff are aware of the existence and content of the Council's Financial Procedure Rules and Contract Procedure Rules and other internal regulatory documents and that they comply with them, as required by the Council's Code of Conduct for Staff and the Constitution. Failure to comply with the Code of Conduct may result in disciplinary action.
- 1.6 The Joint Strategic Director - Finance is responsible for issuing advice and guidance to underpin the Financial Procedure Rules and Contract Procedure Rules that Councillors, Officers and others acting on behalf of the Council are required to follow.
- 1.7 Councillors have a fiduciary duty to local taxpayers to spend money wisely and to balance the interests of those who will pay against the interests of those who will benefit from the expenditure.
- 1.8 If there is a requirement for interpretation or any conflict between these Financial Procedure Rules and any other part of the Constitution, the Monitoring Officer should be consulted. If there is any conflict between these Financial Procedure Rules and the Council's Budget and Policy Framework Rules, at Part 4 of the Constitution, the Council's Budget and Policy Framework Rules prevail.

2. Financial management

Responsibilities

- 2.1. Financial management covers all financial accountabilities in relation to the running of the Council, including the policy framework, revenue budget, capital programme and treasury management.
- 2.2 The Executive is responsible for discharging the Council's functions within the Budget and Policy Framework provided by Council. The Budget will be aligned with Assistant Directors' service responsibilities as far as possible.
- 2.3 The Audit and Risk Committee/Corporate Governance & Standards Committee has a right of access to all the information necessary to effectively discharge its responsibilities and may consult directly with internal and external auditors. The Audit and Risk Committee/ Corporate Governance & Standards Committee is responsible for a range of matters as set out in Council's Constitution. The Committee's responsibilities with regard to the financial management of the Council include:

- (a) overseeing the Council's role and responsibilities in respect of Corporate Governance and Audit,
- (b) to consider the external auditor's annual audit letter, relevant reports and the report to those charged with governance,
- (c) approving the Council's Annual Statement of Accounts & whether accounting policies have been followed or concerns have arisen that need to be brought to the attention of the Council,
- (d) approving the annual Internal Audit plan, and receiving reports from the Council's Internal Auditor, including the Internal Audit annual report,
- (e) monitoring progress in addressing risk related issues and ensuring the Council's Risk Management arrangements are operating effectively, and
- (f) monitoring the effectiveness of the Council's framework of assurance and internal controls.

2.4 The Joint Strategic Director - Finance (Section 151 Officer) is the Council's 'responsible financial officer' under the Accounts and Audit Regulations. They are responsible for the proper administration of the Council's affairs as specified in, and undertaking the duties required by Section 151 of the Local Government Act 1972, Section 114 of the Local Government Finance Act 1988 and all other relevant legislation.

In order to fulfil these statutory duties and legislative requirements the Joint Strategic Director - Finance will:

- (a) set appropriate financial management standards for the Council which comply with the Council's policies and proper accounting practices, and monitor compliance with them,
- (b) determine the accounting records and systems to be kept by the Council and the form of any supporting records. The Joint Strategic Director - Finance shall ensure that the accounting systems approved are observed and maintained,
- (c) ensure there is an appropriate framework of budgetary management and control,
- (d) monitor performance against the Council's budget and advise upon the corporate financial position,

- (e) ensure proper professional practices are adhered to and to act as Head of Profession in relation to the standards, performance and development of finance staff throughout the Council,
- (f) prepare and publish the Council's Statement of Accounts for each financial year, in accordance with the statutory timetable and arrangements specified by law,
- (g) make proper arrangements for the audit of the Council's annual statement of accounts,
- (h) ensure that claims for funds, including grants, are made by the due date and in compliance with the grant terms and conditions,
- (i) make proper arrangements for the overall management of the Council's Internal Audit function,
- (j) manage the treasury management activities in accordance with the Council's Treasury Management Strategy, Capital & Investment Strategy (GBC), Treasury Management Policy, Treasury Management Investment Strategy (WBC) and Prudential Indicators (both),
- (k) manage the Pension Fund within the scope of the Local Government Pension Scheme Regulations,
- (l) provide advice and guidance to reinforce the Financial Procedure Rules which Members, Officers and others acting on behalf of the Council are required to follow, and ensure controls are in place to deter and detect fraud and error,
- (m) maintain and continuously review the Financial Procedure Rules and make recommendations and implement any changes, and
- (n) take responsibility for advising the Council on corporate financial matters.

Joint Strategic Directors shall have responsibility for advising Members or the Executive on financial matters relevant to their own service areas.

2.5 JMT members are responsible for financial management within their services and spending within the limits of the budgetary framework set by Council. They shall manage the development of budget proposals with a detailed assessment of financial implications within the Budget and Policy Framework agreed by the Council and set out at Part 4 of the Constitution.

3. Schemes of Financial Delegation

- 3.1 The Joint Strategic Directors will establish, operate and keep under review local Schemes of Financial Delegation to ensure that the day-to-day financial management of services within their directorate is carried out in a secure, efficient and effective manner, and in accordance with the Financial Procedure Rules, Contract Procedure Rules and associated relevant guidance.

4. Revenue budget monitoring and control

- 4.1 Once the budget is approved by the Council, JMT members are authorised to incur expenditure in accordance with the approved budget, subject to the limits in the Constitution and local Schemes of Financial Delegation to officers. They must, however, maintain effective budgetary control within their service to ensure that spending is contained within the annual budget limit and to secure value for money.
- 4.2 It is the responsibility of the JMT members to control income and expenditure within their service/directorate and to monitor performance, taking account of financial information and guidance provided by the Joint Strategic Director - Finance. They must report on variances within their own areas. They must also take any action necessary to avoid exceeding their budget allocation and alert the Joint Strategic Director - Finance to any potential overspending or under-achievement of income budgets in a timely manner.
- 4.3 The Joint Strategic Director - Finance, with the support of the Corporate Management Board, is responsible for establishing an appropriate framework of budgetary management and control which ensures that:
- (a) budget management is exercised within annual budget limits unless the Full Council agrees otherwise,
 - (b) timely information on receipts and payments is made available, which is sufficiently detailed to enable officers to fulfil their budgetary responsibilities,
 - (c) expenditure is committed only against an approved budget,
 - (d) all officers responsible for committing expenditure comply with relevant guidance and Financial Procedure Rules and Contract Procedure Rules,
 - (e) each cost centre has a single named manager, determined by the relevant Assistant Director. As a general principle, budget responsibility should be aligned as closely as possible to the decision-making processes that commits expenditure,

- (f) significant variances from approved budgets are investigated and reported by budget managers regularly,
- (g) reports are made to the Executive and Full Council, by the relevant Joint Strategic Director or Assistant Director, where they are unable to balance expenditure and resources within existing approved budgets under their control,
- (h) reports are produced on the Council's projected income and expenditure compared with the budget on a regular basis,
- (i) schemes of Financial Delegation are maintained for all functions within the JMT member's area of responsibility, and
- (j) a justification is prepared for all new revenue proposals with a significant financial impact, risk profile or policy change.

5. Scheme of virement

5.1 The scheme of virement is intended to enable budgets to be managed with a degree of flexibility within the overall framework determined by the Council, and therefore optimise the use of resources. A virement is the movement of an uncommitted budget from its intended purpose to another purpose to fund expenditure.

5.2 Virements are not permitted:

- where a proposal would adversely affect long-term revenue commitments,
- between revenue and capital budgets, with the exception of external funding movements agreed by the Section 151 Officer, or
- between the HRA and the General Fund, or any trust administered by the Council.

5.3 Any virement with a value greater than £100,000 must be approved by the Executive to a limit of £500,000 and by Council for any greater amount. Full details of limits for officers are set out in Paragraph 42 of these Financial Procedure Rules.

5.4 Budget virements are not subject to the approval limits where a budget will continue to be used for the approved purpose but is being moved, for example, to reflect a change in budget holder responsibilities. Such transfers will, however, require the approval of the Joint Strategic Director - Finance.

5.5 All virements must meet the following criteria:

- within Council policy
- no net increase in total revenue expenditure in the initial or any subsequent year as a result of the virement
- requests must be made in writing on the agreed form and signed by the relevant Strategic Director.

5.6 All virements made under delegated authority will be reported by the Joint Strategic Director – Finance to the Audit & Risk Committee (WBC)/ Resources O&S Committee (GBC)/ as part of the budget monitoring report, and a record of all virements will be maintained.

6. Supplementary Estimates

6.1 Where services wish to undertake an activity not originally identified in the budget or incur additional revenue expenditure on an existing activity, approval must be sought for a supplementary estimate.

6.2 Supplementary estimates may only be agreed by the Executive up to £250,000 subject to there being no ongoing revenue implications for future years.

6.3 Any supplementary estimate in excess of £250,000 or where there is an ongoing revenue implication must be approved by the Council.

7. Treatment of year-end balances

7.1 Overspends or underspends in relation to the approved revenue budget may occur for a variety of reasons. For General Fund budgets, there is no 'as of right' carry forward of underspends from one financial year to another except where this is provided for by a binding partnership agreement or other legal agreement with a third party.

7.2 Any revenue underspending at the year-end may be carried forward, subject to the agreement of the Joint Strategic Director - Finance following consideration of the overall financial position, and in consultation with the Leader and Portfolio Holder. All carry forward proposals must be supported by an appropriate Business Case demonstrating that the underspend was planned and that the resources carried forward will be earmarked for a specific and appropriate purpose. Where carry-forwards are agreed, they will be allocated to an Earmarked Reserve until they are utilised.

7.3 Capital schemes can be prone to delay. It cannot be assumed that underspends will automatically roll forward into the following year. Requests to carry forward funding should make clear whether they are due to re-profiling of schemes or for other reasons. Requests for carry forward

should be made to the Joint Strategic Director - Finance who will report variances to the Capital Programme to Council for final approval.

8. Accounting Policies, Records and Returns

- 8.1 The Joint Strategic Director - Finance is responsible for control and assurance and therefore determines appropriate accounting policies and procedures; exercising oversight of financial and accounting records and systems; and preparing and publishing reports containing statements on the overall finances of the Council, including the annual statement of accounts.
- 8.2 Financial statements must present fairly the financial position of the Council and its expenditure and income.
- 8.3 All accounts and accounting records will be compiled by the Joint Strategic Director - Finance or under their direction. The form and content of records will be approved by the Joint Strategic Director - Finance along with reconciliation procedures and they will ensure that they are applied consistently.
- 8.4 The Joint Strategic Director - Finance is responsible for ensuring that the annual statement of accounts is prepared and published in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (CIPFA/LASAAC) and any International Financial Reporting Standards (IFRS) in place.
- 8.5 All statutory financial returns must be completed in line with published guidelines and timescales.
- 8.6 Financial records must be retained in line with statutory requirements and the Corporate Record Retention Policy.

9. Budget and policy framework

- 9.1 The Council is responsible for agreeing a framework of corporate policies that set out and underpin the Corporate Strategy. The key elements of this framework are:
- (a) The Corporate Strategy – this sets out the longer term aims and objectives for Guildford/Waverley.
 - (b) Medium Term Financial Plan (MTFP) – this brings together the key assumptions about financing resources (including council tax, non-domestic rates and government funding settlements) and spending pressures over the medium to longer term. This enables the Council to plan for financial risks and informs the

setting of financial targets for services in the annual revenue budget and capital programme.

The Joint Strategic Director - Finance will ensure that the MTFP is presented to the Executive and Council as part of the annual budget setting process.

9.2 The responsibilities of the Joint Strategic Director - Finance are to:

- develop a minimum three-year MTFP (including the current budget year)
- undertake a formal review of the MTFP on an annual basis and update where necessary

Joint Strategic Directors must provide information that may be requested by the Joint Strategic Director - Finance to support the MTFP.

9.3 Revenue Budget – this is the financial expression of the Council's Corporate Strategy. It sets out the allocation of resources to services and projects, the level of contingency funding, the Council Tax base and Council Tax rate, borrowing limits and capital financing requirements.

9.4 Capital Programme – Capital expenditure involves acquiring or enhancing fixed assets with a long-term value to the Council, such as land, buildings, and major items of plant, equipment or vehicles, and are usually one-off in nature. Capital assets shape the way services are delivered in the long term and create financial commitments for the future in the form of financing costs and revenue running costs.

9.5 Treasury Management Strategy – this sets out the arrangements for the management of the Council's borrowing, lending, cash flows and investments. The Executive, in conjunction with the Joint Strategic Director - Finance, will propose an annual Treasury Management Strategy, a set of Prudential Indicators and a policy for making revenue provision for the repayment of debt (referred to as the 'Minimum Revenue Provision' policy) to the Council in advance of the start of the relevant financial year. These will be consistent with the Council's revenue budget and capital programme proposals. These documents are required to comply with CIPFA's Codes of Practice on Treasury Management and the Prudential Framework for Capital Finance, relevant Regulations and with the Council's own Treasury Management Policy Statement and Treasury Management Practices: they will set the parameters within which investment and borrowing activity will be managed during the forthcoming financial year.

9.6 Fees and charges schedule – Joint Strategic Directors and Assistant Directors, in consultation with the Joint Strategic Director - Finance, will follow the relevant charging policy as set out in the annual budget for the

supply of goods or services where charges may be lawfully applied. Charges will be reviewed annually. All new charges, and amendments to existing charges, will be subject to approval in accordance with the Council's Constitution. Officers may vary fixed fees and charges in exceptional circumstances and determine any which are not covered by the annual review, under the Officer Scheme of Delegation (para 2.8.11,12).

9.7 Pay policy - the pay policy statement will be prepared as required by law. At present it is required to set out the Council's policy on the level and elements of remuneration for each chief officer, the remuneration of its lowest paid employees, and the relationship between the remuneration of its chief and other officers. It is also required to address other specific aspects of chief officer remuneration such as remuneration on recruitment, increases and additions to remuneration, use of performance related pay and bonuses, termination payments and transparency.

10. Revenue budget

10.1 The revenue budget reflects the day to day running costs and associated receipts of the Council. This includes costs for salaries, energy, travelling and other costs incurred in providing services plus income raised by charges, and government grants.

10.2 The Joint Strategic Director - Finance will determine the general format of the budget.

10.3 The Joint Strategic Director - Finance will manage the preparation of the budget, in consultation with the Chief Executive, on an annual basis for consideration by the Council in line with the Budget and Policy Framework Procedure Rules. The annual budget will include allocations to different services and projects, proposed taxation levels and contingencies.

10.4 Detailed budgets, as proposed by Strategic Directors and Assistant Directors, will be subject to challenge and review through a process determined by the Joint Strategic Director - Finance.

10.5 The Joint Strategic Director - Finance is responsible for reporting to Full Council on the robustness of estimates contained within the budget and the adequacy of reserves allowed for in the budget proposals.

10.6 The Council shall not approve amendments to either revenue or capital budgets without first having considered the advice of the Joint Strategic Director - Finance on the financial implications arising.

10.7 The Joint Strategic Director - Finance is responsible for providing appropriate financial information to enable budgets to be monitored

effectively. They must monitor and control expenditure against budget allocations at a corporate level and report to the Executive on the overall position on a regular basis.

11. Capital Programme

11.1 The Capital Programme is the Council's plan of capital projects and spending over future years. The Executive, in conjunction with the Joint Strategic Director - Finance, will manage the preparation of a capital programme, on behalf of the Council, on an annual basis in accordance with the Council's capital projects' governance arrangements.

Capital expenditure of less than £10,000 will be charged to revenue on the grounds of materiality.

11.2 Capital projects - approvals are sought on an individual project basis and reflect the total cost of each project rather than the anticipated expenditure in each year.

11.3 A justification must be made for all capital proposals before approval is sought for inclusion in the Capital Programme. The justification will support decision making, and must identify whole life costs, for revenue and capital. The amount of detail will be proportionate to the value and level of risk. Where there is a greater risk further detail may also be required.

11.4 Any 'in year' approval sought to vary the financial values or implications of a capital scheme, must be supported by an updated justification.

11.5 Once the Capital Programme has been approved, project owners must ensure that the scheme is appropriately managed to achieve appropriate measures in accordance with their previous justification.

11.6 Project owners must provide regular reporting of progress of their schemes to the Executive or relevant project board. Where project performance or outcomes are at risk of significantly varying from the business case the project owner is responsible for taking appropriate mitigating action including the need to seek appropriate approvals as required. All reporting and monitoring activity should be evidenced and recorded in a way that can be accessed to support auditing of project activity. Guidance should be sought from the Joint Strategic Director - Finance if required.

11.7 The Council will approve the re-profiling of spend on approved capital schemes across financial years and carry forward of slippage/accelerated spend into financial years as part of the budget monitoring/setting processes.

12. Financing of capital expenditure

The Joint Strategic Director - Finance will determine the financing of the capital programme, taking into consideration the availability of reserves and balances, funding from other bodies and the affordability of borrowing.

13. Capital Receipts

13.1 The Joint Strategic Director - Finance must be informed of all proposed capital receipts including sales of land and buildings so that the effect on financial and property management can be assessed.

13.2 On the advice of the Joint Strategic Director - Finance, the Council will determine how capital receipts will be applied when setting the budget.

14. Reserves

14.1. The Joint Strategic Director - Finance is responsible for advising on the prudent levels of reserves for the Council. The key controls are:

- (a) to maintain reserves in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom and agreed accounting policies,
- (b) for each reserve established, the purpose, usage and basis of transactions should be clearly identified,
- (c) reserves are used only for the purpose for which they were intended,
- (d) Revenue and capital reserves shall be maintained separately.

14.2 Authorisation to establish and add to a reserve is by the appropriate Joint Strategic Director, in conjunction with the Joint Strategic Director - Finance and authorisation to incur expenditure against the reserve is by the appropriate Joint Strategic Director in accordance with the limits in these Financial Procedure Rules.

15. Leasing, Rental and Right of Use Agreements

15.1 Leasing, rental or hire purchase agreements must not be entered into unless the service has established that they do not constitute a charge against the Council's prudential borrowing limits. All lease type arrangements must comply with IFRS 16 and be approved by the Joint Strategic Director – Finance for up to £1M whole life value and the Executive if in excess of this value.

16. Internal trading activities

- 16.1 The requirements for a service to be designated as a trading activity include:
- provision of all, or the majority, of their services in an environment where their customers have the option to use them or an alternative service provider; and
 - charging for the full cost of the goods / services they provide, on the basis of an agreed charge or rate.
- 16.2 Services are only permitted to operate as a trading activity with the prior approval of the Council, in consultation with the Joint Strategic Director - Finance and the Monitoring officer.
- 16.3 Trading activities are each required to:
- (a) maintain a Trading Account into which all expenditure related to the provision of their services will be charged (i.e. including direct costs, the full costs of services provided by the Council's support services, any service management provided by senior managers and asset and other accounting charges)
 - (b) receive all income due for work done by the trading activity. Exceptions to the requirement for a Trading Account will apply when the Service funded is occasional and is below a limit value set by the Joint Strategic Director – Finance
 - (c) balance their budget by generating sufficient income to cover the full costs of service provision
 - (d) operate within the Council's overall arrangements and rules for staff and resource management. Council may approve special arrangements in exceptional circumstances, where it can be demonstrated that adherence to these rules and arrangements would lead to the unit becoming uncompetitive and losing work and that the proposed departure does not expose the Council to significant risk.

17. Risk Management and Control of Resources

Risk management

- 17.1 It is essential that robust, integrated systems are developed and maintained for identifying and evaluating all significant operational risks to the Council. This should include the proactive participation of all those associated with planning and delivering services.
- 17.2 The Council has adopted a Risk Management Policy and Strategy (GBC)/Risk Management Policy (WBC) which has been approved by the

Corporate Governance & Standards Committee (GBC)/Audit and Risk Committee (WBC) and is regularly updated to ensure its continuing effectiveness on a continuous basis.

- 17.3 Joint Strategic Directors are responsible for ensuring the Risk Management Strategy is implemented and that the Risk Management policy operates within their Service. Risk Management should be embedded throughout the organisation at both a strategic and an operational level, through integration into existing systems and processes.
- 17.4 There are several levels of risk register within the Council. There should be a movement of risks both upwards and downwards through the levels and treatment addressed at the most appropriate level of the organisation:
- 17.5 Corporate Risk Register (GBC)/Strategic Risk Register (WBC) - contains risks impacting on the organisation's overall objectives. Strategic Risks are those risks that are outside of the Council's risk appetite and could affect the delivery of the Council's strategic objectives as set out in the corporate strategy and/or MTFP.
- 17.6 Service Risk Registers - contain strategic and operational risks with the potential to impact on the delivery of Service objectives.
- 17.7 Programme/Project/(Partnership – WBC) Risk Register – contain risks associated with delivery of individual projects, managed and reported to the Corporate Management Board (GBC).
- 17.8 The Assistant Director – Organisational Development is responsible for preparing the Council's Risk Management Policy and Strategy and for promoting it throughout the Council to ensure effective management and monitoring of risks.
- 17.9 Business Continuity - The Civil Contingencies Act 2004 places a statutory requirement for Local Authorities to maintain plans for the continuation of services in the event of an emergency, as far as is reasonably practicable.
- 17.10. The Assistant Director – Organisational Development is responsible for developing the Business Continuity Strategy. Joint Strategic Directors are responsible for ensuring arrangements are in place to ensure the continuity of service delivery in the event of a disruptive incident. This is managed via the development of robust Business Continuity Plans which are regularly maintained and tested in accordance with the Business Continuity Strategy. This extends to those Council services provided by third parties and the ongoing monitoring and compliance with this requirement via contract performance management.

18. Internal Controls

- 18.1 The Joint Strategic Director - Finance is responsible for advising on effective systems of internal control. These arrangements need to ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice. They should ensure that public funds are properly safeguarded and used economically, efficiently, and in accordance with the statutory and other authorities that govern their use.
- 18.2. It is the responsibility of Corporate Management Board to establish sound arrangements for planning, appraising, authorising and controlling their services in order to achieve best value, continuous improvement, economy, efficiency and effectiveness, and for achieving their financial performance targets.
- 18.3. The Council must, on an annual basis, produce an Annual Governance Statement. This statement must provide a description of the system of internal control within the Council, a description of any work undertaken to assess the effectiveness of the internal control framework, and any significant internal control weaknesses and any action to be taken to address them.

19 Audit arrangements

- 19.1 Internal Audit - the Accounts and Audit Regulations 2015 require the Council to have a sound system of internal control which facilitates the effective exercise of its functions; the achievement of its aims and objectives; ensures that the financial and operational management of the authority is effective; and includes effective arrangements for risk management.
- 19.2 The Council is a partner in the Southern Internal Audit Partnership (SIAP) to deliver its internal audit services. To contribute to the production of the Annual Governance Statement, SIAP is responsible for planning and delivering a programme of independent reviews of the Council's activities, the scope of the programme being based on the Council's corporate objectives and an assessment of the risk which may affect the achievement of these objectives.
- 19.3 SIAP will present reports to the Corporate Governance & Standards Committee/Audit and Risk Committee, summarising the audit plans for the coming year and a commentary on audit activity which is completed or in progress, with regular reports setting out progress against the annual audit plan. In addition, any matters of material importance in relation to audit matters are also reported to the Corporate Governance & Standards Committee/Audit and Risk Committee.

- 19.4 SIAP staff have, in accordance with the Accounts and Audit Regulations, (with strict accountability for confidentiality and safeguarding records and information), full, free, and unrestricted access to any and all of the Council's premises, personnel, assets, records and third-party fund transactions pertinent to conducting any engagement, including those of the Council's alternative service delivery vehicles. These rights of access should be documented in the service contract.
- 19.5 With regards to organisations participating in partnering arrangements, Internal Audit staff shall have such access to the premises, personnel assets and records of the partner as is necessary for the purposes of the partnering arrangement, as detailed in paragraph 39 below. Partners will be required to grant reasonable access when requested and details of such access should be agreed with the partner and set down in the Partnering Agreement. Where the right of access has not been specified in existing arrangements then appropriate discussions with partners should take place.

20. External Audit

- 20.1 The Local Audit and Accountability Act 2014 established new arrangements for the audit and accountability of relevant authorities. Under these arrangements the Council has opted for its external auditors to be appointed by the Public Sector Audit Appointments Limited (PSAA), an independent company established by the Local Government Association (LGA) for this purpose.
- 20.2. The Council may, from time to time, be subject to audit, inspection, or investigation by external bodies such as HM Revenue and Customs, who have statutory rights of access.

21. Preventing Fraud and Corruption

- 21.1. The Council has an approved Anti-Fraud and Corruption Policy & Strategy (GBC) which places responsibility for preventing fraudulent activity with all Members, Managers and individual members of staff. Any matters which involve, or are thought to involve, any fraud or other significant irregularity involving Council assets or those of a third-party fund, must be notified immediately to the Head of Internal Audit, in conjunction with other officers detailed in the Council's Counter Fraud and Corruption Strategy.
- 21.2. The Anti-Fraud & Corruption Policy & Strategy also incorporates:
- (a) Anti Bribery Policy
 - (b) Counter Fraud Policy
 - (c) Fraud Prosecution Policy

(d) Anti Money Laundering Policy

21.3 Other policies which support the Council's position on fraud and corruption are:

- Conflict of interests' policy for JMT staff members
- Contract Procedure Rules
- Whistle-blowing policy
- Code of Conduct for Staff

21.4 In addition, all members of staff are required to regularly complete and refresh their level of governance training and to declare any interests they might have on an annual basis.

22. Insurance

22.1. The Council is responsible for ensuring that adequate proper insurance arrangements exist.

22.2. The Assistant Director – Organisational Development is responsible for advising the Council on proper insurance cover and managing the Council's insurances.

22.3 The settlement of insurance claims against the Council is subject to the approval limits set out in paragraph 42.

22.4. The Joint Strategic Director - Finance will notify Corporate Governance & Standards Committee/Audit and Risk Committee if the total value of claims during a financial year exceeds £200,000 for any of the following classes of claim:

- Employer liability
- Public liability
- Property
- Motor
- Other

22.5. Joint Strategic Directors & Assistant Directors must comply with all relevant insurance terms and conditions, and:

- (a) notify the Assistant Director – Organisational Development immediately of any loss, liability or damage that may lead to a claim against the Council,

- (b) notify the Assistant Director – Organisational Development promptly of all new risks, properties or vehicles that require insurance and of any alterations affecting existing insurances,
- (c) consult the Joint Strategic Director - Finance and the Monitoring Officer on the terms of any indemnity that the Council is proposing to give,
- (d) 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,
- (e) ensure all officers are aware of their responsibilities relating to the use of insurance policies,
- (f) identify and report to the Assistant Director – Organisational Development any changes which could affect risks insured by the Authority, and
- (g) ensure that any conditions affecting insured risks are met and services' actions do not invalidate any claims.

23. Assets

- 23.1 In the context of these Regulations, Assets include buildings, land and infrastructure, furniture, equipment, plant, stores, cash balances and "intellectual property" such as computer software, data and information of all kinds.
- 23.2 All staff have a responsibility for safeguarding the Council's assets and information, including safeguarding the security of the Council's computer systems and paper records, and for ensuring compliance with the Council's data protection, computer and internet security policies.
- 23.3. The Assistant Director - Assets and Property will:
- (a) undertake the role of 'corporate landlord' for non-housing land and buildings
 - (b) ensure the proper security and maintenance of all non-housing premises occupied owned by the Council
 - (c) with Legal Services, hold the title deeds for all Council properties

- (d) ensure non-housing land and buildings are included in the Council's Asset Register where the assets have a value in excess of the Council's de-minimis levels.

23.4. The Assistant Director - Housing will ensure:

- (a) the proper security and maintenance of all housing and homelessness related premises occupied and/or owned by the Council.

23.5 Assistant Directors are responsible for:

- (a) the care, control and proper and economical use of all assets used in connection with the operation and delivery of their Services. Proper records should be maintained for these assets, together with appropriate arrangements for their management, security and safe use and occupation.
- (b) ensuring that assets are used only for official purposes and that all appropriate rights, licences, and insurances are obtained.

23.6 The Joint Strategic Director - Finance is responsible for the maintenance of a corporate register of the Council's property, plant and equipment assets.

24 Land and buildings

24.1 Land and buildings transactions include:

- freehold acquisitions and disposals
- long leasehold acquisitions and disposals
- short leases as tenant and as landlord
- entering into section 106 agreements as landowner
- release of covenants
- compulsory acquisitions and land compensation claims
- taking and granting easements
- option Agreements
- lease surrenders and exit agreements (including dilapidations).

24.2. Each of these transactions has a financial consequence for the Council and the following approvals are required, in accordance with the Officer Scheme of Delegation:

- up to £200,000 – Assistant Director – Assets and Property, for non-HRA land and buildings (other than commercial property)

- up to £200,000 – Assistant Director – Housing, for HRA land and buildings (other than commercial property)
- £200,000 or more – Executive

25. Inventories

- 25.1. Assistant Directors must ensure that proper arrangements are made to maintain inventories of all items with a replacement value in excess of £500 (GBC limit), including vehicles, furniture, computer and other equipment (including software), visual aids, expensive tools and sports equipment.
- 25.2. The inventory must be updated for all acquisitions and disposals and checked at least annually. Items acquired under leasing arrangements must be separately identified for disclosure in the published final accounts.
- 25.3. Stock is defined as consumable items constantly required and held by a service in order to fulfil its functions. Assistant Directors are responsible for the control of stocks. They must ensure that stocks are appropriately secured and recorded, do not exceed reasonable requirements and that all significant stock is accounted for in the year end accounts. Stocks should be checked at least once a year, more frequently in the case of expensive and/or security-controlled items.
- 25.4. Cash held on any Council premises should be held securely and should not exceed any sums for which the Council is insured. If retention of cash on site is unavoidable in exceptional circumstances, the Assistant Director is responsible for making appropriate security arrangements. All cash should be banked as quickly as possible.

26. Asset Disposal/Write-off

- 26.1. Joint Strategic Directors (in consultation with the Joint Strategic Director - Finance) may authorise the write-off of losses or disposal of assets (excluding land and buildings) up to and including £10,000. Asset disposals will be in accordance with the Contract Procedure Rules. Write offs over £10,000 will require approval as follows:
- Joint Strategic Director – Finance in consultation with the appropriate portfolio holder(s) – up to £50,000
- Executive in respect of any debts of £50,000 or over
- 26.2. Any write off which arises as a result of theft or fraud must be notified to the Joint Strategic Director - Finance immediately.

27. Treasury Management

- 27.1 The Council has adopted CIPFA's Code of Practice for Treasury Management in Local Authorities and the Prudential Code.
- 27.2. The full Council is responsible for approving the Treasury Management Strategy.

The Executive has the responsibility of regularly monitoring the Strategy (WBC), and the Joint Strategic Director - Finance has delegated responsibility for administration of day-to-day treasury management decisions (without financial limit) OR

The Resources Overview & Scrutiny Committee (GBC) is responsible for scrutinising treasury management decisions, and the Joint Strategic Director – Finance has responsibility for the administration of day-to-day decisions (without financial limit).

- 27.3 All money in the hands of the Council is controlled by the Joint Strategic Director - Finance.
- 27.4. The Joint Strategic Director - Finance is responsible for reporting to the Executive/Resources Overview & Scrutiny Committee (GBC) periodically in each financial year on treasury management activities undertaken within delegated powers.
- 27.5 Investments and Borrowings - it is the responsibility of the Joint Strategic Director - Finance to:
- (a) ensure that all investments of money are made in the name of the Council or in the name of approved nominees,
 - (b) ensure that all securities that are the property of the Council or its nominees and the title deeds of all property in the Council's ownership are held in safe custody,
 - (c) effect all borrowings in the name of the Council, and
 - (d) act as the Council's registrar of stocks, bonds and mortgages and to maintain records of all borrowing of money by the Council.

- 27.6 Trust Funds and Funds Held for Third Parties - it is the responsibility of the Joint Strategic Director - Finance to:
- (a) arrange for all trust funds to be held, wherever possible, in the name of the Council (e.g. 'Guildford/Waverley Borough Council on behalf of.....'). All officers acting as trustees by virtue of their official position shall deposit securities, etc. relating to the trust with the Joint Strategic Director - Finance unless any deed otherwise provides,

- (b) arrange, where funds are held on behalf of third parties, for their secure administration, approved by the Joint Strategic Director - Finance, and to maintain written records of all transactions, and
- (c) ensure that trust funds are operated within any relevant legislation and the specific requirements for each trust.

27.7 Where applicable Charity Commission guidance shall be followed in the preparation of Annual Financial Reports and deadlines for the submission of information to the Commission.

28. **Intellectual Property**

28.1 Intellectual property is a generic term that includes inventions and writing. If an employee creates these during employment, then they belong to the Council, not to the employee.

28.2 Like any assets, intellectual property is an essential factor in ensuring business continuity within the Council, and the effective delivery of Council services. It is critical therefore, that the Council puts in place adequate controls over the ownership, storage and use of all intellectual property.

28.3 Assistant Directors will ensure that their staff are aware of the Council's rights over intellectual property.

29. **Staffing**

29.1 Council staff are an essential part of providing the highest level of quality services. Staff are the greatest single item on which the Council spends its budget. It is therefore crucial that procedures and guidance issued by Human Resources are followed precisely. In order to provide the highest level of service, the Council must recruit and retain high calibre, knowledgeable staff, qualified to an appropriate level within the resources available.

29.2 The Head of Paid Service is responsible for providing overall management to staff and is also responsible for ensuring that there is proper use of evaluation or other agreed systems for determining the remuneration of a job. The Assistant Director – Organisational Development acts as an advisor to Joint Strategic Directors on areas such as HR policy and procedures.

29.3 Assistant Directors have primary responsibility for their establishment and are accountable for compliance with establishment and financial controls. They are responsible for:

- (a) ensuring that all changes to staffing levels are communicated to Human Resources as soon as possible to ensure financial and operational records are kept up to date
- (b) for instructing Human Resources and for providing appropriate and accurate information to enable the prompt and accurate payment of travelling, subsistence and other expenses where applicable

29.4 The Joint Strategic Director - Finance will:

- (a) ensure that budget provision exists for all existing and new Officers and prepare an annual staffing budget for services, in consultation with Assistant Directors and ensure it is an accurate forecast of staffing levels.
- (b) ensure arrangements for payment to the appropriate bodies, of all statutory taxation and other payroll deductions

30. Retention of records

- 30.1 The Returning Officer will be responsible for maintaining complete and accurate records and for reconciliation with regard to elections accounts.
- 30.2 The Council, in common with other public and private organisations, has certain statutory obligations it must meet for the retention of its records. It also must fulfil the requirements of HM Revenue and Customs, other legislative requirements and the external auditors in respect of its financial records.
- 30.3. The majority of financial records must be kept for 6 years from the end of the tax year to which they relate. Some records, however, may need to be kept for longer periods, e.g. if required to defend future insurance claims. It is possible others can be destroyed within shorter periods. Guidance on the appropriate retention period is given in the Council's Record Retention & Disposal Schedule (GBC)/Data Retention Policy (WBC).
- 30.4. All records held should have an appropriate retention period assigned to them, which meet the statutory obligations to retain financial records, but also considers legislative requirements such as the Limitation Act, GDPR, Data Protection Act; Freedom of Information requirements; and the business needs of the Service.

31. Financial Systems and Procedures

Banking Arrangements

- 31.1. All bank accounts must be titled impersonally in the name of Guildford/Waverley Borough Council.
- 31.2. Subject to any directions given by the Council, all arrangements with the Council's bankers must be made solely through the Joint Strategic Director - Finance. No bank accounts may be opened, or arrangements made with any other bank except by agreement with the Joint Strategic Director - Finance.
- 31.3. Bank transfers must be authorised by the Joint Strategic Director - Finance, or those officers authorised to sign through the agreed local Scheme of Financial Delegation or in accordance with the Treasury Management Policy.
- 31.4. Direct debits can only be set up with the prior approval of Finance in line with the local scheme of delegation for the Finance Directorate.
- 31.5. Payments must be authorised in line with local Schemes of Financial Delegation and the Contract Procedure Rules.
- 31.6. Assistant Directors must:
- (a) make secure arrangements for the receipt of income and subsequent prompt banking, and
 - (b) adhere to the banking instructions issued by the Joint Strategic Director - Finance

Income

- 31.7. The Joint Strategic Director - Finance is responsible for developing and maintaining standards, procedures, systems and reports to facilitate the effective and efficient identification, collection, receipting, banking and recovery of income due to the Council.
- 31.8. Charges will be reviewed annually in line with the Schedule of Fees and Charges. The Schedule of Fees and Charges Policy will be approved by Council as part of the annual budget setting process unless otherwise authorised under the Officer Scheme of Delegation.
- 31.9. Council officers must comply with guidelines issued by the Joint Strategic Director - Finance for the safe and efficient collection and recording of all money due to the Council.

Bad Debts

- 31.10 The Council has a Corporate Debt Recovery Policy (GBC) / an Income & Debt Collection Policy (WBC) with the guiding principle that customers have a responsibility to pay amounts that have been properly assessed as being due. The Council is committed to using the most appropriate and effective recovery methods available to it. In certain circumstances and for justifiable reasons it will be necessary to classify some debts as irrecoverable and to recommend that they be written off; however, this does not preclude pursuit of the debt.
- 31.11 Joint Strategic Directors will critically review outstanding debts on a regular basis, in conjunction with the Joint Strategic Director - Finance, and take prompt action to write off debts no longer deemed to be recoverable. Joint Strategic Directors will recommend to the Joint Strategic Director - Finance all debts to be written off in line with the following approval limits:
- up to and including £10,000 – Strategic Director in consultation with the Joint Strategic Director - Finance
 - £10,000 - £50,000 – Joint Strategic Director – Finance in consultation with the relevant portfolio holder(s)
 - more than £50,000 – Executive
- 31.12. The Corporate Management Board is responsible for ensuring that an adequate provision for bad debt is made in the Council's accounts at year end and that contributions to this provision are included in budgetary projections and outturn reports. A record must be maintained for all debts written off.

Purchase of goods and services

- 31.13 Joint Strategic Directors and Assistant Directors are responsible for providing all appropriate information and instructions to the Finance directorate to allow for prompt and accurate payment for goods and services provided and for the analysis of expenditure.
- 31.14. Except for purchases by Purchase Card, imprest accounts, periodic payments such as rent or rates, Grant payments, contributions made to other Public Sector Bodies and Subscriptions all purchases must be supported by an official requisition and purchase order unless previously agreed with the Corporate Procurement Team (GBC).
- 31.15 All purchases must have regard to these Financial Procedure Rules, Contract Procedure Rules, Officer Scheme of Delegation and local Schemes of Financial Delegation.

All requisitions and purchase orders must be authorised in accordance with the approved budget and must comply with the thresholds set out in the Contract Procedure Rules.

31.16 Assistant Directors must ensure that there is adequate separation of duties in the raising and authorisation of requisitions, authorising of purchase orders, receipt of goods and authorisation of payments to creditors.

31.17. Assistant Directors must consult the Joint Strategic Director - Finance on appropriate arrangements for purchases of goods and services which cannot be accommodated within standard ordering and payment processes.

32. Payment of Invoices

32.1. All invoices must be sent directly by the creditor to the address stated on the official purchase order to enable prompt payment.

32.2. All invoices, as a minimum, must include the official purchase order number, the description of the goods or services provided, the quantity delivered, the delivery address, the date of the invoices and/ or date of delivery of the goods or services, the address and VAT registration number of the supplier and the price and VAT at the prevailing rate.

32.3. Invoices received without a valid purchase order number will be returned to the creditor as unauthorised for payment.

32.4. The Council's standard payment terms are 30 days from receipt of a correct invoice by BACS (Bankers Automated Clearing System). Alternative terms may not be negotiated or agreed with suppliers without the explicit approval of the Corporate Procurement Team.

32.5. Payment will only be made for goods and services which have been formally receipted in accordance with receipting procedures set out by the Joint Strategic Director - Finance.

33 Non-invoice Payments

33.1. Where Assistant Directors wish to initiate a payment to a third party without a supporting invoice, an official request for payment must be submitted in a form approved by the Corporate Procurement Team.

33.2. Any such requests must be authorised by an officer designated with an appropriate approval limit in the relevant local Scheme of Financial Delegation. They are responsible for ensuring that all payment details provided are accurate and that supporting records and documentation are

available to substantiate the payment, including an official VAT receipt to allow for the reclaim of any VAT element.

- 33.3. Appropriately authorised requests for payment will be processed and paid by BACS.
- 33.4. Non-invoice payments should be requested on an exceptional basis only. Where payments of this type need to be made on regular basis Joint Strategic Directors and Assistant Directors must consider, in conjunction with the Corporate Procurement Team, other alternative options which may be more appropriate.
- 33.5. Payments or reimbursements in respect of salaries and wages, travelling expenses or other employment allowances must be processed through the payroll system and not treated as a non-invoice payment.
- 33.6. Purchase cards are an effective method of payment for goods and services of low value and for one off purchases, but should only be used if no other method of payment is available. Assistant Directors are responsible for the appropriate deployment and management of Purchase cards within their service in accordance with the local Scheme of Financial Delegation.

34 **Imprest Accounts**

- 34.1. In the limited circumstances when no other option is available, the Joint Strategic Director - Finance may provide bank imprest (petty cash) accounts to meet minor expenditure on behalf of the Council of up to £100 per transaction. Where circumstances require individual payments in excess of £100, approval to set-up a local arrangement must be sought from the Joint Strategic Director - Finance.
- 34.2. Joint Strategic Directors and Assistant Directors are responsible for ensuring that the rules of operation issued by the Joint Strategic Director - Finance are adhered to, and that:
- local Schemes of Financial Delegation set out clearly the responsibilities and approval limits of individual officers in respect of these arrangements.
 - adequate records are maintained to allow for the verification and reconciliation of all payments made to the Council's general ledger and bank accounts, and to allow for the proper treatment of VAT.
 - arrangements are being operated for legitimate Council business only.
- 34.3. Local arrangements may not be used in any circumstances to circumvent either these Financial Procedure Rules or the Contract Procedure Rules.

35 Payment to Members

- 35.1. The Joint Strategic Director – Legal & Democratic Services will arrange for payments to Members entitled to claim allowances on receipt of the proper form, completed and certified in accordance with the approved scheme for allowances set out in Part (6) of the Constitution.

36 Taxation

- 36.1. The Joint Strategic Director - Finance is responsible for ensuring compliance with all relevant taxation regulations and guidance that affect the Council either directly, because of its own activities, or indirectly, because of service delivery through external partners.
- 36.2. The Joint Strategic Director - Finance will ensure that:
- (a) proper arrangements are in place for the administration and accounting for taxation,
 - (b) timely completion of statutory returns as directed by HMRC e.g. VAT and PAYE, and
 - (c) provision of up-to-date guidance for officers on taxation

37 Critical Action payments

- 37.1. Emergency payments may arise because of unforeseen circumstances (e.g. as a consequence of a natural disaster, a civil emergency or a court order etc.) where budget provision has not been made and the payment cannot be covered within the relevant service's existing budget. Critical Action payments can only be made in extenuating circumstances by the Chief Executive in consultation with others, in accordance with the Officer Scheme of Delegation.
- 37.2. Details of Critical Action payments made will be reported retrospectively to the Executive or Council as appropriate.

38 Transparency

- 38.1. To provide transparency in its stewardship of public funds the Council makes information available to the public in relation to its spending, over £500 in line with legislation.
- 38.2. The Council also complies with all other legislation in relation to transparency of information, including the Openness of Local Government Bodies Regulations 2014.

39 External Arrangements

Partnerships

- 39.1 Partnerships include any arrangements where the Council agrees to undertake, part fund or participate in a project with other bodies; either as a beneficiary of the project, or because the nature or status of the project gives the Council a right or obligation to support it. It does not include situations where the Council is simply providing funding without assuming any obligation or risk relating to delivery of the project in which case the Contract Procedure Rules cover the arrangement.
- 39.2. Forming of partnerships - The approval of both the Joint Strategic Director - Finance and the Monitoring Officer must be obtained prior to the Council entering into any formal partnership agreement. The approval of the Joint Strategic Director - Finance must also be obtained where it is proposed that the Council adopts the role of 'Accountable Body' for a partnership.
- 39.3 A partnership agreement must be produced which ensures that:
- legal status and financial viability of the arrangement are clearly established and acceptable
 - the Council's financial commitment to the partnership is quantified and that this can be accommodated within the existing budget provision
 - financial and corporate governance arrangements in place for the partnership are robust, and acceptable from the Council's perspective
 - the Council is not exposed to undue financial, legal or reputation risk as a consequence of its involvement in the partnership
 - the Council's own financial accounting and reporting requirements can be satisfied
 - the arrangements for dispute resolution and for exiting the arrangement are identified
 - a performance monitoring framework must be established to ensure that the objectives of the partnership are met.
- 39.4 The Council is responsible for approving delegations and frameworks for all partnerships, and the Audit & Risk Committee (WBC) is responsible for reviewing the governance arrangements. Partnerships must be approved by the Executive or the Corporate Management Board depending on the scale of the project and the Officer Scheme of Delegation and the Financial Procedure Rules.

- 39.5 Joint Strategic Directors will ensure that:
- the approval of the Joint Strategic Director - Finance and the Monitoring Officer is obtained prior to entering into a partnership agreement.
 - a business case is completed which demonstrates that the risks associated with the arrangement are minimal, or that appropriate arrangements are in place to mitigate any such risks.
 - the partnership agreement and arrangements will not impact adversely upon the services provided by the Council or upon its finances.
 - the proposed financial contribution by the Council to the partnership can be met from existing budget provision.
 - Council approval is secured for all delegations and frameworks for the proposed partnership.
- 39.6 Delegation of budget to a partnership - the delegation of budget to a partnership (whether the arrangement is binding on the parties or not), where money is normally spent in accordance with the wishes of a group of individuals or organisations, is subject to approval by the Joint Strategic Director – Finance up to £25,000 and in excess of this by the Executive.
- 39.7. Financial Administration - where the Council is the ‘accountable body’ for the Partnership these Financial Procedure Rules, Contract Procedure Rules and all other relevant policies and procedures will apply.

40 Bidding for Grant Funding

- 40.1 All grant bids are subject to the prior approval of the Joint Strategic Director – Finance who shall make the application. No grant application shall increase revenue spending without an identified budget, and any grant bid for £200,000 or more shall be approved by the Executive.
- 40.2. All grant bids must be approved, and monies received before commencing any spend.
- 40.3. The receipt of grant income and related expenditure is subject to these Financial Procedure Rules and Contract Procedure Rules.
- 40.4 The Joint Strategic Director – Finance shall ensure that “exit strategies” are in place to support the winding up of any service provision that is financed from time limited specific grants or third-party contributions.

41. Support to other organisations

- 41.1. Grants, donations and contributions may be made in accordance with these Financial Procedure Rules and any approved grant scheme, subject

to there being adequate provision in service budgets and the appropriate approvals being sought.

- 41.2. Loans to third parties - loans may be provided by the Council to third parties and the Executive shall approve any such loans.
- 41.3 Monies invested with banks and other financial institutions – to be undertaken in line with the Treasury Management Strategy
- 41.4. Loans to third parties for the purpose of financing expenditure which, if incurred by the Council, would constitute approved capital expenditure, to be approved by the Joint Strategic Director – Finance.

42 Financial limits

- 42.1 Whilst financial limits may have been referred to in the relevant sections of these Financial Procedure Rules, all approval limits have been brought together in this section for ease of reference.

Revenue budget virements

Delegations	Decision Maker	Constitution
Up to and including £100,000 within a service area	Assistant Director with agreement of the JSD - Finance and relevant JSD	Part 4.7 Budget and Policy Framework Procedure Rules (paragraph 7)
Up to and including £100,000 across service areas	Assistant Director(s) with the agreement of the relevant JSD and JSD - Finance	
In excess of £100,000	Executive (<i>GBC & Waverley</i>)	
In excess of £500,000	Council (<i>currently GBC only</i>)	

Capital Programme virements

Delegations	Decision Maker	Constitution
Up to and including £100,000	Relevant Joint Strategic Director in consultation with the JSD – Finance and Portfolio Holder(s)	Part 4.7 Budget and Policy

	<i>(Currently WBC - AD only)</i>	Framework Procedure Rules (paragraph 7)
In excess of £100,000 and up to £500,000	Executive	
In excess of £500,000	Council <i>(Currently WBC - Exec decision only)</i>	

Capital Expenditure

De-minimis	Constitution
Capital expenditure will be charged to revenue on the grounds of materiality if it is less than £10,000 <i>(Currently WBC do not set out)</i>	Part 4, Financial Procedure Rules (paragraph 11.1)

Settling insurance claims – *(currently silent at WBC)*

Delegations	Responsible Officer(s) and/or Committee	Constitution
Up to and including £20,000	Joint Strategic Director – Finance <i>(currently CEX at GBC)</i>	Part 4, Financial Procedure Rules (paragraph 22.3)
In excess of £20,000 but no more than £150,000	Joint Strategic Director – Finance in consultation with CMB	
In excess of £150,000 but no more £0.5m	Audit & Risk Committee/Corporate Governance & Standards Committee	

Land and building transactions

Delegations	Responsible Officer(s) and/or Committee	Constitution
Up to £200,000	Assistant Director - Assets and Property (non-housing)	Part 4, Financial

Up to £200,000	Assistant Director - Housing (housing and homelessness)	Procedure Rules (paragraph 24.2) & Officer Scheme of Delegation
£200,000 or more	Executive	

Disposal of assets

Delegations	Responsible Officer(s) and/or Committee	Constitution
Up to and including £10,000	Assistant Director (in consultation with the Joint Strategic Director - Finance)	Part 4, Financial Procedure Rules (paragraph 26.1) & Contract Procedure Rules para 47
In excess of £10,000 but no more than £50,000	Joint Strategic Director (in consultation with the Joint Strategic Director - Finance)	
In excess of £50,000	Executive (in consultation with the Joint Strategic Director - Finance)	

Write-offs

Delegations	Responsible Officer(s) and/or Committee	Constitution
Inventory:		
Up to 3% of the value of stores held at the start of the financial year (<i>current GBC limit</i>)	Assistant Director (in consultation with the Joint Strategic Director of Finance)	Part 4, Financial Procedure Rules (paragraph 26.1)
In excess of 3%	Executive	
Bad Debts:		
Up to and including £10,000	Any Joint Strategic Director in consultation with JSD - Finance	Part 4 Financial Procedure Rules (paragraph 31.11)
More than £10,000	Executive (<i>GBC currently £50,000</i>)	

Emergency (Critical) Payments

Delegations	Responsible Officer(s) and/or Committee	Constitution
Unlimited amount	Chief Executive in consultation with the Monitoring Officer and Joint Strategic Director - Finance	Part 4, Budget & Policy Framework Procedure Rules Para.6, Financial Procedure Rules para 37.1 & Officer Scheme of Delegation Para. 2.1.2

Delegation of budget to a partnership

Delegations	Responsible Officer(s) and/or Committee	Constitution
Less than £25,000	Chief Officer	Part 4, Financial Procedure Rules (para 39.6)
More than £25,000	Executive	

Grant funding bids

Delegations	Responsible Officer(s) and/or Committee	Constitution
Revenue & Capital:		
Less than £200,000	Joint Strategic Director - Finance	Part 4, Financial Procedure Rules (para 40.1)
£200,000 and above	Executive	

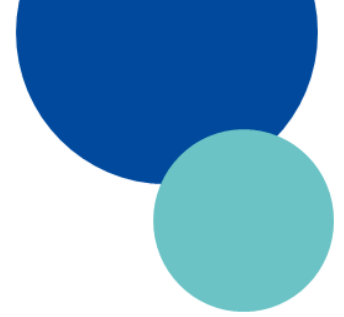
APPENDIX TWO – CHANGES TO FINANCIAL PROCEDURE RULES

New Section	Issue	Proposed Change & reason
1.4	Breaches of the rules	These will now be reported to Committee. Not currently in GBC and implied by WBC.
1.5	Code of Officer Conduct	This needs to be clear that officers must follow all council policies, schemes of delegation and financial & contract procedure rules and that failure to do so will be a disciplinary matter. Both codes are different and are unclear in this area.
2.3(d)	Internal Audit Annual Report	This is not mentioned in the ToRs for GBC and should be added
4.3(j)	New Revenue Proposals	Officers are required to produce a justification for these
5.3	Virements	Changed to Executive for £100k-£500K and Council in excess of £050k . WBC is executive function only over £100k. GBC is executive function over £200k and Council over £500k. These limits align both Councils.

6.2	Supplementary Estimates	Executive only up to £250k, then Council. Include 'subject to their being no ongoing revenue implications for future years'.
11.1	Materiality limit	Add to WBC and set at £10k in line with GBC.
15.1	Lease arrangements	Limit to £1M in line with GBC
16.	Trading Units	This has been added to both.
17.2	Risk Management	WBC has to implement internal audit findings for risk management.
22.3	Insurance	Limits not currently set out in Financial Procedure Rules
22.4	Insurance	New. Good practice to report to members.
26.	Write Offs	WBC have no limit on debt write off and the S151 can do this to an unlimited amount. Limits have been aligned to GBC.
34.1	Imprest Accounts	GBC limit of £100 has been used.
39.4	Partnerships	New section for WBC and strengthened section for GBC.
39.6	Delegation of Budget to Partnership	Suggested limit as none currently.
40.1	Grants	In excess of £200k to be agreed by the Executive in line with key decisions.
41.2	Loans	Remove the delegation for officers to be able to make loans. Executive

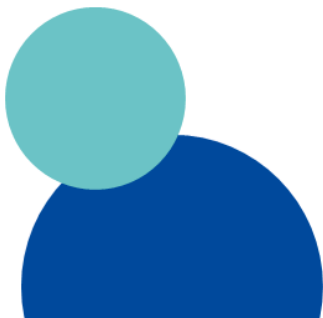
		approval now needed to align with WBC.
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Waverley Borough Council
Financial Regulations

Latest publication date: 17/10/2023



Document Information & Governance

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Contents

Document Information & Governance.....	2
Document Statement	6
Scope and Purpose	6
1. Key principles.....	6
2. Statutory Requirements, Compliance and Responsibilities.....	7
Statutory Requirements	7
Compliance	7
Responsibilities	8
3. Financial Management	10
Authorisation and Delegation	11
Financial Planning Framework	11
Medium Term Financial Plan.....	11
Budgets.....	11
Budget Management	13
Scheme of Virement.....	13
Supplementary Estimates.....	14
Carry forwards of Budget	14
Accounting Procedures	15
4. Purchase orders, goods receipting and payment of invoices	17
5. Payment of salaries, wages, pensions, travelling and subsistence allowances and Members Allowances	21
Payments to Staff and Members	21
Travel and Subsistence Claims	22
6. Collection of income including External Funding and writing off of debts	22
Debt Write-off	23
External Funding	23
7. Security of assets.....	25
Land and Buildings.....	25
Leases.....	25
Acquisitions and Disposals.....	26
8. Risk Management and Insurance	26
Insurance.....	27
9. Banking arrangements.....	27

10. Treasury Management (Investments, borrowing and trust funds) 28
Investments and Borrowing 28
Trust funds and funds held for third parties 29
11. Partnerships 30
12. Work for Third Parties..... 31
13. The powers and duties of Internal Audit 31
14. Fraud and Corruption 32
16. Declarations of Interest, Gifts and Hospitality 33
17. Anti Money Laundering 34
Document Improvement..... 34
Related information..... 34
- Contract Procurement Rules 34
- Anti-Money Laundering Policy..... 34
Annexes..... 34
Annexe 1 - Glossary 35
Annexe 2 - Scheme of Virement 38
Annexe 3 - Supplementary Estimate proforma 39

Document Statement

These Financial Regulations set out the financial policies and a framework of financial management and accountability for the proper administration of Waverley Borough Council's (the Council's) financial affairs. Each of the financial regulations sets out the overarching financial responsibilities of officers. They link with other internal regulatory documents forming part of the Council's Constitution, for example the Scheme of Delegation and Contract Procurement Rules. They also ensure robust procedures are in place to provide the necessary assurance to the Council about the adequacy of the finance and governance arrangements underpinning the Annual Governance Statement. Financial Regulations apply to everyone involved in financial transactions and managing resources for the Council and any organisation over which the Council performs a role of stewardship.

Scope and Purpose

1. Key principles

- The Financial Regulations are approved by Full Council.
- The Financial Regulations comply with all extant laws and statutes.
- All financial business conducted is lawful within the powers of a local authority.
- Rules and procedures should be proportionate and not unnecessarily bureaucratic.
- Due diligence is exercised in all financial transactions.
- Financial Regulations enable the Council to conduct business efficiently.
- Financial governance is always considered.
- All expenditure shall be within an identified budget, there is no authority to spend without or beyond an approved budget.
- Value for Money is considered in all transactions undertaken.
- Only goods, works and services legitimately required by the Council are purchased.
- All income due shall be collected, recorded, held securely and banked promptly.
- All expenditure is properly recorded and accounted for correctly.
- Economical, efficient and effective use of resources.
- Assets are safeguarded.
- Authorisation processes protect against self-certification.
- Officers shall not enter into any credit arrangements, such as leasing agreements, without the prior approval of the Section 151 officer.
- Officers cannot commit the Council to on-going contracts without budget approval.
- Investment/divestment is appropriately scrutinised and supported by a business case.
- Financial records will be kept in accordance with the Council's prevailing documents retention policy.
- Risk management procedures and controls are in place.

2. Statutory Requirements, Compliance and Responsibilities

Statutory Requirements

Section 151 Local Government Act 1972

2.1 Section 151 of the Local Government Act 1972 requires that the Council makes arrangements for the proper administration of its financial affairs. Financial regulations are the means by which the Council meets this requirement by setting out a clear regulatory and accountability framework for the use of its resources.

Section 114 Local Government Act 1988

2.2 Section 114 Local Government Finance Act 1988 requires the Section 151 Officer to report to Full Council and external audit if the Council or one of its officers:

- has made or is about to make a decision which involves the Council incurring expenditure which is unlawful;
- has taken or is about to take unlawful action which has resulted or would result in a loss or deficiency to the Council; or
- is about to make an unlawful entry in the Council's accounts.

2.3 Section 114 of the 1988 Act also requires:

- the Section 151 Officer to nominate a properly qualified member of staff to deputise should he or she be unable to perform the duties under section 114 personally; and
- the authority to provide the Section 151 Officer with sufficient staff, accommodation and other resources – including legal advice where this is necessary – to carry out the duties under section 114.

2.4 The Deputy S151 Officer has full authority to act as the S151 Officer for all aspects of the Financial Regulations.

Compliance

2.5 Financial Regulations apply to everyone involved in financial transactions and managing resources for the Council and any organisation over which the Council performs a role of stewardship. The purpose of these Financial Regulations is to ensure transparency and protection of the Council's resources and individual officers.

2.6 Where the regulations are not specific, officers shall refer to the Section 151 Officer for guidance.

2.7 Failure to comply with the Financial Regulations, or the instructions issued under them, may constitute gross misconduct. Breaches of Financial Regulations shall be reported to the Council's Internal Audit Client Manager who will make arrangements for investigation and recommendations for action to be taken.

Responsibilities

- 2.8 The Financial Regulations identify the financial responsibilities of all officers, or anyone acting on their behalf, and Members of the Council. Officers and Members shall comply with the financial regulation relevant to the transaction they are undertaking and have a responsibility for taking reasonable action to provide for the security of the resource or assets under their control.
- 2.9 The responsibilities are sub-delegated out to officers through the Scheme of Delegation. Without delegated authority no officer of the Council shall commit the Council to expenditure.
- 2.10 All officers have a duty to ensure all actions and decisions taken represent value for money.

The Full Council

- 2.11 The responsibilities of the Full Council are set out in the Constitution. In terms of the Financial Regulations the Full Council is responsible for approving and monitoring compliance with the Council's overall framework of accountability and control as set out in the Constitution. The Full Council is also responsible for approving the annual budget and any subsequent changes subject to section 4.

The Executive

- 2.12 The Executive is responsible for proposing the policy framework and budget to the Full Council. In doing so it shall take account of legal and financial implications and risk management issues that may arise from decisions.

Audit Committee

- 2.13 The Audit Committee reports to the Full Council. It brings independent and effective assurance into the Council's corporate governance arrangements. The Audit Committee is responsible for overview of the Financial Regulations and proposing amendment to Full Council.

Section 151 Officer

- 2.14 The Council shall approve an officer post to be the statutory Section 151 Officer. The Strategic Director – Finance and Resources is the statutory Section 151 Officer and is ultimately responsible for the proper administration of the Council's financial affairs. The Section 151 Officer shall ensure the responsibilities, as set out within these Financial Regulations, are met through formal delegation to appropriate officers in accordance with the Scheme of Delegation.
- 2.15 Section 151 Officer General Accountabilities:
- Set appropriate financial management processes for the Council which comply with the Council's policies and proper accounting practices and monitor compliance with

those processes.

- Advise on the corporate financial position and on the key financial controls necessary to secure sound financial management.
- Provide financial information.
- Determine the accounting records, procedures and the retention of financial documents requirements for the Council.
- Ensure proper professional practices are adhered to through communication and training for all officers involved in financial transactions.
- Act as head of profession in relation to the standards, performance and development of finance staff.
- Report, where appropriate, breaches of the Financial Regulations to the Audit Committee.
- Protect against Money Laundering.
- Ensure controls are in place to deter and detect fraud and error.
- Ensure that adequate accounting systems exist and recommend subsequent changes.
- Ensure that adequate systems exist for holding/organising personal data.
- Receive Government circulars, orders, sanctions, approvals and regulations affecting the finances of the Council.
- Maintain an overview of the Financial Regulations and recommend revision as required having regard to the Annual Governance Statement.
- Maintain and promote the Corporate Risk Strategy and Risk Register.

Directors and Heads of Service

2.16 Directors and Heads of Service have delegated responsibility for the management of the financial transactions and use of resources in their service areas. This responsibility can be formally delegated to specific officers under the Scheme of Delegation devised for each Executive Head of Service. They are also responsible for ensuring all their staff are aware of, and comply with, the Financial Regulations and other internal regulatory documents.

2.17 General responsibilities:

- Complying with appropriate budget management and delegation arrangements to maintain budgetary control.
- Effective use of resources, safeguarding of assets and the operation of a system of appropriate internal controls in their service areas.
- Advising members of the Council and the Section 151 Officer of the financial implications of all proposals.
- Complying with the delegated authorised signatory list for signing contracts on behalf of the Council (see also Contract Procurement Rules).
- Seeking approval, in conjunction with the Section 151 Officer, on new proposals or

on any matter liable to have an effect on Waverley's finances, before any commitments are incurred for proposals, that:

- create financial commitments in future years;
 - change existing policies, initiate new policies or cease existing policies; and
 - materially extend or reduce the Council's services.
- Preparing budgets in accordance with the guidance issued by the Section 151 Officer.
 - Maintaining budgetary control in their service area and ensuring all income and expenditure is properly accounted for and recorded.
 - Ensuring spending remains within budget and that individual budget heads are not overspent by monitoring the budget and taking corrective action.
 - Reviewing performance of services in conjunction with budgets to determine if they are operating effectively.
 - Obtaining approval from the Section 151 Officer before making any changes to financial records and procedures.
 - Promoting excellent financial management standards in their service area and to monitor adherence to the standards, ensuring that relevant training is provided to those staff with financial management responsibilities.
 - Contributing to the development of corporate and service targets and objectives and performance information.
 - Ensuring value for money is achieved in every transaction undertaken.
 - Ensuring compliance with the Council's Contract Procurement Rules.
 - With regard to funding awarded by the Council to third parties, including Community Infrastructure Levy (CIL), grants and other contributions, managers must ensure that a funding agreement is in place which clearly sets out the terms of the funding and includes conditions and safeguards as appropriate to protect the Council's interests. All funding agreements, and any subsequent proposed changes, must be agreed by the S151 officer who will assess the risk and impact.

3. Financial Management

3.1 Objective – to ensure that the Council's budgets and accounting are accurate, timely and meet all statutory and corporate requirements.

3.2 Key Controls

- Review and development of a Medium Term Financial Plan.
- Instructions for the development of forward budgets will be issued each year in line with the Medium Term Financial Plan.
- Budget process is planned and communicated.
- Specific budget approval for all income and expenditure – expenditure can only be committed against an approved budget.

- Accurate financial management and forward projections of income and expenditure.
- Corrective action is taken at the earliest opportunity to address deviation from budget.
- A single Budget Manager accountable for each budget and the level of service to be delivered.
- Expenditure is allocated to the correct cost centre and account code and authorised within the scheme of delegation and authorised signatory list.

Authorisation and Delegation

- 3.3 The Section 151 Officer shall make provision for the maintenance of an Authorised Signatory List.
- 3.4 Heads of Service shall approve the inclusion and addition of officers to the Authorised Signatories List in writing, clearly specifying the scope of their delegated authorities and ensure the Authorised Signatory List is up to date. Officers who are given specific financial responsibilities must familiarise themselves and comply with these Financial Regulations.
- 3.5 Heads of Service shall approve appropriate officer access to the finance and information systems.
- 3.6 Authorised officers shall ensure another appropriately authorised officer, within the service at an appropriate level of seniority, can act as a substitute for carrying out financial management and administration duties in the event of absence or a vacancy.

Financial Planning Framework

Medium Term Financial Plan

- 3.7 The Medium Term Financial Plan (MTFP) is the Council's key financial planning document which takes into account various factors and influences that may impact on the Council over a period of years. It shall cover the forecast financial prospects and requirements for a period considered adequate to understand the Council's future financial position and include strategic action plans to ensure the finances remain robust.

Budgets

- 3.8 It is a legal requirement that the Council ring-fence and separately manage the following financial resources and expenditure:
- Housing Revenue Account income and expenditure
 - Capital expenditure and financing
 - The Collection Fund
 - Trusts being managed on behalf of their trustees

- Any other ring-fenced budget coming into effect after the publication of these rules
- 3.9 Revenue budgets cover the day-to-day running costs (expenditure and income) of the Council. Budget Holders shall be responsible for ensuring that they do not exceed the budget approved.
- 3.10 Capital budgets are for the acquisition or enhancement of assets which have a long term value to the Council and are usually of a one-off nature. Capital expenditure shall be accounted for in accordance with the relevant statutory definition. The Finance Team can provide advice on whether an item can be treated as expenditure for capital purposes.
- 3.11 On-going revenue implications of capital projects shall be identified within the capital bid process. Capital bids must be supported by a fully completed business case form for every project.
- 3.12 Budgets shall be consistent with the Council's Corporate Strategy and MTFP and integrated into Service Plans.
- 3.13 The Section 151 Officer shall issue guidance for the preparation of budgets which will detail the form and methods to be adopted.
- 3.14 The guidance shall support the best use of resources and value for money by asking service managers to identify opportunities to improve economy, efficiency and effectiveness, propose savings options and consider financial aspects of service planning.
- 3.15 The detail behind the budgets for income and expenditure shall be adequately documented to enable a clear understanding of the purpose and nature of the budget.
- 3.16 Budget Managers preparing budgets shall have regard to:
- Spending patterns and pressures revealed through the budget monitoring process (see 3.22) and the MTFP.
 - Legal requirements.
 - Policy requirements as defined by the Full Council in the approved policy framework.
 - Initiatives already underway.
 - Capacity to deliver service and projects.
 - Lead-in times for delivery.
- 3.17 The Annual Council Budget shall be taken through the Committee process to be approved at Full Council in the February meeting, before the statutory deadline for council tax setting, for the following financial year.

Budget Management

- 3.18 The Section 151 Officer shall ensure financial monitoring and governance arrangements are in place that are commensurate with the size, risk, complexity and volatility associated with particular revenue budgets and capital schemes.
- 3.19 Budget Holders shall be accountable for revenue and capital programme management within the budget totals allocated to them.
- 3.20 Revenue and capital budget transfers shall comply with the Virement and Budget Realignment Rules set out below.
- 3.21 Any report prepared by officers for consideration by the Executive which has financial implications should be prepared in consultation with the Section 151 Officer.
- 3.22 Budget Management shall consist of:
- Use of the designated Finance System to track and forecast spend against budget.
 - Periodic review of budgets, as determined by the Section 151 Officer, to include income and expenditure forecasting to the financial year end and impact on future years.
 - A Budget Management report submitted to the Management Board and the Executive in a format to be determined by the Section 151 Officer which shows the impact of changes in service spend and the associated risks, mitigations and resolutions.
 - A monitoring process that reviews service delivery and capital projects against budget and, if necessary, reports measures for corrective action.
 - Investigation and reporting by budget managers of significant variances from approved budgets as soon as they become known.
 - Production of a recovery plan for inclusion in the Budget Management report where a service is forecast to overspend.
 - Requests for virements in accordance with the Scheme of Virement.

Scheme of Virement

- 3.23 All expenditure, including expenditure covered by external funding, shall be funded by a budget before an expenditure commitment can be made. A virement is the movement of an uncommitted budget from its intended purpose to another purpose to fund expenditure.
- 3.24 A virement shall not increase the Council's overall budget.
- 3.25 Virements shall not cross a ring-fenced account such as the General Fund, Housing Revenue Account or a Trust.

3.26 The rules and authorities for Virement are listed in the **Scheme of Virement in Annexe 2** to these Financial Regulations.

Supplementary Estimates

3.27 A Supplementary Estimate is a request for additional unfunded budget that will increase the Council's overall budget and be funded from reserves. Supplementary Estimates up to £250,000 shall be approved by the Executive and, if over £250,000, Full Council.

3.28 When the Executive or Full Council are asked to consider agreeing a Supplementary Estimate they need to:

- i) Consider why the need for funds, that were not identified or provided for within the Annual Budget and which cannot be found within existing budgets, has arisen;
- ii) Understand how much money is being requested and how it is proposed to be spent;
- iii) Assess whether or not the proposed supplementary estimate represents value for money, which will include noting and considering:
 - (a) Any other options available to the Council that have been considered, including the control option of not taking any action;
 - (b) The expected benefits of agreeing the supplementary estimate; and
 - (c) The expected risks, if any, of agreeing or refunding supplementary estimate;

3.29 The Council's Section 151 Officer's view on the supplementary estimate, including the above matters, will be set out, either within a stand-alone report or as part of another budget report.

3.30 Any manager wishing to propose a Supplementary Estimate, in the first instance, needs to complete the proforma set out at **Annexe 3** and submit this to the Council's Section 151 Officer, or designate.

Carry forwards of Budget

3.31 The policy for the carry forward of budgets shall be determined by the Section 151 Officer.

- 3.32 Carry forwards shall not be allowed unless there is a robust case for non-delivery in the financial year with a firm expectation for delivery in the following financial year and in exceptional circumstance.
- 3.33 Budget carry forward shall be approved by the Section 151 Officer.
- 3.34 Budget carry forward shall be reported to the Executive.
- 3.35 Where a budget or one-off surplus is carried forward, it shall not be used to commit the Council to new or additional expenditure that is ongoing and requires continued funding in future years.

Accounting Procedures

- 3.36 Maintaining proper accounting records, systems and procedures are essential to an effective framework of accountability and control for stewardship of public resources.
- 3.37 The Council has a statutory responsibility to prepare and publish its Annual Financial Report, which includes the Statement of Accounts and Annual Governance Statement, in accordance with statutory deadlines and to present fairly its operations during the year.
- 3.38 The Statement of Accounts shall be subject to external audit which provides assurance that the accounts are free from material mis-statement and presents fairly the financial position of the Council.
- 3.39 The Audit Committee shall be responsible for approving the Statement of Accounts.
- 3.40 The following requirements shall be followed in preparation of the Statement of Accounts:
- The Council's Statement of Accounts shall be prepared and published in accordance the Code of Practice on Local Authority Accounting in the United Kingdom issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) supported by International Financial Reporting Standards in accordance with the statutory timetable.
 - Accounting policies shall be selected by the Section 151 Officer and applied consistently and appropriately and be subject to annual review by External Audit.
 - Judgements and estimates shall be made that are reasonable and prudent.
 - Year-end guidance shall be issued to Heads of Service and officers, informing them

of timescales and guidelines for the supply of information.

- Year-end guidance shall be complied with.
- A detailed project plan for the completion of the Statement of Accounts shall be agreed with the officers involved in the Statement of Accounts process.
- Proper arrangements shall be made for the audit of the Statement of Accounts in accordance with the Accounts and Audit Regulations.
- Material changes to the Statement of Accounts shall be discussed with External Audit in advance of the year end.

3.41 Reserves

- Reserves shall be maintained in accordance with the CIPFA Code of Practice on Local Authority Accounting and as agreed in the MTFP.
- Reserves shall only be used for the purpose for which they are intended.
- Revenue and capital reserves shall be maintained separately.

3.42 Grants (Revenue or Capital)

- Grants shall be accounted for in compliance with the CIPFA Code of Practice on Local Authority Accounting.
- Grants received towards expenditure shall be applied in the year the expenditure is incurred.
- Any grant funding received but expenditure not incurred within the year shall be carried forward to the financial year in which the expenditure will take place.
- Grants shall be accounted for in accordance with the terms of the agreement with regard to any conditions, restrictions or stipulations attached.
- Budget Holders shall ensure that “exit strategies” are in place to support the winding up of any service provision that is financed from time limited specific grants or third party contributions.

3.43 Reconciliations

- A Reconciliations Checklist shall be maintained for all control accounts within the Finance system that represent activity in other systems.
- Reconciliations shall be completed at least monthly and signed off by the officer completing the reconciliation.
- All reconciliations shall be reviewed and countersigned by the Financial Services Manager or delegated officer.
- All unreconciled items shall be resolved as soon as practically possible and fully investigated and explained.
- Reconciliation of income between the Finance system and external information, Terriers, charging schedules or other databases shall be undertaken monthly by the officers responsible for service delivery.
- All reconciliations shall be undertaken at the latest by the end of the month following

the reconciliation period.

3.44 Government Returns

- All Government returns for grant claims, consultations, statistical information and financial information shall be submitted by the relevant deadline.
- All returns relating to grants and financial statistics shall be completed in consultation with the Section 151 Officer or delegated officer.
- The Section 151 Officer or delegated officer shall be satisfied as to their correctness before they are submitted to any Government Department.
- The Section 151 Officer or delegated officer shall be notified and receive copies of all Government or other circulars, orders, sanctions, approvals and regulations affecting finance which are received by the Council.

4. Purchase orders, goods receipting and payment of invoices

4.1 Key Controls

- All commitments to expenditure undertaken by officers shall comply with the Contract Procurement Rules.
- Any dispute with or claim from a contractor or supplier that may have a financial implication must be brought to the S151 officer's attention immediately. Where appropriate, options and potential actions should be proposed.
- Financial checks shall be undertaken of prospective suppliers in accordance with the Contract Procurement Rules.
- All Council commitments to expenditure should be made using a purchase order unless they fall into the Exemptions Schedule.
- A purchase order shall not be raised without sufficient budget. If necessary, the virement process should be used in accordance with Annexe 2 or a Supplementary Estimate approval should be obtained in advance of creating a commitment to expenditure.
- Only authorised officers on the Authorised Signatory List shall approve purchase orders.
- Officers shall not approve their own purchase orders (no self-certification).
- No officer alone shall be responsible for all stages of the "purchase to pay" process, i.e. ordering, receipting, payment authorisation, including the BACS payment set up and release.
- The authorising of a purchase order signifies:
 - the goods/services are necessary for discharging the functions of the Council; and
 - in all respects the Financial Regulations have been complied with.
- Purchase orders shall be 'goods receipted' to verify that goods or services have been

received at the correct price, quantity and quality standards before payment of invoice.

- All invoices shall be submitted as soon as possible to the Finance Team for inclusion on the accounts ledger.
- Prior to settlement, checks shall be undertaken to safeguard against duplicate payment of invoices.
- New suppliers and changes of details to an existing supplier shall be validated by a positively verified contact for the supplier.
- Officers shall document supporting proof of verification and obtain approval from the Executive Head of Finance or delegated officer.

4.2 Every officer of the Council involved in engaging, supervising or having any other official relationship with contractors or potential contractors shall declare all relationships of a private or domestic capacity with those contractors to their line manager in accordance with Code of Conduct.

4.3 Members shall declare such relationships on the Members Register of Interests.

4.4 Records shall be kept to evidence compliance with the Contract Procurement Rules for all purchase orders raised.

4.5 Records shall not be disposed of other than in accordance with arrangements approved by the Section 151 Officer.

4.6 Payment process:

- Payment of invoices shall be against an original invoice or certified copy invoice only.
- Internal payment requisition forms shall be accompanied by supporting information.
- Payment shall be made in accordance with the agreed payment terms and in compliance with the invoice payment performance indicators.
- Payment should normally be by BACS but in exceptional circumstances cheque or CHAPS.
- New suppliers and changes of details to an existing supplier shall be validated by a verified contact for the supplier.
- Officers shall document supporting proof of verification and obtain approval from the Executive Head of Finance or delegated officer.
- Payments to contractors shall be on the certificate of the appropriate Executive Head of Service, and include details of the value of work, retention money, amounts previously certified and amounts now certified.
- Any outstanding expenditure for work completed but not yet invoiced by the end of the financial year shall be reported to the relevant service accountant to be accrued into the correct financial year in accordance with the year-end closedown instructions.

4.7 Payment without an invoice, (including the transfer of funds to bank imprest accounts, online shopping accounts and prepaid or top-up cards) shall be made using systems and protocols determined by the Section 151 Officer.

4.8 Set up and use of online shopping accounts shall be approved by the Section 151 Officer. Normal purchasing procedures are still required with the exception of raising a purchase order in the Finance System.

4.9 Large contracts

For contracts that fall into threshold 4 in the CPR's (>£100,000) and where stage payments are made due to the length or type of the contract (i.e. construction), officers shall ensure that:

Contracts involving stage payments:

- The contract documentation is prepared with the agreement of the Borough Solicitor.
- The contract is recorded in the Contract Register.
- If it becomes clear that a tender received exceeds the 'contractor' element of an approved capital budget, the S151 must be notified immediately
- A final account is prepared.

Final Payments:

- Supporting documentation is checked to ensure that all the items invoiced have been used on the project and that the figures are correctly calculated throughout each stage of the project payment process.
- Where a retention is held, the retention value and retention period is recorded so that it can be released when the defect liability period has ended.
- The project manager is responsible for collating and checking the final account before the final payment is made.
- The final payment is signed off by the relevant Executive Head of Service to confirm the accuracy and integrity of the final payment.
- The Executive Head of Service approval is emailed to supplierenquiries@waverley.gov.uk to be put with the invoice in the Finance system.

4.10 Value Added Tax (VAT):

- VAT returns shall be made to HMRC with the appropriate payments or claims in accordance with HMRC regulations.
- The Council's partial exemption position shall be regularly assessed.
- The effect on the partial exemption position for all new transactions shall be considered.
- Officers shall ensure that the correct VAT liability is attached to all expenditure paid and income due and that all VAT shown as recoverable on purchases complies with

HMRC regulations.

- The Section 151 Officer shall be consulted for VAT advice prior to implementing changes to service provision, new capital schemes and purchase of any assets.

4.11 Construction Industry Scheme (CIS):

- CIS tax returns shall be made to HMRC with the appropriate payments in compliance with HMRC regulations.
- Spending officers shall be aware of CIS rules and ensure they have sufficient knowledge to collect the relevant information from suppliers.
- Where construction and maintenance works are undertaken, Officers shall request the necessary CIS tax deduction information from the supplier.

4.12 Off-payroll working through an intermediary (HMRC IR35):

- All procurement of agency staffing and consultancy work of any kind shall be tested against the HMRC IR35 rules for off-payroll working by the appointing service officer prior to engagement.
- Detail of the IR35 rules is contained within the Contract Procurement Rules (see section 7.2)
- The Employee Services team shall be informed of all appointments.

4.13 Petty Cash:

Petty cash covers the use of 'cash' from the petty cash imprest to purchase minor items of expenditure not exceeding such sums as determined by the Section 151 Officer.

- Set up of any petty cash imprest account shall be approved by the Section 151 Officer.
- A log of officers responsible for petty cash floats shall be maintained by exchequer services.
- Responsible officers shall comply with petty cash imprest administration guidance notes.
- Officers requesting reimbursement of expense incurred on behalf of the Council, including travelling expenses shall put a request through the payroll system.
- No cheques shall be cashed from money held in petty cash imprests.
- The petty cash imprest holder shall obtain a signature and supporting documentation, including a VAT invoice for all purchases.
- The petty cash imprest holder shall reconcile the imprest and, when requested by the Section 151 Officer, present the imprest account for audit.
- The petty cash imprest account shall be reconciled if the holder leaves or changes.
- If the petty cash imprest account is no longer required it shall be relinquished to the Section 151 Officer.

5. Payment of salaries, wages, pensions, travelling and subsistence allowances and Members Allowances

5.1 Key Controls

- An annual staffing budget shall be prepared.
- An annual Members Allowances budget shall be prepared.
- Monthly monitoring of staff activity and spend shall be reconciled to payroll.
- Approved staffing budget shall not be exceeded, a virement or supplementary estimate must be approved prior to expenditure
- Employee Services team shall be notified of all matters affecting payment of employees and former employees including appointments, resignations, dismissals, suspensions, secondments, transfers and other absences apart from approved leave.
- Appointments shall be made in accordance with the Council's recruitment policy.
- The Job Evaluation process shall be used for determining the remuneration of a job.

Payments to Staff and Members

- 5.2 Payment of salaries, pensions, compensation and other emoluments to staff or former employees shall be through the Council's payroll system.
- 5.3 All adjustments to the payroll shall be supported by documentary evidence and approved by an authorised signatory.
- 5.4 Payments through payroll shall only be made to:
- bona fide employees;
 - with a valid entitlement; and
 - who have a contract of employment.
- 5.5 Income tax, national insurance, pensions and other deductions shall be accurately recorded and accounted for in line with statutory legislation.
- 5.6 All Inland Revenue returns regarding PAYE shall be completed in accordance with HMRC published guidance.
- 5.7 Staff records and pay documents shall be maintained in the payroll system.
- 5.8 Staff bank changes will only be accepted by the member of staff entering them via the self-service system
- 5.9 Payments of Members' Allowances shall be made in accordance with the Members' Allowances scheme.

Travel and Subsistence Claims

- 5.10 Travel and Subsistence Claims shall only be paid for authorised journeys and expenses incurred in the course of Council business.
- 5.11 Employees claims shall be made in accordance with the Employee Handbook and Contracts of Employment.
- 5.12 Members claims shall be made in accordance with the Members Allowance Scheme.
- 5.13 All business expense claims (with receipts attached) shall be submitted, verified and authorised through the payroll system.

6. Collection of income including External Funding and writing off of debts

6.1 Key Controls

- All income due to the Council shall be identified and charged correctly in accordance with the approved fees and charges.
- The collection and recording of all money due to the Council follows approved procedures for collection and money received by an officer on behalf of the Council shall be passed to the Finance team without delay.
- All income shall be recorded through the Council's income system.
- Fees and charges income shall be reconciled at all times to customer records by the service provider.
- Cash holdings on premises shall be kept to a minimum and securely in accordance with insurance requirements.
- A security firm shall be used to collect money from the Council offices as a minimum once a week to be paid into the Council's general bank account.
- Action shall be taken to pursue non-payment in accordance with the recovery process.
- Debt considered for write-off shall only be that which is uneconomic to collect or which has no prospect of collection or where recovery is legally restricted.
- Formal approval for debt write-off shall be obtained in line with the debt write-off procedures.
- New electronic methods of income collection shall be agreed with the Section 151 Officer.
- Credit notes, for full or partial debt cancellation, shall be adequately documented and approved by an authorised signatory.

- 6.2 The fees and charges shall be:

- reviewed as part of the budget process or, where appropriate, more frequently.
- approved by the Section 151 officer in consultation with the relevant Portfolio Holders unless covered by a delegated authority and reported annually to Full Council for information as part of the budget report.
- Budget Holders shall ensure that up-to-date fees and charges are published.

- 6.3 Income shall only be collected using methods and channels approved by the Section 151 Officer.
- 6.4 Income shall be collected at the point of service wherever possible, by the most cost-effective approved means.
- 6.5 Value Added Tax (VAT) shall be added to charges where statutorily required and be itemised separately on the receipt in line with HMRC requirements. It is the budget holder's responsibility to ensure that the correct VAT is applied.
- 6.6 Officers who process card transactions shall comply with the Council's Payment Card Security Policy and Procedures.
- 6.7 Refunds of debit/credit card payments shall be processed back to the card used to make the payment.
- 6.8 Refunds shall not be made by the officer taking the original payment, unless supervised and checked by an officer independent of the transaction.
- 6.9 Income due for the financial year should be collected or invoiced in advance of year end. Where income is still due but not received or invoiced the income shall be accrued in accordance with the year-end closedown guidance.
- 6.10 Budget Holders shall be responsible for collection of all income due to their service area, inclusive of grants, contributions, commuted sums, sales, fees, charges and rents, in cash or credit form.
- 6.11 Debts originated by the service are the responsibility of that service and shall be pursued in accordance with the Council's debt recovery procedure.

Debt Write-off

- 6.12 Where debt is uneconomic to collect or there is no prospect of collection or is legally restricted the debt will be written off by the Section 151 Officer.

External Funding

- 6.13 External funding shall only be applied for or accepted if it meets the corporate priorities and the Financial Regulations.
- 6.14 The costs, risks and obligations associated with preparing a bid shall be fully identified

and not outweigh the benefits of receiving additional funding.

- 6.15 Matched-funding requirements going into future years shall be considered prior to entering into the agreement to ensure funds are available to meet future obligations.
- 6.16 The Section 151 Officer shall be notified of all external bids and confirmation of funding.
- 6.17 Copies of original documentation confirming funding allocations shall be forwarded to the Section 151 Officer.
- 6.18 In securing external funding officers shall ensure that:
- All costs associated with bidding are financed from the relevant service budget unless the Executive has specifically approved alternative funding arrangements.
 - The matched funding or sponsoring organisation scheme requirements are considered prior to entering into the agreements and that future revenue budgets reflect these requirements.
 - The external funder's audit requirements are fully understood and are achievable to ensure conditions of funding and any statutory requirements are complied with.
 - Funds are received from only appropriate sources and that their purpose is clearly documented.
 - The project to be sponsored by the funding is properly project planned and progress reported in accordance with the project plan.
 - Expenditure is properly incurred in accordance with the funding documentation.
 - Organisations making donations or providing sponsorship are registered with the Head of Policy and Governance for transparency.
 - All claims for funds are made by the due date.
 - All funding notified by external bodies is received and properly recorded in the Council's accounts.
 - The funding is applied in accordance with the agreed criteria and that all expenditure is properly incurred and recorded.
 - Internal Audit Client Manager is consulted before accepting external funds.
- 6.19 Community Infrastructure Levy (CIL)/Section 106 receipts
- All receipts received shall be held and accounted for in accordance to the stipulations, conditions and restrictions in each individual agreement.
 - The collecting service shall notify the Section 151 Officer of the receipt of money and forward the individual agreements to the Finance Team.
 - Receipts shall only be used for the permitted purpose.
 - CIL/Section 106 agreements shall be recorded on a register and regularly reviewed for action.

- CIL/Section 106 receipts shall only be transferred to a third party for qualifying expenditure and with a Terms of Application Agreement signed by the third party and the Council.

7. Security of assets

7.1 Key Controls

- The Estates and Valuation Manager shall maintain a property database for all land and buildings owned or leased by the Council.
- Officers shall be responsible for the care and custody of all buildings, vehicles, equipment, furniture, stock, inventories, cash and information under their control.
- Officers shall record a description and location in an inventory in the form required by the Section 151 Officer.
- Officers shall be responsible for the proper security of all assets and ensuring they are appropriately marked as Council property and included in the Council's insurance schedule.
- Officers shall complete a check and reconciliation of their stock and inventories at year end and, as requested by Section 151 Officer, verify location, condition and reasonableness levels.
- Surpluses or deficiencies shall be dealt with in consultation with the Section 151 Officer.
- No Council owned asset shall be available for personal use by an officer without authority of the Section 151 Officer.

Land and Buildings

- 7.2 Land and Buildings shall be included in the Council's Asset Register where the assets have a value in excess of the Council's de-minimis levels as set out in the Accounting Policies, otherwise registered on the de-minimis register.
- 7.3 Land and Buildings shall be valued in accordance the CIPFA *Code of Practice on Local Authority Accounting in the United Kingdom*.
- 7.4 Land and Buildings assets shall be valued by a Royal Institute of Chartered Surveyors (RICS) qualified valuer.

Leases

- 7.5 Lessees and other prospective occupiers of Council land and buildings shall not be given possession or gain entry without a lease agreement.
- 7.6 A Lease Register shall be maintained and updated on a regular basis and at least annually.

- 7.7 The Lease Register shall identify whether the lease is an operating lease or a finance lease.
- 7.8 Lease terms shall be renegotiated and/or terminated prior to expiry.
- 7.9 Lease income shall be reconciled to the Lease Register at all times.
- 7.10 Contracts entered into shall be reviewed for lease implications.
- 7.11 Any leases within a contract shall be reported to the Finance Team.

Acquisitions and Disposals

- 7.12 Acquisitions and Disposals of Land and Buildings shall be made in accordance with the Section 151 Officer determination with supporting evidence of best value consideration being documented.

8. Risk Management and Insurance

- 8.1 All officers have a role in the identification of risks in the planning and delivery of services.

8.2 Key Controls

- Procedures and controls are in place to identify, assess, prevent or contain material known risks and these procedures are operating effectively throughout the Council.
- A monitoring process is in place to regularly review the effectiveness of risk procedures and controls.
- Managers are responsible for managing relevant risks in accordance with the risk policy.
- Acceptable levels of risk are determined and insured against where appropriate.
- Provision is made where appropriate for losses that might result from unmitigated risks.
- Procedures are in place to investigate claims within required timescales.
- The Council has identified business continuity plans for implementation in the occurrence of an event that results in significant loss or damage to its resources.

8.3 Officers Responsibilities:

- To consult the Section 151 Officer and the Borough Solicitor on the terms of any indemnity that the authority is requested to give.
- Not to admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.
- To ensure that all contractors or consultants employed have adequate insurance in place, as defined by the Section 151 Officer and the Borough Solicitor, to cover the risks associated with the contract.

- To take responsibility for risk management within their service area, having regard to advice from the Section 151 Officer and other specialist officers and ensure there are regular reviews of risk.
- To notify the Section 151 Officer of all:
 - new risks, properties or vehicles that require insurance
 - any alterations affecting existing insurances
 - loss, liability or damage that may lead to a claim against the Council.
- To identify, evaluate and report on key risks associated with policy decisions and service developments, and in the preparation of service plans, in accordance with the Council's agreed risk framework within the Risk Management Policy.
- To identify and evaluate risks before entering any form of partnership with organisations or individuals.

Insurance

- 8.4 Insurance cover shall be through the Council appointed external insurance provider.
- 8.5 An annual review and assessment shall be done to ascertain the amount of insurance cover to be maintained, taking specialist advice as necessary.
- 8.6 Heads of Service shall keep suitable records to ensure that inspections of engineering plant under their control are carried out by the Insurance Company within the periods prescribed and shall take any necessary action arising there from.
- 8.7 Any failure by the Council's insurers to carry out such inspections shall be notified to the Section 151 Officer.
- 8.8 Heads of Service shall ensure that employees or anyone covered by the Council's insurance, are aware that they should not admit liability or make an offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.

9. Banking arrangements

9.1 Key Controls

- Electronic banking systems administration access shall be independent from system users.
- Access to passwords and controlled stationery shall be secured.
- An approved list shall be maintained of officers authorised to undertake bank transactions and release money by other methods of payment (including BACS runs).
- An authorised list of nominated officers fulfilling the role of bank signatory shall be

maintained.

- Bank accounts shall not be opened or closed without the authorisation of the Section 151 Officer.
- Bank accounts shall be held in the name 'Waverley Borough Council'.
- An audit log of bank authorisations shall be reviewed regularly by the Executive Head of Finance.

9.2 The Section 151 Officer shall:

- Maintain an overview of the banking arrangements and services;
- Approve the opening of all bank accounts;
- Approve signatories and authorisers for all Council operated bank accounts;
- Approve corporate credit cards together with instructions for their use;
- Approve the use of payment cards and online shopping accounts;
- Approve new merchants for cash collection;
- Approve the use of new ways of cash-less transacting; and
- Approve arrangements for the secure transit of cash and cheques.

9.3 Credit Cards:

- The corporate credit cards shall only be used in exceptional circumstances and only up to the limit on the account.
- Supporting documentation, including a VAT invoice where possible, shall be provided to the Section 151 Officer.
- Normal purchasing procedures still apply with the exception of raising a purchase order in the Finance System.

10. Treasury Management (Investments, borrowing and trust funds)

10.1 Key Controls

- Treasury Management Strategy documenting the policies, objectives and approach to risk management of the Council's treasury management activities.
- All treasury management decisions taken in accordance with the Treasury Management Strategy, CIPFA's Standard of Professional Practice on Treasury Management and the Prudential Code.
- Approval of transactions limited to bank authority list.
- Regular treasury management investment reviews.
- Audit log of treasury management investments reviewed regularly by the Executive Head of Finance.

Investments and Borrowing

- 10.2 The Section 151 Officer shall be responsible for:
- all external financing arrangement for borrowing and leasing.
 - maintaining a record of all the Council's borrowing.
 - making arrangements for the registration of any stocks, bonds and mortgages.
- 10.3 Loans to and from third parties as part of treasury management shall comply with the Treasury Management Strategy and Prudential Code.
- 10.4 Loans to third parties shall have the approval of the Executive, after consultation with the Section 151 Officer.
- 10.5 Loans to third parties shall be based on a statement of conditions, if applicable, attaching to the assistance.
- 10.6 Officers shall satisfy themselves that the recipient has received appropriate advice about their obligations.
- 10.7 Officers shall have regard to the ability of the applicant to meet the loan repayments or conditions.
- 10.8 Loans for capital assistance shall comply with 'Local Authorities (Capital Finance and Accounting)(England) Regulations 2003'.
- 10.9 The interest rate, if applicable, shall be determined by the Section 151 Officer.
- 10.10 The Council shall not offer any type of consumer credit which would require specific registration with the Financial Conduct Authority.
- 10.11 Acquisitions in companies, joint ventures, shares or other enterprises shall be in accordance with the approval of Executive and Section 151 Officer.

Trust funds and funds held for third parties

- 10.12 Trust funds, where possible, shall be held in the Council's name.
- 10.13 All Officers acting as trustees by virtue of their official position shall deposit securities etc. relating to the Trust with the Solicitor to the Council, unless the deed otherwise provides.
- 10.14 Funds held on behalf of third parties shall be securely administered as approved by the Section 151 Officer, with records of all transactions maintained.
- 10.15 Trust funds shall be operated within any relevant legislation and the specific

requirements for each trust according to their intended purpose and as set out in the trust deed.

10.16 Where applicable Charity Commission guidance shall be followed in the preparation of Annual Financial Reports and deadlines for the submission of information to the Commission.

11. Partnerships

11.1 Key Controls

- Partnership agreements and arrangements shall support the corporate objectives, provide value for money and not impact adversely on the services provided by the Council.
- Approval of the Section 151 Officer shall be obtained before entering into a partnership working arrangement.
- All agreements and arrangements entered into with external bodies shall be fully documented and entered on the Council's Register of Partnerships maintained by Democratic Services.
- Review and monitoring arrangements shall be in place.

11.2 Prior to the Council committing to enter a service, contractual or financial partnership, the risks involved in the following items shall be considered:

- the responsibilities and commitment of the Council;
- any financial obligations entered into;
- the governance arrangements; and
- any liabilities or insurance requirements.

11.3 The Financial Regulations shall take precedence over any financial regulations of the external body unless specifically sub-ordinated by any explicit regulations in the partnership agreement and the agreement of Full Council.

11.4 The Section 151 Officer shall be consulted on the key elements of funding a partnership project including:

- a scheme appraisal for financial viability in both the current and future years;
- risk appraisal and management;
- resourcing, including taxation issues (especially VAT);
- audit, security and control requirements;
- balance carry-forward arrangements;
- ensuring accounting arrangements are satisfactory; and
- exit strategy and financial implications.

12. Work for Third Parties

12.1 Key Controls

- Proposals shall be costed properly and approved by the Section 151 Officer.
- No work shall be entered into without seeking the advice of the Borough Solicitor to check it is within the Council's legal powers and that there is a clear economic case for doing the work.
- The contract shall be prepared by the Borough Solicitor or, if the other party insists on preparing the contract, the advice of the Borough Solicitor is sought.
- Appropriate insurance cover shall be arranged for any potential liabilities as a result of the agreement.

12.2 The Section 151 Officer shall issue guidance with regard to the financial aspects of third-party contracts.

12.3 Any work done under the third party's contractual terms of engagement rather than the Council's shall be agreed by the Section 151 Officer.

12.4 No contract entered into shall be subsidised by the Council.

13. The powers and duties of Internal Audit

8.1 Internal Audit is an independent and objective appraisal function established by the Council for reviewing the system of internal control. It examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources.

8.2 Key Controls

- Internal Audit Charter.
- Annual Audit Plan.
- Set of internal controls for systems and processes that are agreed by Internal Audit and reviewed regularly for effectiveness.
- Process for investigating, reporting and subsequent action regarding any suspected irregularity.
- An effective internal audit function that is properly resourced.

8.3 Internal Audit Client Manager shall:

- Prepare the annual Internal Audit Plan which takes account of the characteristics and relative risks of the activities involved.
- Report to Audit Committee on the progress against the annual Internal Audit Plan.
- Review, appraise and report on the extent of compliance with, and effectiveness of, relevant policies, plans and procedures (internal controls).

- Review the adequacy and application of financial and other related management controls.
- Make arrangements for investigation, reporting and subsequent action regarding any suspected irregularity.
- Ensure that all internal audits are documented in a written report.
- Require officers to implement all agreed actions in a timely and efficient manner.
- Report non-compliance with agreed audit recommendations to the Audit Committee.

8.4 Internal Audit has authority to:

- Access all Council premises, records, documents, and correspondence and control systems.
- Require any officer or Member to supply information and explanation considered necessary concerning any matter under consideration in the course of undertaking internal audit investigations.
- Require any officer to account for cash, stores or any other authority asset under their control.
- Access records belonging to third parties, such as contractors, when required.
- Request and receive explanations as necessary concerning any matters under consideration.

8.5 Officer's responsibility:

- All officers have a personal responsibility with regard to the protection and confidentiality of information.
- To ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient fashion.
- To notify the Section 151 Officer immediately of any suspected fraud, theft, bribery, irregularity, improper use or misappropriation of Waverley Borough Council's property or resources. Pending investigation and reporting, the Director and Service Head shall take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.
- To ensure that new or changes in the form of systems for maintaining financial or personal records, or records of assets are agreed by the Internal Audit Client Manager and Section 151 Officer prior to implementation.
- To ensure they have a clear understanding of the benefits of sound controls and their responsibilities in compliance.

14. Fraud and Corruption

9.1 Key Controls

- Anti-fraud, Bribery and Corruption Policy.
- Process for investigating, reporting and subsequent action regarding any suspected

fraud and corruption.

- 9.2 The Section 151 Officer shall be responsible for maintaining an Anti-fraud, Bribery and Corruption Policy.
- 9.3 Heads of Service shall ensure their staff are aware of, and comply with, the Anti-fraud, Bribery and Corruption Policy.
- 9.4 Officers shall notify the Section 151 Officer immediately of any suspected fraud, theft, bribery, irregularity, improper use or misappropriation of Waverley Borough Council's property or resources.
- 9.5 Pending investigation and reporting, the Director and Service Head shall take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.
- 9.6 The Section 151 Officer shall notify the Audit Committee chair immediately of any suspected fraud, theft, bribery, irregularity, improper use or misappropriation of Waverley Borough Council's property or resources.

16. Declarations of Interest, Gifts and Hospitality

1.1 Key Controls

- Full requirements and guidance for Members and officers are set out in the relevant Codes of Conduct.
 - Registers of interests are maintained for Members and officers.
 - Registers of gifts and hospitality are maintained for Members and officers.
 - Registers are inspected at least annually by external audit.
- 16.2 Members and officers shall report financial or other inducements, offered or received from an individual or organisation trying to influence the business of the Council to the Section 151 Officer and Internal Audit Client Manager.
 - 16.3 Member and officers shall record any interests or gifts and hospitality received or declined in the Gift register maintained by Democratic Services.
 - 16.4 The Section 151 Officer and Heads of Service shall ensure staff are aware of the requirement and the guidance for registering interests, gifts and hospitality.
 - 16.5 Investigations that indicate improper behavior may result in disciplinary action.

17. Anti Money Laundering

17.1 Key Controls

- Full requirements and guidance for Members and officers are set out in the Anti Money Laundering Policy.
- Executive Head of Finance is the designated Money Laundering Reporting Officer (“MLRO”) to receive disclosures from employees of money laundering activity (their own or anyone else’s).
- There is a procedure in place to enable the reporting of suspicions of money laundering.

17.2 The Council and its employees shall establish internal procedures to prevent the use of their services for money laundering as set out in Proceeds of Crime Act 2002, the Terrorism Act 2000 and the Money Laundering Regulations 2017.

Document Improvement

The Council welcomes comments and feedback on its policies and procedures. Please contact Rosie Plaistowe-Melham and Accountancy if you have any comments.

Related information

- [Contract Procurement Rules](#)
- [Anti-Money Laundering Policy](#)

Annexes

- 1. Glossary
- 2. Scheme of Virement
- 3. Supplementary Estimate Form

Annexe 1 - Glossary

Accounting record	Accounting records are key sources of information and evidence used to prepare, verify and/or audit the financial statements. They also include documentation to prove asset ownership for creation of liabilities and proof of monetary and non-monetary transactions.
Annual Financial Report	A comprehensive report on the Council's activities for the preceding financial year including the Section 151 Officer's commentary, Statement of Accounts, Annual Governance Statement and Audit opinion.
Annual Governance Statement	A statement describing how the Council's corporate governance arrangements have been working over the financial year.
Asset	Any object, tangible or intangible, that is of value to its owner. Tangible assets include land and buildings, plant and machinery, fixtures and fittings & stock. Intangible assets include goodwill, patents, licences, copyrights and trademarks.
Asset Register	A schedule of all Council assets including asset information and values.
Authorised limit	A limit that sets the level up to which an officer has authority to undertake the activity.
Authorised Signatory List	List of officers authorised to make financial transactions. Executive Head of Service approval is required before an officer may be included in the List.
BACS	Bank Automated Credit Service, electronic funds transfer process.
Budget	A sum of money allocated for a particular purpose or an expectation of income for a defined period of time.
Budget monitoring	Periodic review of the budget to ensure that total income and expenditure planned at the budget stage is adhered to as far as possible during the budget period.
Carry forward	The approved transfer of an unspent budget into a future financial year.
CHAPS	Clearing House Automated Payment System (CHAPS) is a method of transferring money between bank accounts electronically.
CIPFA	The Chartered Institute of Public Finance and Accountancy
Contract	This term is used to refer to any procurement transaction or planned procurement transaction.

Contractor	A provider or potential provider of goods, works or services. Once a Contract has been placed with a supplier, that supplier may be more precisely referred to as a Contractor.
Contract Procurement Rules (CPRs)	A set of rules that set out the minimum requirements the Council must follow when procuring and/or entering into Contracts for the supply of goods, works and services including consultants.
Customer	The recipient of a Council service.
Exceptions Schedule	A list of spend for which a purchase order is not required or is not appropriate.
Financial obligation	Money that a person or organisation owes and must pay at a particular time.
Financial Regulations	This refers to the set of rules that govern the way the Council's finances are administered and controlled. They are maintained by the Section 151 Officer.
Financial year	The Council's financial year runs from 1 April to 31 March
Financial viability	The ability to generate sufficient income to meet operating payments, debt commitments and, where applicable, allow for growth.
HMRC	Her Majesties Revenue and Customs, government taxation department.
Governance	The processes by which organisations are directed, controlled, led and held to account.
Job evaluation	A systematic way of determining the value/worth of a job in relation to other jobs in the Council.
Key Financial System	A system which interacts with the main Finance system to collect income due to the Council. Key Financial systems must be reconciled monthly.
Lease	A contractual arrangement calling for the lessee (user) to pay the lessor (owner) for use of an asset.
Material/Materiality	Materiality relates to the significance of transactions, balances and errors. Financial information is material if its omission or misstatement could influence the users of the accounts.
Medium Term Financial Plan (MTFP)	The bringing together of all known factors affecting the Council into one plan covering a period of a few years into the future.
Member	An elected Councillor
Officer	A member of staff
Other systems	In addition to the Finance system there are other systems used by the Council that contain financial information, these include systems for: <ul style="list-style-type: none"> • Housing - to collect tenants rent and manage the

	<p>repairs and maintenance of council dwellings</p> <ul style="list-style-type: none"> • Council Tax • Business Rates • Planning • Payroll • Income • Housing Benefits • Land Charges
Partnership	An arrangement in which the Council enters into with an external individual or organisation to share the benefits and liabilities of the venture.
Prudential Code	CIPFA Code of Compliance for treasury management
Purchase Order	An official order issued by a purchaser to a seller indicating types, quantities and prices for products or services. It is used to control the purchasing from external suppliers.
Reserve	An amount of money kept for a particular purpose or future use.
Scheme of Delegation	This term refers to the council's Scheme of Delegation, which specifies the extent to which the conduct of the council's affairs is delegated to council officers.
Section 151 Officer	The Section 151 officer ultimately responsible for the proper administration of the Council financial affairs. The deputy Section 151 can act on the Section 151 officers behalf on all aspects of the Financial Regulations.
Supplier	A provider or potential provider of goods, works or services. Once a Contract has been placed with a supplier, that supplier may be more precisely referred to as a Contractor.
Terms of Application Agreement	Rules, conditions or stipulations by which the parties involved must abide by to receive funds.
Terrier	Register of properties.
Virement	A virement is the movement of existing uncommitted budget to aid in the management of budgets where there is insufficient available in another area.
Write Off	A cancellation of a debt or worth of an asset.

Annexe 2 - Scheme of Virement

Virements must be:

- Proactive (agreed before spending takes place)
- double-sided
- in year
- with commentary

	Budget description	Approval levels
Revenue	<p>Centrally controllable budgets:</p> <ul style="list-style-type: none"> • Recharges • Depreciation • Insurance • Business Rates Income • Council Tax Income • Utilities • Housing Benefits subsidy 	<p>Virements can only be done between cost centres within the budget (account code) heading.</p> <p>Virement restricted to Accountants</p> <ul style="list-style-type: none"> • Up to £5,000 - Accountant • Over £5,000 – Accountant with approval of Financial Services Manager • Not between revenue and capital • Not between HRA and General Fund revenue
Revenue	Non centrally controlled budgets within a Budget Holders remit	<ul style="list-style-type: none"> • Up to £5,000 - Budget Holder • £5,001 to £100,000 – Executive Head of Service and Section 151 Officer • Over £100,000 – Executive
Revenue	Non centrally controlled budgets between Budget Holder remits	<ul style="list-style-type: none"> • Up to £5,000 – agreement of Budget Holders • £5,001 to £100,000 – agreement of affected Executive Heads of Service and Section 151 Officer • Over £100,000 – Executive
Salaries	Establishment Authorisation process must be followed and Revenue virement rules apply	All budget movements to go through the Finance Team
Income	An increase in an expenditure budget can only be met from additional income subject to approval.	<ul style="list-style-type: none"> • Up to £5,000 – Executive Head of Finance • Over £5,000 - Section 151 Officer
Capital	Within project	<ul style="list-style-type: none"> • Up to £100,000 – agreement of Executive Head of Service • Over £100,000 Executive
Capital	Across projects	<ul style="list-style-type: none"> • Up to £100,000 – agreement of Section 151 Officer • Over £100,000 Executive

Annexe 3 - Supplementary Estimate proforma

Your name / team	Date of request
<u>Why</u> has the need for additional funds which cannot be met from existing budgets arisen?	
<u>How much</u> money is being requested and <u>what</u> will it be spent on?	
<u>When</u> will the money be spent by?	
Value for Money Assessment	
What <u>other options</u> have been considered (including doing nothing)?	
What are the expected <u>benefits</u> will the planned expenditure bring?	
What are the <u>risks</u>, if any, of agreeing or refusing the supplementary estimate?	

Please complete this form and send it to the Executive Head of Finance and s.151 Officer.

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Waverley Borough Council

Report to: Audit & Risk Committee

Date: 8th July 2024

Ward(s) affected: All

Report of Director: Susan Sale, Strategic Director – Legal & Democratic Services

Author: Deborah Upton, Senior Governance Officer

Email: Deborah.upton@Waverley.gov.uk

Executive Portfolio Holder/ Lead Councillor responsible: Councillor Paul Follows, Leader of the Council and Councillor Victoria Kiehl, Portfolio Holder for Organisational Development and Governance

Email: Mark.Merryweather@Waverley.gov.uk

Report Status: Open

Key Decision: No

Proposed Changes to the Contract Procedure Rules

1. Executive Summary

- 1.1 This report presents the proposed Contract Procedure Rules as part of the review of the Constitution of the Council. It is good practice to keep the Contract Procedure Rules under review.
- 1.2 The review of the Contract Procedure Rules has been undertaken by the Joint Constitutions Review Group (JCRG), at their meeting held on 20 June 2024.

- 1.3 At its meeting on 20 June 2024, the JCRG agreed to recommend approval of the revised Contract Procedure Rules, as set out in Appendix 1 to this report, to both the Corporate Governance & Standards Committee and to Waverley's Standards & General Purposes Committee at their special meetings to be held simultaneously on Monday 1 July 2024, with a further recommendation that each Committee recommends the adoption of the revised Contract Procedure Rules to their respective full Council meetings¹.

2. Recommendation

- 2.1 The Audit & Risk Committee is asked to recommend to full Council that the revised Contract Procedure Rules, as set out in Appendix 1 to this report, be adopted into the Waverley Borough Council Constitution.

3. Reason(s) for Recommendation:

- 3.1 Contract Procedure Rules which are materially the same for both Councils, whilst being owned by each Council in respect of their services, will help to promote more efficient joint working and will support the transformation programme by aligning officer decision making across both Councils.
- 3.2 The recommended changes will improve the governance procedures for each Council and will ensure that there is greater clarity over financial decision making and oversight over procurement.
- 3.3 The reductions in Contract limits will ensure that key decisions are made by the Executive, thereby promoting accountability and transparency. Aligning both Councils' Contract Procedure Rules supports the Councils Collaborative and Transformation programme

¹ Ordinary council meetings scheduled for 16 July (Waverley), and 23 July (Guildford)

and provides clarity for all officers who provide support for procurement, as well as for those postholders who are joint officer appointments. The rules will replace the Procurement Procedure Rules (Guildford) and the Contract Procurement Rules (Waverley).

- 3.4 The recommended changes will also implement changes as a result of the Procurement Act 2023 which come in to force on 28 October 2024. This will allow time for changes to be embedded by both Councils and appropriate resource provided and identified.
- 3.5 Contract Procedure Rules at Waverley Borough Council should be recommended to Council via the Audit & Risk Committee.

4. Exemption from publication

- 4.1 No part of this report is exempt from publication.

5. Purpose of Report

- 5.1 This report is presenting the proposed revised Contract Procedure Rules, set out in the Appendix 1, for members to consider.
- 5.2 The purpose of the revised Contract Procedure Rules is to align financial limits and procedures across the two Councils where possible, and implement the Procurement Act 2023.

6. Strategic Priorities

- 6.1 This report will assist in the delivery of the Council's Corporate Plan priorities and collaborative working agenda.

7. Background

- 7.1 To conduct its business effectively, a Council needs to ensure that it has procurement policies in place which are strictly adhered to. It is a legal requirement under s135(2) of the Local Government Act 1972 that the Council maintains a set of standing orders in relation to contracts for the supply of services, goods and execution of works. Part of good financial management is having an established set of Contract Procedure Rules which set out the policies of the Council. They provide the rules for the Council to follow to protect public money and give clarity to members and officers regarding responsibility for procurement.
- 7.2 Contract Procedure Rules apply to every councillor and employee of the Council. Both Councils currently each have a different set of Contract Procedure Rules and Contract limits. This means that officers must refer in detail to each set of Rules to check them before making a decision. This leads to a lack of clarity for members of the Joint Management Team, as they work across both Councils but with differing decision levels across their services, as well as staff within their teams who support the procurement process.
- 7.3 A guide to the key changes is set out at Appendix 2.

8. Consultation

- 8.1 The Joint Management Team have been made aware of the proposals and have provided comments which have been incorporated.
- 8.2 They have also been considered by members at the Joint Constitution Working Group and will be considered by the Standards & General Purposes Committee on 1st July. Any changes recommended by the Standards & General Purposes Committee will be reported verbally to this meeting.

9. Key Risks

- 9.1 There is a risk of poor decision making and a lack of accountability where financial controls are unclear. This can be mitigated by having a clearly expressed set of Contract Procedure Rules which is the same for both Councils, and training officers as necessary.
- 9.2 There is a risk that by reducing the contract limits, the Executive, whilst having greater oversight, has a busier agenda at its meetings. This can be mitigated by ensuring that Executive decision making provides suitable delegations to officers, thereby ensuring that the Executive have retained overall control and made decisions for officers to implement. It could be further mitigated by the Executive considering greater use of delegated authority to Individual Portfolio Holders where appropriate.

10. Financial Implications

- 10.1 There are no direct financial implications resulting from this report.
- 10.2 The indirect financial implication is that officer spending limits will be reduced to key decision levels, and that additional resource will be needed to support the increased procurement and legal oversight.

11. Legal Implications

- 11.1 Councils have a responsibility to keep their Constitution up to date, under Section 9P Local Government Act 2000, and to maintain a set of standing orders in relation to contracts for the supply of goods, services or execution of works. The Contract Procedure Rules form part of the Constitution of the Council.

12. Human Resource Implications

- 12.1 There are no direct HR implications although there will need to be consideration given to the resourcing of the requirements.

13. Equality and Diversity Implications

- 13.1 There are no equality and diversity implications arising from this report. This report has given due regard to the requirements of the Public Sector Equality Duty (Equality Act 2010) when making any recommendations concerning constitutional arrangements.

14. Climate Change/Sustainability Implications

- 14.1 There are no climate change or sustainability implications.

15. Conclusion

- 15.1 The Audit & Risk Committee are asked to consider the proposed revised Contract Procedure Rules attached as Appendix 1 to this report.

The Committee may:

(a) accept the draft revised Contract Procedure Rules and agree to recommend them to full Council for formal adoption, or

(b) suggest amendments to any part of the draft Contract Procedure Rules; or

(c) choose not to recommend that the draft revised Contract Procedure Rules are adopted.

16. Background Papers

- 16.1 Existing Contract Procurement Rules – Waverley Borough Council Constitution

17. Background Papers

- 17.1 Appendix 1 – Contract Procedure Rules

17.2 Appendix 2 – Changes to Contract Procedure Rules

Please ensure the following service areas have signed off your report.

Please complete this box, and do not delete.

Service	Sign off date
Finance / S.151 Officer	26.6.24
Legal / Governance	26.6.24
HR	27.6.24
Equalities	-
Lead Councillor	-
CMB	N/A
Executive Briefing/Liaison	N/A
Committee Services	27.6.24

Contents Page

PART 1 - Introduction	3
1. Introduction	3
2. Key Principles	3
3. Statutory Requirements	3
4. Compliance	4
5. Scope	4
6. Roles and Responsibilities	6
PART 2 - Process	10
7. Calculating contract value	10
8. Thresholds and route to market	10
9. Permission to tender	11
10. Pre-market engagement	12
11. eSourcing	12
12. Records	12
13. Waivers	12
14. Direct award for Covered Procurement (exemption)	13
15. Variations	14
16. Framework Agreement	14
17. Dynamic Purchasing	14
18. Assessing suppliers	15
PART 3 - General	16
19. Purchase Orders	16
20. Purchasing Cards	16
21. Temporary Staff, Consultants and Professional Services	16
22. IR35	17
23. Disposal of Land and Property and other Council Assets	17
24. Grants	17
25. Social Value	17
26. Conflicts of interest	18
27. TUPE	19
28. Modern Slavery	19
29. Sustainable Procurement	19
30. Tax	20
31. Accessibility Standards	20

32. Contract register.....	20
33. Transparency and required notices.....	20
34. Freedom of Information	21
35. Work for Third Parties.....	21
36. Partnerships	21
37. Review of these Rules	22
38. Councillors	22
39. Contract Management	22
PART 4 - Contracts.....	24
40. Form of Contract	24
41. Sealing and signing of contracts	24
42. Novation	25
43. Financial Security	25
44. Insurance	25
Appendix 1 - QUICK REFERENCE GUIDE.....	27
Appendix 2 – NOTICES REQUIRED UNDER PA 2023	29
Appendix 3 – USEFUL LINKS.....	30

PART 1 - Introduction

1. Introduction

- 1.1. These Contract Procedure Rules (Rules) set out the framework within which all the procurement activity in the Council is undertaken and spending is managed. They relate to the procuring and/or entering into contracts for the supply of all goods (supplies and materials), services (including consultancy appointments) and works. They ensure that contracts are entered into in a fair, open, non-discriminatory, proportionate, lawful and transparent way. They protect the Council and support the Council's strategic priorities.
- 1.2. Procurement decisions are among the most important decisions a local authority will make in order to ensure that public money is appropriately spent and that goods, services and works represent best value.
- 1.3. All Officers who purchase on behalf of the Council have a responsibility to follow these Rules, including all relevant Council policies and guidance detailed, and failure to do so is a disciplinary offence. Officers must also comply with the Council's Code of Conduct for Officers which forms part of the Constitution. Joint Strategic Directors and Assistant Directors are accountable for all procurement in their respective areas of responsibility and shall take appropriate action in the event of a breach of these Rules.
- 1.4. The Joint Strategic Director - Finance, is responsible for ensuring the Rules are up to date and reflect current law including any retained EU law. Any change in applicable law must be observed until the Rules can be revised.

2. Key Principles

- 2.1. The purpose of these Rules is to provide a structure and process for decisions which ensure that the Council:
 - a) furthers its corporate objectives;
 - b) delivers best value and creates healthy competition;
 - c) maximises public benefit whilst delivering sustainability and social value;
 - d) acts with integrity and transparency;
 - e) treats all suppliers the same;
 - f) does not put a supplier at an unfair advantage or disadvantage;
 - g) has regard to small and medium enterprises.

3. Statutory Requirements

- 3.1. These Contract Procedure Rules (Rules) are the Council's standing orders made under section 135 of the Local Government Act 1972.

- 3.2. Public procurement in the UK is regulated by the Public Contracts Regulations 2015 (PCR 2015) and the Procurement Act 2023 (PA 2023). Other relevant legislation is referenced in Appendix 3.
- 3.3. Where the contract is a **Covered Procurement** then the Council must comply with the tendering requirements set out in the PCR 2015 or PA 2023, or other legislation as applicable.
- 3.4. For the purpose of these Rules, a **Covered Procurement** is a procurement with a value above the statutory threshold (inclusive of VAT where applicable). The statutory thresholds are reviewed every two years to take account of currency fluctuations and for 1 January 2024 to 31 December 2025 are as follows:

Concession (works and services) contract	£5,372,609
Works contract	£5,372,609
Goods or services (inc. works for mixed contracts) contract	£214,904
Light touch regime	£663,540

4. Compliance

- 4.1. All procurement activity and resulting contracts made by, or on behalf of, the Council must comply with the relevant legislation and Constitution (including these Rules, Financial Procedure Rules and relevant Council policies).
- 4.2. If there is any conflict between the above the relevant law takes precedence, followed by the Council’s constitution, the National Procurement Policy Statement, these Rules and any Council policies or procedures, in that order.
- 4.3. Where an Officer has deliberately split a contract to avoid a particular procedure, or disregarded these Rules, the relevant Joint Strategic Director in collaboration with the Joint Strategic Director - Legal and Democratic Services and Joint Strategic Director - Finance will have the right to request the procurement to be cancelled.

5. Scope

- 5.1. These Rules apply to all procurement undertaken by the Council and any explanation or clarification required should be sought exclusively from Procurement or Legal Services.
- 5.2. **Where an approval is required under these Rules this may be taken by any Officer authorised and nominated by the decision maker in accordance with the Scheme of Delegation. Where**

Executive approval is required Officers should consider all the decisions which will need to be made throughout the process and these should be sought at the appropriate time.

5.3. The Council has set the following financial thresholds (excluding VAT) for procurement activity:

- a) Threshold 1 – up to £5,000
- b) Threshold 2 – from £5,000 up to £25,000
- c) Threshold 3 – from £25,000 up to £150,000
- d) Threshold 4 – from £150,000

5.4. Part 2 of these Rules does not apply to the following contracts, which are covered by separate legislation and/or policies. The rest of these rules continue to apply in full:

Type of contract	Legislation, policy or guidance which covers out of scope contract
Land transactions for the acquisition or sale of any interest in land (where there is no connected delivery of services, works or goods for which the land forms part of the pecuniary interest)	Local Government Act 1972, Housing Act 1985 or any related acts or authorities for which reference should be made to the Financial Procedure Rules, and the Council’s policies.
Contracts for permanent or fixed term employment	Employment Rights Act 1996, Human Resources / Recruitment Policies
Unconditional grants and sponsorship agreements	Subsidy control will need to be considered
Financial transactions	Not subject to competition due to their nature
Works orders placed with statutory undertakers	Not subject to competition due to their nature
Procurements that have been jointly procured by another local authority, public sector consortium or collaboration of which the Council is a party but not the lead authority.	The procurement of contracts of this nature will be governed by the constitution of the lead authority. Internal contract sign-off thresholds will still apply and a conflict assessment must still be undertaken in accordance with these Rules for each Council prior to agreeing to a joint procurement.
Contracts between the Council and a Supplier who is controlled by the Council	Internal contract sign-off thresholds will still apply and a conflict assessment must still be undertaken in accordance with these Rules for both the Council and the Supplier.

Contract Procedure Rules – Part 1 Introduction

Contracts between the Council and another local authority where the aim is to achieve common objectives for the public benefit.	Internal contract sign-off thresholds will still apply and a conflict assessment must still be undertaken in accordance with these Rules for the Council.
Exempt legal services (advice and representation in connection with judicial or dispute resolution proceedings)	Not subject to competition due to their nature
Alternative dispute resolution services	Not subject to competition due to their nature
Supply of works, goods and services by the Council	Internal contract sign-off thresholds will still apply
Contracts with other contracting authorities to achieve common objectives by co-operating in the public interest.	Referred to as Hamburg or Horizontal arrangements, provided that this is still best value for the Council.
Contracts with entities that are controlled by the Council	Referred to as Teckal or Vertical arrangements, provided that this is still best value for the Council.

5.5. Whilst Officers should always endeavour to uphold the key principles there are occasions when complying with Part 2 of these Rules does not provide sufficient flexibility and provided Procurement and Legal Services are informed in advance Part 2 will not apply to procurement that is within Thresholds 1 to 3 (up to £150,000) in the following circumstances:

- a) Emergency purchases. Where goods, services or works are awarded in a critical situation and authorised by the Chief Executive, or Joint Strategic Director in his absence. Provided that such purchases should be for a limited period. Sufficient funds must be available and signed off by the budget holder. Critical’ means a matter of pressing importance requiring swift action given the gravity of the situation, to prevent damage (or further damage) to life, limb, **property**, infrastructure, **reputation** or the financial integrity of the Councils.
- b) The Council is acting as an agent for another organisation.
- c) Legal services and expert witnesses.
- d) Contracts which are required by the Returning Officer or Electoral Registration Officer.

6. Roles and Responsibilities

Contract Procedure Rules – Part 1 Introduction

- 6.1. All Officers have a duty to report breaches of the Rules to the Joint Strategic Director - Finance or to the Monitoring Officer. Compliance with these Rules is also subject to internal and external audit.
- 6.2. In considering how best to purchase works, goods and services, an Officer shall take into account wider contractual delivery opportunities and purchasing methods such as the collaboration project, setting up or letting under framework agreements, joint procurements with other public authorities, e-procurement methods and the availability of local authority trading and charging powers under the Local Government Act 2003 and the Localism Act 2011.
- 6.3. **Officers** purchasing on behalf of the Council are responsible for:
- a) Acting in compliance with these Rules and all relevant Council policies;
 - b) Identifying relevant existing contracts and ensuring these are used wherever possible.
 - c) Engaging with Procurement **before** approaching the market for any contract in excess of £5,000;
 - d) Ensuring a contract has been completed **before** raising a Purchase Order for purchases within or above Threshold 2.
 - e) Getting Purchase Orders approved **before** the requirements are delivered to the Council.
 - f) Ensure specifications accurately define the requirements.
 - g) Giving consideration to equality, diversity and social value implications.
 - h) Ensuring that Human Resources is consulted, and the appropriate approval obtained for requirements of temporary workers or consultants outside any agreed corporate contract.
 - i) Contracts are to be managed within Services, either by a dedicated Contract Manager or by a nominated officer.
 - j) Ensuring that commitments made by the Suppliers during the tender process are fulfilled, for example, social value.
 - k) Ensuring the contracts are being used in accordance with what they were procured for.
 - l) Reporting to the Joint Strategic Director any breach in respect of j and k, above.
- 6.4. **Procurement** is responsible for:
- a) Providing expert market knowledge ensuring compliance and delivering best value
 - b) Identifying existing contracts and ensuring these are used where possible.
 - c) Ensuring Officers have the correct tools, information and guidance to deliver a compliant, cost effective and good quality contract.
 - d) Ensuring that Finance have confirmed there is adequate budget available prior to any procurement commencing
 - e) Offering expert advice to Officers procuring within Thresholds 1 and 2 (up to £25k).
 - f) Taking a commercial lead on all procurements within Threshold 3 and 4. (over £150k)

Contract Procedure Rules – Part 1 Introduction

- g) For contracts above Threshold 2 ensuring Procurement has instructed Legal Services to advise and draft an appropriate level contract.
- h) Ensuring transparency and compliance by publishing required notices, subject to Procurement providing the required information.
- i) Maintaining and publishing the Contract Register.
- j) Maintaining procurement records and records of all material decisions
- k) Reviewing conflict assessments with input from Legal Services and in consultation with the relevant Assistant Director
- l) Reviewing Waiver submissions and maintaining Waiver log
- m) Reviewing Exemption submissions and maintaining an Exemption log
- n) Reviewing spend across all categories quarterly and reporting non-compliance to Executive
- o) Embedding social value and sustainable procurement appropriately across Council procurement activity
- p) Delivering procurement and contracts training to Officers
- q) Manage e-sourcing platform
- r) Updating the internal and external web pages to ensure Officers, Suppliers and residents are kept informed.
- s) Delivering the Procurement Strategy adoption to implement the Council's objectives
- t) Ensuring suppliers are aware of, and follow, the Council's Supplier Code of Conduct when bidding and delivering contracts
- u) Approving all new supplier set up requests
- v) Authorising any Procurement Card transactions outside of the nominated card holders

6.5. **Strategic Directors/Assistant Directors** are responsible for:

- a) Ensuring adequate budget provisions are in place prior to approving any procurement activity in compliance with the Financial Procedure Rules
- b) Incorporate within their service plan a list of all current and forecast contract opportunities for the upcoming three years. This list is to be updated as necessary throughout the year and shared with Procurement to inform the pipeline of work
- c) Ensuring that all procurements and contracts within their service comply with these Rules, the Financial Procedure Rules and public procurement legislation and that any necessary authority is in place.
- d) Ensuring that those Officers they approve or nominate to exercise their functions are aware of the strategic direction of the service, have appropriate knowledge and training and have authorisation to engage with Procurement.

Contract Procedure Rules – Part 1 Introduction

- e) Managing contracts within their service to ensure that contracts deliver best value, are operated effectively, efficiently, economically and in accordance with contract provisions
- f) Keep adequate records to comply with these Rules, the Financial Procedure Rules and all relevant legislation.
- g) Review ethical, social and sustainability issues throughout the contract.
- h) Ensuring that all decisions made are published in accordance with the Openness of Local Government Bodies Regulations 2014, if applicable.

PART 2 - Process

7. Calculating contract value

- 7.1. Prior to commencing a procurement exercise Officers must estimate the aggregate contract value; this will determine which threshold the procurement falls under.
- 7.2. The 'contract value' must be calculated in accordance with the relevant legislation and includes the aggregated value over life of the contract, including any extensions and options, exclusive of Value Added Tax (VAT).
- 7.3. Contracts must not be purposefully underestimated, split or packaged with the intention of avoiding the application of these Rules or the relevant legislation. This includes dividing into two or more contracts, or for contracts under the PA 2023 adding services to a works contract.
- 7.4. Spend with suppliers will be monitored regularly by Procurement to ensure contracts are not being disproportionately awarded and exceeding thresholds.
- 7.5. In the case of Framework Agreements, Dynamic Purchasing Systems or Dynamic Purchasing Markets, the contract value must be calculated to include the total estimated value, net of VAT, of all the contracts envisaged to be awarded for the total term.
- 7.6. Where the lowest value tender is above the value set in the threshold then prior written approval must be obtained from the Joint Strategic Director – Finance (or in accordance with paragraph 5.2) to accept the tender. Where it becomes a Covered Procurement advice will need to be sought from Procurement and Legal Services as to whether an award can proceed.
- 7.7. Where PA 2023 applies the procurement will be assumed to be a Covered Procurement if there is any uncertainty as to contract value, for example where a term is uncertain or the number of items to be ordered is unclear.

8. Thresholds and route to market

- 8.1. Consideration should always be given to using lots, particularly if it will facilitate opportunities for small and medium enterprises and voluntary organisations. Consideration should be given where appropriate to using a Framework, Dynamic Purchasing System or Dynamic Purchasing Market. A 'competitive tender process' includes any procedure under the relevant legislation but does not include direct award unless an exemption is sought.
- 8.2. These requirements set out the minimum market engagement required at each threshold and Officers should always have regard to the provisions of these Rules and the duty to obtain best value.
- 8.3. Threshold 1 - Procurement below £5,000

Contract Procedure Rules – Part 2 Process

A minimum of one quote must be sought by the Officer. A quote should be obtained by email and must include a clear specification and details of the Council's contract requirements set out in Part 4. Where possible local suppliers should be asked to quote.

A Purchase Order can be used to form the contract but a copy of the quote, conflict assessment and any additional terms and conditions of the supplier must be attached to the Purchase Order request.

8.4. Threshold 2 - Procurement valued from £5,000 to £24,999

The Officer should engage with Procurement to discuss the most appropriate route to market in accordance with the principles of these Rules. A minimum of three quotes should be obtained.

Contracts will be signed by the Joint Strategic Director - Legal and Democratic Services (or in accordance with paragraph 5.2).

Legal Services will advise on the appropriate form of contract and retain a copy of the contract.

Procurement will keep records including the conflict assessment.

8.5. Threshold 3 - Procurements valued from £25,000 to £150,000.

Procurement will lead and must be instructed by the Officer **before** any market engagement is undertaken. Where possible a competitive tender process should be used or a minimum of three quotes should be obtained if agreed by Procurement. All quotes should be obtained through the eSourcing and will require a contract signed by the Joint Strategic Director - Legal and Democratic Services (or in accordance with paragraph 5.2).

Legal Services will retain a copy of the contract and Procurement will keep records including the conflict assessment.

8.6. Threshold 4 - Procurement valued over £150,000

Any procurement which is a Key Decision will require approval from Executive (or in accordance with paragraph 5.2) before tender and prior to award.

Procurement will lead and should be instructed by the Officer **before** any market engagement is undertaken, failure to do so could lead to a breach in the relevant legislation. A competitive tender process should be followed in accordance with the relevant legislation. The procurement must be run through the eSourcing.

Legal Services should be instructed at the earliest opportunity to ensure that there is no delay to the project.

9. Permission to tender

Contract Procedure Rules – Part 2 Process

Authority to commence a procurement is subject to written approval from the Assistant Director, by email (or in accordance with paragraph 5.2). Where the procurement will result in a Key Decision the approval will need to be from Executive (or in accordance with paragraph 5.2) and Procurement will seek the necessary approvals.

10. Pre-market engagement

- 10.1. For all procurement in Threshold 4, Procurement should undertake pre-market consultation with potential suppliers to establish the market can meet the requirements in accordance with relevant legislation. This brings the opportunity to the attention of the market and can help with development of the specification. Pre-market engagement is optional for procurement in or below Threshold 3.
- 10.2. Any pre-market engagement must not distort competition and must be in compliance with these Rules.

11. eSourcing

- 11.1. All procurements in and above Threshold 2 should be advertised via the Council's eSourcing platform, unless agreed otherwise by Procurement. This ensures that the tender opportunity is advertised to the market in a fair and auditable way.
- 11.2. Procurement are responsible for the publishing of all opportunities via the Council's eSourcing platform.
- 11.3. For all procurements in Threshold 4, all communications with tenderers during procurement **must** be via the eSourcing portal (or equivalent used).

12. Records

- 12.1. Officers must keep a full audit trail of documents for all procurements for Threshold 1.
- 12.2. Procurement will keep a full audit trail of documents for all procurements at Threshold 2 and above. Officers should ensure that all correspondence or discussion that takes place in relation to the procurement are fully documented and a copy provided to Procurement.
- 12.3. Records must be kept for a minimum of three years following the award of the contract and then in accordance with the Council's retention policy.

13. Waivers

- 13.1. A waiver cannot be granted retrospectively or if doing so would contravene the relevant legislation i.e. for Covered Procurement.
- 13.2. These Rules may be waived in exceptional circumstances where one of the following apply:

Contract Procedure Rules – Part 2 Process

- a) where the requirement is time critical (applications for waivers which are as a result of poor contract planning will rarely be considered genuinely exceptional).
 - b) the execution of the works or supply of services is of such a specialised nature that in the opinion of the relevant Joint Strategic Director the number of prospective Suppliers able to quote is less than required by these Rules.
 - c) the price of the goods or materials is wholly controlled by government order, statutory undertakers or trade organisations and no satisfactory alternative is available.
 - d) the work to be executed or the goods or materials supplied consist of repairs and/or maintenance to or the supply of parts for existing software, machinery or plant.
 - e) the nature of the market for goods, works or services has been investigated and it is demonstrated that a departure from the Rules is justified.
 - f) it is in the overall best interests of the Council.
- 13.3. A waiver which is not a Key Decision can be approved by the Joint Strategic Director – Finance (or in accordance with paragraph 5.2).
- 13.4. Any waiver which is a Key Decision needs the approval of Executive (or in accordance with paragraph 5.2).
- 13.5. Officers must obtain approval for a waiver by completing a waiver request documenting the reason for which the waiver is sought, budget availability, justification and risk. The waiver request must be completed in full and accurately describe the services needed, forms not completed satisfactorily will be returned.
- 13.6. All requests for waivers should be submitted to Procurement who will make a recommendation before seeking the required approval.
- 13.7. The Joint Strategic Director - Finance must maintain a log of all waivers and these will be reported to the Audit and Risk Committee [Corporate Governance and Standards Committee] on an annual basis.

14. Direct award for Covered Procurement (exemption)

- 14.1. Approval may be given for a direct award if a procurement is a **Covered Procurement** in accordance with the relevant legislation. The exemption will only be granted if approved by the Joint Strategic Director - Finance, Joint Strategic Director - Legal and Democratic Services and Procurement (or in accordance with paragraph 5.2).
- 14.2. If the exemption is a Key Decision this will also require the approval of Executive (or in accordance with paragraph 5.2).
- 14.3. The Joint Strategic Director - Finance must maintain a log of all exemptions and these will be reported to the Audit and Risk Committee [Corporate Governance and Standards

15. Variations

- 15.1. A variation, including use of options provided for in the original contract, of an existing contract may be approved where it will not result in the contract becoming a Covered Procurement. A variation of an existing contract which will result in it becoming a Covered Procurement may only be approved if it is compliant with the relevant legislation.
- 15.2. A variation which will not result in the total value of the contract exceeding the Key Decision threshold can be approved by the Joint Strategic Director – Finance (or in accordance with paragraph 5.2).
- 15.3. A variation which will result in the total value of the contract exceeding the Key Decision threshold requires the approval of Executive (or in accordance with paragraph 5.2).
- 15.4. Officers must obtain approval for a variation by completing a variation request documenting the reason for which the variation is sought, budget availability, justification and risk. The variation request must be completed in full and accurately describe the services needed.
- 15.5. All requests for variations should be submitted to Procurement who will make a recommendation before seeking the required approval and seek advice from Legal Services where appropriate.

16. Framework Agreement

A contract may be awarded by calling-off a Framework providing the following criteria are met:

- a) The call-off is done in accordance with the terms and conditions of the Framework;
- b) Value for money can be demonstrated; and
- c) The outcome was not decided prior to identifying the Framework.

For contracts at Threshold 3 and above legal advice should be sought to ensure that the Framework complies with the Council's requirements under these Rules and any necessary access agreements will need to be entered into by the Joint Strategic Director - Legal and Democratic Services (or in accordance with paragraph 5.2).

17. Dynamic Purchasing

- 17.1. Contracts based on either a Dynamic Purchasing System or Dynamic Purchasing Market may be awarded provided they comply with the relevant legislation. For contracts at Threshold 3 and above legal advice should be sought to ensure compliance with the Council's requirements under these rules and any necessary access agreements will need to be

Contract Procedure Rules – Part 2 Process

entered into by the Joint Strategic Director - Legal and Democratic Services (or in accordance with paragraph 5.2) and agreed by the Joint Strategic Direction, Finance.

- 17.2. The Officer is responsible for the specification development and technical evaluation criteria which is to be included in the procurement documentation.
- 17.3. Tenders can be assessed on a price only, price and technical split or technical basis. Where there is a price and technical split the weightings and split will be determined by Procurement taking into account the requirements of the service in order to determine the most advantageous tender.
- 17.4. The specification must be a clear and comprehensive description of the requirements and should incorporate measurable and, so far as is possible objective, quality and performance criteria.
- 17.5. Where the Council wishes to nominate a sub-contractor then this should be specified in the tender documentation including clarification of the process being used by the Council to select the nominated sub-contractor.
- 17.6. Procurement is responsible for the procurement documentation and for providing advice, as appropriate, on the specification and technical evaluation to produce the most advantageous solution over the lifetime of the contract.

18. Assessing suppliers

- 18.1. For procurements at Threshold 2 and below at least one Officer should undertake an evaluation and record the reasons for awarding the contract.
- 18.2. For procurements at Threshold 3 and above at least two Officers are required to undertake a technical evaluation unless agreed otherwise by Procurement.

PART 3 - General

19. Purchase Orders

- 19.1. Purchase Orders should be raised within the Council's purchasing system following the completion of the contract.
- 19.2. Invoices must be received electronically and should be emailed to [invoices@guildford.gov.uk][supplierinvoices@waverley.gov.uk] for payment. They must include the Purchase Order number.
- 19.3. Any invoice received that cannot be matched to a purchase order will be referred back to the budget manager.

20. Purchasing Cards

- 20.1. The Council makes use of Purchase Cards. These are effectively credit cards which are used to make small purchases in a wide range of situations and should only be used as a last resort , where there are no contracts in place. Officers who are supplied with a purchasing card must refer to the guidance for further information.

21. Temporary Staff, Consultants and Professional Services

- 21.1. Procurement works closely with Human Resources to manage the Council's temporary agency workforce needs. As the Council's contract will be with the agency and not the individual worker these Rules apply in full. [Prior to any appointment an Establishment Control Form must be completed.]
- 21.2. [The Council has a contract for the provision of temporary agency staff via a neutral vendor service supplier and no further procurement exercise is necessary to utilise this contract. All temporary agency workforce must be sourced via this contract in the first instance.
- 21.3. Where the neutral vendor is unable to source suitable candidates after a minimum of two weeks, other agencies, on the provision that the agency is registered with the neutral vendor for a payroll function, can be accessed.
- 21.4. Where it is not possible to use the neutral vendor referred to in 21.2 and 21.3 then these Rules will apply in full.] The contract value will be calculated as the total spend payable including the Supplier's pay and any agency margin. References must be sought prior to any contractor, agency worker or consultant starting their assignment.
- 21.5. All contractors, agency workers and other consultants must abide by the terms of the contract with the Council and follow the Council's Code of Conduct for Officers.
- 21.6. Any contractor, agency worker or other consultant whose contract will extend beyond 2 years will need approval from Executive (or in accordance with paragraph 5.2).

22. IR35

- 22.1. IR35 relates to off-payroll working. This is where a supplier is operating and providing services to the Council via an intermediary, such as a limited company, and were it not for that arrangement, they would be considered an employee and within IR35.
- 22.2. It is the responsibility of the Council to determine if IR35 applies or not and any unpaid tax can be claimed back if the Council makes the decision wrong. The Officer should use the online tool to prepare a Status Determination Statement copies of which will need to be retained and sent to the supplier and fee payer (if via an agency).
- 22.3. If a contract is within IR35 this means that it will be treated as an employment contract for the purposes of tax and National Insurance only. These Rules still apply
- 22.4. Further IR35 advice can be found by contacting the HR Team.

23. Disposal of Land and Property and other Council Assets

All land and property which is considered to be surplus to the Council's service requirements must be considered in accordance with the Council's Asset Management Strategy. Any disposal of land, property or other Council Assets should be done in accordance with the Financial Procedure Rules [and the Asset Disposal Policy] and the Scheme of Officer Delegations.

24. Grants

The making of unconditional grants is not subject to these Rules. Officer must follow the rules and guidance for each individual grant and are reminded to take into account the legal requirements concerning subsidy control.

25. Social Value

- 25.1. The Public Services (Social Value) Act 2012 came into force on 31st January 2012. The Act requires the Public Sector to consider how they can use contracts to enhance the wider wellbeing of the community. This complements existing procurement legislation and reinforces social value as part of the value for money considerations.
- 25.2. Social value can be achieved by generating benefits to society, the economy and positive impacts to the environment and local communities via our external spend. It can be created in many ways and has wide ranging benefits.
- 25.3. The Act currently applies to Covered Procurement service contracts but shall be considered in all procurements where applicable and it shall be the responsibility of Procurement. Social value

Contract Procedure Rules – Part 3 General

forms part of a bidder's commitments at tender stage and should be tailored to the subject nature of the contract being awarded.

- 25.4. Social Value for each tender must contain a minimum weighting of 5% of the evaluation scoring.
- 25.5. It is the Contract Manager's responsibility to ensure social value is being delivered during the life of the contract.

26. Conflicts of interest

- 26.1. Officers and Councillors must comply with their respective Code of Conduct to avoid any conflict between their own interests and those of the Council. Any Officer, Councillor or consultant who has reason to believe that there is a conflict of interests in respect of a supplier should report this to the Monitoring Officer. At any point during the procurement process, if an Officer or Councillor becomes aware that they have a direct or indirect pecuniary interest in a contract which the Council has entered into, or proposes to enter into, their interest must be recorded within the conflict assessment. This includes interests by their close associates or family members. Failure to declare an interest by an Officer, of which the Officer is aware, is a disciplinary offence; failure to declare an interest by a Councillors, of which the Councillors is aware could amount to a breach of the Code of Conduct for Councillors or a criminal offence.
- 26.2. A conflict assessment must be undertaken for all procurement activity and before any activity commences. The assessment should take account of all those involved or influencing the procurement (including developing the specification and tender documentation) and the future management of the contract including Officers, Councillors and consultants. The conflict assessment must identify any actual, potential or perceived conflicts of interests throughout the life of the contract and be proportionate to the level of contract.
- 26.3. In accordance with paragraph 5, where procurements have been jointly procured by another local authority, public sector consortium or collaboration of which the Council is a party but not the lead authority a separate conflict assessment must still be undertaken prior to commencing the joint procurement.
- 26.4. If a conflict of interest is identified then the assessment will set out what mitigation is being put in place to ensure that suppliers are not put at an unfair advantage or disadvantage. The Monitoring Officer must approve all conflict assessments where mitigation is being put in place.
- 26.5. For all contracts the conflicts assessment must be:
 - a) held by Procurement or, where there is no formal written contract, attached to the Purchase Order
 - b) regularly reviewed throughout the life of the contract by the Contract Manager.

27. TUPE

- 27.1. Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) may apply when an employee of the Council or of a supplier providing a service to the Council may be affected because of a change in the service provider.
- 27.2. Officers must ensure that any TUPE issues are considered and advice is sought from Legal Services before proceeding with the procurement. Where it is considered that an individual may be transferring to or from the Council advice should also be sought from Human Resources.

28. Modern Slavery

- 28.1. The Modern Slavery Act 2015 ("MSA") is designed to tackle slavery and human trafficking through the consolidation of previous legislation and the introduction of new measures. Specifically, it introduces new requirements for organisations in regard to their business and supply chains and creates a criminal offence for non-compliance.
- 28.2. Modern Slavery is defined as slavery, servitude, forced or compulsory labour, human trafficking and exploitation was put in place.
- 28.3. [The Council adopted the Modern Slavery Motion in 2020 and has an obligation to publicly report annually on its progress.]

29. Sustainable Procurement

- 29.1. Sustainable procurement, put simply, is the process by which an organisation meets their purchasing needs in a way that achieves value for money, on a whole life basis, whilst benefitting the organisation, its customers, the wider society and economy and protecting the environment.
- 29.2. The Council has declared a climate emergency across the borough with an ambition of reducing the Council's carbon emissions to net-zero by 2030. As such for every procurement within the scope of these Rules the environmental impact of its activities must be considered. To help do this, suppliers bidding for contract opportunities will be asked, where appropriate;
 - a) to demonstrate their awareness of relevant environmental issues through their own policies;
 - b) for deliverables enhancing or delivering sustainability.
- 29.3. Typically sustainable procurement should follow the following principles:
 - a) Adopting social, economic and environmental factors alongside the typical price and quality considerations into the organisations handling of procurement processes and procedures.
 - b) Planning ahead to manage demand, effective ongoing contract management and dealing with supply chain risks and impacts.

Contract Procedure Rules – Part 3 General

- c) Incorporating sustainable procurement into future contracts in order to facilitate a reduction in our supply chain emissions.

29.4. It is the Contract Manager's responsibility to ensure sustainability is being delivered during the life of the contract.

30. Construction Tax

30.1. The VAT reverse charge for construction came into effect on 1 March 2021. The reverse charge applies to any services related to the construction of buildings and the materials, but not to professionals' fees like those of architects, surveyors, or consultants. A reverse charge means that the end user of the works will be accountable for the VAT rather than the supplier. Officer must ensure that Finance are advised if the Council is not the end user.

30.2. The Construction Industry Scheme (CIS) requires that the Council deducts money from payments to sub-contractors and pays it to HMRC as a contribution towards the sub-contractors' tax and National Insurance. Officer must ensure that all CIS information is provided when setting up the new supplier and that invoices for works where CIS deductions are required include a breakdown of labour and materials.

31. Accessibility Standards

31.1. The Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018 came into effect in 2018. This Act builds upon existing obligations under the Equality Act 2010.

31.2. Any procurement that will result in a public facing website where the Council or a supplier on its behalf is presenting information relating to the Council or services the Council offer, must comply with the Act and Regulations and must meet the new accessibility standards.

31.3. Officers must ensure that the Council's Communications Teams advice is sought.

32. Contract register

The Council is committed to displaying information that explains how its money is spent. The Local Government Transparency Code 2015 requires Local Authorities to publish any expenditure that exceeds £500 and maintain a contracts register of all contracts over £5,000. This can be found on the Council's public website and is updated every three months.

33. Transparency and required notices

33.1. Under the relevant legislation the Council has a statutory obligation to publish notices in relation to procurement activity. It is the responsibility of the Assistant Directors to ensure that Officers

Contract Procedure Rules – Part 3 General

provide Procurement with the relevant information to ensure that the statutory requirements are complied with.

- 33.2. Notices are published through the Council's eSourcing and for procurements over £25,000 notices must be completed and published by Procurement.
- 33.3. For procurement activity to which the PCR 2015 applies it is mandatory that any advertised opportunity over £25,000 is published on Contracts Finder and any Covered Procurement must be published on Find a Tender Service (FTS). A contract award notice must also be published on FTS for all awarded contracts.
- 33.4. For procurement activity to which the PA 2023 applies there are a number of mandatory notices that must be published on the central digital platform (see Appendix 2). Procurement will advise on the relevant notices depending on the contract value and route to market.

34. Freedom of Information

In accordance with the Freedom of Information Act (FOIA) 2000 and Environmental Information Regulations (EIR) 2004, the Council has an obligation to publish specific information and to provide information to members of the public upon request. That is subject to certain disclosure exemptions such as where confidential or commercially sensitive information may be withheld.

35. Work for Third Parties

- 35.1. The Joint Strategic Director - Legal and Democratic Services (or in accordance with paragraph 5.2) must approve the contractual arrangements for any work carried out by the Council for third parties or external bodies.
- 35.2. All contracts must comply with Part 4 of these Rules.

36. Partnerships

- 36.1. Partnerships with other local, public, private, voluntary and community sector organisations will be entered into subject to the approval of the relevant committee who shall agree:
 - a) the terms of reference; and
 - b) where appropriate, a scheme of delegation to officers to operate within the partnership.
 - c) Unless specifically agreed by the relevant committee, partnership arrangements shall only be entered into in accordance with the provisions of these Rules.
- 36.2. The heads of terms for all partnership arrangements shall be approved by the relevant Assistant Director and Joint Strategic Director - Legal and Democratic Services (or in accordance with paragraph 5.2).

36.3. The Assistant Director shall be responsible for ensuring that adequate arrangements for governance are set up within each partnership entered into. Such arrangements shall include provisions for arranging contracts with external bodies.

37. Review of these Rules

These Rules shall be reviewed and updated on a regular basis and at least once a year. Save in the case of revisions to thresholds or otherwise arising out of a change in the law, any changes to these Rules shall be approved and adopted by the Council. Revisions to thresholds, or otherwise arising out of a change in the law, shall be dealt with by the Joint Strategic Director - Legal and Democratic Services in consultation with the Joint Strategic Director - Finance.

38. Councillors

- 38.1. No Councillor shall have authority to agree the award of any contract on behalf of the Council unless they are an Executive member with the appropriate delegated authority.
- 38.2. No Councillor shall have authority to issue any instruction or variation to a supplier on behalf of the Council.

39. Contract Management

- 39.1. It is the Officer's responsibility to ensure that there is a robust contract management plan in place that is proportionate to the scale and scope of the contract. This should include, but is not limited to:
- a) Accountability, roles and responsibility
 - b) Strong governance procedures
 - c) Measure and report on performance and use KPIs and data efficiently to incentivise good performance
 - d) Drive continuous improvement, value for money and capture innovation
 - e) Adopt and encourage mature commercial behaviours
- 39.2. Any variations (including extensions) to a contract may only be made in accordance with paragraph 15.
- 39.3. Procurement must be kept advised as to any performance concerns and should be contacted for further advice and support as necessary. The Officer is responsible for ensuring that Procurement have the necessary information to be able to comply with relevant legislation and where required notices about payments, performance and termination.
- 39.4. A contract can only be terminated following advice from the Legal Service.

Contract Procedure Rules – Part 3 General

39.5. Procurement will provide Assistant Directors on a monthly basis with a list of all contracts highlighting those which are expiring in the next six months.

PART 4 - Contracts

40. Form of Contract

- 40.1. Contract award notification and assessment summaries shall be issued by Procurement when the evaluation has been completed and the procurement report signed off and approved.
- 40.2. Legal Services should be instructed by Procurement for all contracts in and above Threshold 2 at the earliest opportunity to ensure that there is no delay.
- 40.3. Except in exceptional circumstances, and with the written approval of the Joint Strategic Director - Legal and Democratic Services (or in accordance with paragraph 5.2), all contracts must be signed or sealed **before** works commencing or goods or materials being received.
- 40.4. All contracts shall:
- a) specify the goods, materials or services to be supplied and/or works to be undertaken, price to be paid, payment terms and conditions, details of any discounts or penalties, the period of the contract and any other terms and conditions that may be agreed;
 - b) require payment to be made within 30 days of receipt of a valid invoice;
 - c) contain a copy of the tender submission;
 - d) give the Council the right to cancel the contract, and recover from the Supplier the amount of any loss resulting from such cancellation, as a result of bribery;
 - e) reserve rights of audit to the Council where the Supplier makes payments to, or collects income on behalf of, the Council;
 - f) only permit sub-contracting with the Council's express consent and a requirement that the Supplier impose on the sub-contractors equivalent requirements in terms of equality, health and safety, bribery and corruption, insurance, data protection, modern slavery and payment provisions;
- 40.5. Threshold 4 contracts must also include a right to terminate the contract where:
- a) there has been substantial modification which would have required a new procurement procedure under relevant legislation;
 - b) the Supplier should, at the time of the contract award, should have been excluded from the procurement procedure; or
 - c) a UK court has declared that the contract should not have been awarded to the Supplier in view of a serious breach of the relevant legislation.

41. Sealing and signing of contracts

- 41.1. Contracts within Threshold 1 shall be the subject of a Purchase Order, unless Legal Services have advised that a formal written contract is required. A copy of the quote and conflict assessment should be attached to the Purchase Order request. If there is a requirement for additional terms

Contract Procedure Rules – Part 4 Contracts

and conditions these can be signed by the relevant Assistant Director (or in accordance with paragraph 5.2).

- 41.2. Contracts within Threshold 2 should be the subject of a formal written contract signed by the Joint Strategic Director - Legal and Democratic Services (or in accordance with paragraph 5.2), unless Legal Services have advised that a Purchase Order is sufficient in which case the process in 41.1 can be followed.
- 41.3. Contracts within Threshold 3 and 4 shall be the subject of a formal written contract signed by the Joint Strategic Director - Legal and Democratic Services (or in accordance with paragraph 5.2) or under seal in accordance with legal advice.
- 41.4. Every contract valued at £200,000 or more shall be sealed with the common seal of the Council provided the award decision has been approved by the Executive (or in accordance with paragraph 5.2) or the decision has been delegated by them, in accordance with the terms of the Constitution.

42. Novation

- 42.1. Novation refers to where one of the contracting parties in the original contract is replaced by an entirely new party that assumes the rights and obligations of the original party.
- 42.2. Novation is not permitted without the express consent of the Assistant Director and Joint Strategic Director - Legal and Democratic Services (in accordance with paragraph 5.2).

43. Financial Security

- 43.1. The Officer must assess the impact of the contract failing upon the Council's ability to perform its duties and the Council's reputation **before** commencing any procurement activity. Appropriate safeguards should be included in the requirements.
- 43.2. Where the procurement falls in Threshold 4 and the impact of the contract failing is deemed to be high, Officers must consult with Finance to agree a proportionate financial standing check for the bidders. This must be published in any tender documents.
- 43.3. The Joint Strategic Director – Finance (in accordance with paragraph 5.2) will consider whether financial security, parent company guarantee and/or a performance bond are required if there is any concern about the stability of the bidder or for any contract in excess of £1million. Any decision should be recorded by Procurement.

44. Insurance

- 44.1. The following are recommended requirements for insurance level for each and every claim:
 - a) Employers Liability Insurance: £5,000,000
 - b) Public Liability Insurance: £10,000,000

Contract Procedure Rules – Part 4 Contracts

- c) Professional Indemnity Insurance: £2,000,000
 - d) Product Liability Insurance: Should be proportionate to the product being purchased.
- 44.2. Before commencing any procurement activity Officers must consider whether the recommended insurance cover in paragraph 44.1 is proportionate to the contract. In doing so Officers must have regard to whether the insurance levels requested may present an obstacle for small or medium enterprises. Advice should be sought from the Insurance Officer if it is considered that the insurance levels should be increased or decreased and any variation must be agreed by the relevant Assistant Director.
- 44.3. For all procurement activity above Threshold 4, the relevant Assistant Director must confirm that they consider the insurance levels are appropriate.
- 44.4. Procurement will request copies of any relevant insurance documents on contract awards. The Contract Manager should ensure that updated copies are requested as required.

45. Liability

- 45.1. Liability levels must be set before commencing any tendering activity and consideration needs to be given to the correct liability levels to ensure that this does not present a barrier for small and medium enterprises.
- 45.2. Liability cannot be limited for supplying goods without the right to do so, fraud, personal injury or death. In all other circumstances unlimited liability should only be used in exceptional circumstances and the approval of the Assistant Director must be provided with reasons.
- 45.3. In setting liability limits consideration needs to be given to the financial, reputational and operational loss which might be incurred by the Council as a result of the supplier failing to deliver in accordance with the contract. Liability may be appropriately limited by reference to the insurance levels, the contract value or a percentage of the contract value.

Appendix 1 - QUICK REFERENCE GUIDE

This Table provides a quick checklist of requirements:									
	Aggregate Value including extensions £ (exc. VAT)	Transparency	Method	Receipt of quotes	Who is authorised to carry out Procurement	Contract Options	Who must approve the procurement	Who signs the contract on the Council's behalf	Records (held for a minimum of 3 years)
Threshold 1	£0 to £5,000	Published spend over £500	Minimum of one quote	Email	Officer	Purchase Order	Assistant Director	Assistant Director (if required)	<i>Held in finance system:</i> Purchase Order Quote Conflict assessment
Threshold 2	£5,000 to under £25,000	Contract Register	Minimum of three quotes	Email <i>or</i> eSourcing platform	Officer (consulting with Procurement)	Council form Supplier T&Cs Purchase Order	Assistant Director	Strategic Director - Legal and Democratic Services	<i>Held by Procurement:</i> Procurement Report Conflict assessment <i>Held by Legal:</i> Contract
Threshold 3	£25,000 to under £150,000	Contract Register Procurement Notices	Competitive procedure (or three quotes as advised by Procurement)	eSourcing platform	Procurement	Council form	Assistant Director & Joint Strategic Director - Finance		
Threshold 4	Over £150,000	Contract Register	Competitive procedure	eSourcing platform	Procurement	Council form	Assistant Director & Joint Strategic Director - Finance		
	Additional requirements over £200,000 (Key Decision)	Procurement Notices	Covered Procurement – in accordance with relevant legislation				Executive	Sealed	Committee Report

Appendix 1 - QUICK REFERENCE GUIDE

Where an approval is required under these Rules this may be taken by any Officer authorised and nominated by the decision maker in accordance with the Scheme of Delegation. Where Executive approval is required Officers should consider all the decisions which will need to be made throughout the process and these should be sought at the appropriate time.

Appendix 2 – NOTICES REQUIRED UNDER PA 2023

Type of notice	Relevant provisions	Purpose
Pipeline Notice	s93 PA 2023 Reg. 15 Procurement Regulations 2024 (PCR 2024)	Mandatory annual notice setting out planned procurement over £2million for the next 18 months.
Preliminary Market Engagement Notice	s17 PA 2023 Reg. 17 PCR 2024	Mandatory if preliminary market engagement is undertaken.
Planned Procurement Notice	s15 PA 2023 Reg. 16 PCR 2024	An optional notice setting out the intention to undertake a tender exercise.
Tender Notice	s21, s87 PA 2023 Regs. 18 – 21 PCR 2024	Mandatory notice published inviting tenders for both Covered Procurement (s21) or an advertised contract over £30,000 (inc. VAT) (s87).
Dynamic Markets Notice	s39 PA 2023 Reg. 25 PCR 2024	Mandatory notice setting out the intention to set up a Dynamic Market.
Transparency Notice	s44 PA 2023 Reg. 26 PCR 2024	Mandatory notice setting out the intention to make a direct award.
Contract Award Notice	s50 PA 2023 Reg. 27 PCR 2024	Mandatory notice published on award of contract which commences the standstill period.
Contract Details Notice	s53, s87 PA 2023 Regs. 32 – 36 PCR 2024	Mandatory notice setting out the details when the contract is completed for the award of a Covered Procurement (s53) or a contract over £30,000 (inc. VAT) (s87).
Procurement Termination Notice	s55 PA 2023 Reg. 37 PCR 2024	Mandatory notice published when a decision is taken not to award a contract.
Contract Performance Notice	s52, s71 PA 2023 Reg. 39 PCR 2024	Mandatory notice every 12 months and on termination for contracts valued over £5million to assess performance against KPIs
Contract Change Notice	s75 PA 2023 Reg. 41 PCR 2024	Mandatory notice if a Covered Procurement is varied and there is an increase or decrease of the term by more than 10% or the value by more than 10% for goods and services or 15% for works.
Payments Compliance Notice	s69 PA 2023 Reg. 38 PCR 2024	Mandatory notice every 6 months setting out the Council's compliance with the 30 day payment term.
Contract Termination Notice	s80 PA 2023 Reg. 40 PCR 2024	Mandatory notice when a Covered Procurement contract is terminated.

Appendix 3 – USEFUL LINKS

[Procurement Act 2023](#)

[The Health Care Services \(Provider Selection Regime\) Regulations 2023](#)

[Public Contracts Regulations 2015](#)

[The Utilities Contract Regulations 2016](#)

[The Concession Contracts Regulations 2016](#)

[The Public Services \(social value\) Act 2012](#)

[The Public Procurement \(Amendment etc.\) \(EU Exit\) Regulations 2020](#)

[Modern Slavery Act 2015](#)

[Social Value Act 2012](#)

[Local government Transparency Code 2015](#)

[Freedom of Information Act 2000](#)

[IR35 Guidance](#)

[Local Government Act 1999 \(Section 3; best value\)](#)

[National Procurement Policy Statement](#)

Areas of Key Change

It is recognised at this point that the rules still require some refinement to ensure that they are accessible to all Officers. It should be noted that there has been only limited consultation with services at this point and these draft rules may need alteration following consultation. There is also a resourcing issue, particularly for WBC, given the new statutory requirements.

The rules have been drafted to allow some flexibility for both Councils during a period of adaptation so whilst the rules set the principles, they do not set out the specific process. This allows each Council to draft their current documentation to provide the information during a transitional period. It is hoped that in time it will be possible to develop aligned processes and agreed templates meeting the needs of both Councils.

The revisions not only align both authorities but take account of the requirements which come into force on 28 October 2024 under the Procurement Act 2023.

1. Introduction

This is updated reflecting both authorities' previous positions and there is no material change.

2. Key Principles

This is an update to the previous Key Principles to reflect the changes in the Procurement Act 2023 and the Government policy.

3. Statutory Requirements

This is updated to reflect the current thresholds and the implementation of the Procurement Act 2023 but there is no material change.

4. Compliance

This has been updated to reflect the implementation of the Procurement Act 2023. There is a material change in creating a provision allowing the JSD Legal and Democratic Services and JSD Finance to terminate a procurement procedure if it is considered that the contracts have been disaggregated to avoid the procurement thresholds. This provides additional protection for the council and assists the Statutory Officers to undertake their duties.

5. Scope

This has been significantly updated for both councils and sets out circumstances where:

- (a) there is no requirement to comply with Part 3 of the rules; and
- (b) circumstances where there is no requirement to comply, provided they are under the procurement threshold.

The distinction between (a) and (b) is that those requirements within (a) are entirely excluded from the procurement legislation and are therefore a statutory exclusion, whereas those in (b) are not excluded and therefore compliance is still required with the legislation for above threshold procurements.

Another significant change is that previously both councils excluded the entirety of the rules whereas the exclusion now is limited to Part 3 which is the procurement process. This means that all other statutory requirements, payment provisions, best value are still applicable and provides additional security for both councils.

For procurements being carried out by another authority leading (e.g. by Surrey CC on behalf of all the districts and boroughs or Guildford on behalf of Waverley) then there is a new requirement for a conflict assessment to be undertaken.

For both councils the awarding of a contract through a Framework has been removed from exclusions as this does not provide for adequate protection for the councils and it is dealt with elsewhere.

A limit has been placed on excluding contracts because they are 'urgent' so that this can only be used in critical situations by the Chief Executive.

An additional exclusion in (b) has been added for the Returning Officer.

WBC – Contracts with agencies for supply of staff have been removed from the exclusions as this is not compliant with the legislation

6. Roles and responsibilities

GBC – there is very little change.

WBC – there is a shift for WBC to a centralised procurement model.

Part 2 – PROCESS

This part has substantial changes for both councils to provide for implementation of the Procurement Act 2023. Fundamental changes have been made to levels and involvement of Procurement.

A new threshold has been introduced for £5,000 - £24,999 still providing quite a light touch but the involvement of procurement. For all contracts over £25,000 it is now expected that Procurement will lead, this is a change for both councils. There is more flexibility for both councils in this threshold allowing there to be a focus on the above threshold procurements which are likely to increase.

GBC – The threshold for involving Procurement has risen to £5,000 which should allow more flexibility and should release some capacity in Procurement to focus on the higher value work. There is a requirement at this level to obtain two quotes.

WBC – The requirement for officers has been increased to be two quotes to ensure that there is always a level of competition.

23. Land and other Council assets

GBC – At GBC this is already dealt with under separate policies.

WBC – This was covered in some detail in the previous rules, and it is recommended that WBC adopt a policy to deal with asset disposal. This should not form part of the Contract Procedure Rules.

26. Conflicts of interests

This is substantially updated for both authorities to comply with the new statutory requirements and where not a legal requirement because it reflects good practice, openness and transparency.

28. Modern Slavery

GBC – There is no change for GBC

WBC – Has not adopted a Modern Slavery motion or Charter and has no obligation so there is a slight variation in the drafting.

39. Contract Management

There are new requirements in relation to contract management which are reflected in these provisions.

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