

## **WAVERLEY BOROUGH COUNCIL**

### **EXECUTIVE - 31 MARCH 2015**

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#### **Title:**

#### **REVIEW OF CONTRACT PROCEDURE RULES AND FINANCIAL REGULATIONS**

**[Portfolio Holder: Cllr Julia Potts]**

**[Wards Affected: All]**

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#### **Summary and purpose:**

In accordance with the Terms of Reference set out in the Constitution, the Audit Committee is required to maintain an overview of the Council's Contract Procedure Rules and Financial Regulations. The Audit Committee reviewed the revised documents at its meeting on 23 March and any observations will be circulated separately. The Executive is now required to review the documents with proposed changes and recommend them to the Council for approval.

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#### **How this report relates to the Council's Corporate Priorities:**

The CPRs and Financial Regulations directly underpin the financial governance arrangements for the Council and affect the way services delivers on corporate priorities.

#### **Financial Implications:**

There are no direct financial implications.

#### **Legal Implications:**

These are covered in the documents.

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#### **Introduction**

1. The Financial Regulations and Contract Procedure Rules were last updated in January 2012 and have been reviewed in line with our commitment within the Annual Governance Statement.
2. The objective of the review is to ensure that the Financial Regulations and Contract Procedure Rules reflect the current management reporting structure and to support service delivery whilst ensuring our governance arrangement remain secure in relation to risk and statutory compliance.

#### **Financial Regulations**

3. The Financial Regulations have been reviewed and proposed changes are shown as tracked changes at Annexe 1.

4. References to management posts superseded in the management restructure have been updated to the current post titles. The following items are drawn to the Executive's attention for specific review:

- a. A201 scheme of virement: propose to maintain these limits.

Amount	Approval Required
< £500 same service	Budget manager notify Executive Director
£500 to £1,000 same service	Director and Service Head agree with Director of Finance and Resources
£1,001 to £10,000 same service	CMT
£10,000 to £50,000 same service	Executive
< £10,000 between services or between capital/revenue	CMT with agreement of Finance Portfolio Holder
£10,000 to £50,000 between services or between capital/ revenue	Executive
> £50,000	Executive & Council

- b. B203: changed budget monitoring reports to CMT from Bi-monthly to monthly.
- c. C515: "maintain inventories for fixtures, equipment above £200" whilst low value, this limit deters fraud.
- d. C705: translated "Head of OD" to Finance for reporting staffing budget likely overspends.
- e. D108: translate "Head of Information Technology" to Head of Customer IT and Office Services before changing any existing IT based systems.
- f. D203: write off limits for bad debts: propose to maintain the limits as shown in the table below:

Amount	Approval Required
< £25*	Service manager and Internal Audit Client Manager
£25 to £ 5,000*	Director of Finance and Resources
>£ 5,000 up to £ 7,500	Director of Finance and Resources and Executive Director
>£ 7,500	Executive

- g. D227 and 227a: propose to maintain the 30 day invoice payment and 1 days for local suppliers and small businesses.
- h. D238: authorised Signatory list, translated “Head of Exchequer Services” to read Head of Finance.

### **Contract Procedure Rules**

- 5. The Contract Procedure Rules have been reviewed and proposed amendments are shown as tracked changes at Annexe 2.
- 6. Public Contract Regulations 2015 were published on 6 February 2015 and come into effect on 26 February 2015. These are being reviewed and any proposed amendments will be tabled along side this report for consideration and inclusion.
- 7. References to management posts superseded in the management restructure have been updated to the current post titles. The following items have been adjusted and are drawn to the Executive’s attention for review:
  - EU Directives references have been updated to include Public Contracts Regulations 2015 (“the Regulations”).
  - The CPRs have been updated to reflect the use of Intend as the procurement process. All references to postal and email have been deleted and new procedure implemented for “In-tend” electronic procurement.
  - Reference to “Improvement and Efficiency South East” has been deleted as this has been superseded by the In-tend process.
  - The same financial thresholds are proposed to continue, with only threshold 4 changing as necessary to comply with OJEU limit changes.

The thresholds are:

The financial thresholds for the aggregate value of the contract are currently as follows:

Threshold 1: up to and including £10,000

Threshold 2: from £10,000 up to and including £25,000

Threshold 3: from £25,000 up to and including £172,000

Threshold 4: over £172,000\*

\*Threshold 4 value aligns broadly to the OJEU limit for supplies and services. This will be updated automatically if the OJEU limit changes

EU Procurement thresholds from 1st January 2014 to 31 December 2015 are:

- Supplies £172,514
- Services £172,514
- Works £4,322,012

The EU Procurement thresholds are still current as at February 2015.

- Section 6 has been inserted as follows:

**6 ELECTRONIC TENDERING (E-TENDERING)**

6.1 All quotations and tenders shall be sought using the Council's electronic tendering portal, the South East Shared Services e-Sourcing Portal, provided by 'In-tend'.

The In-tend system captures and records information through out each tender exercise. Therefore requirement to maintain a paper audit trail as specified in previous CPRs has been removed.

No changes have been made to the number of quotes required within each threshold level; the current rules are workable and provide good governance.

Dispatch of invitation to tender rules are updated to comply with the In-tend system, which has templates. These capture information and remove the need for a manual record to be made. Section 12.

Receipt of tendered and quotations has been amended to comply with the In-tend system functionality. Section 13.

Method of opening and recording tenders has been amended to comply with the In-tend system functionality. Section 14.

### **Conclusion**

8. Financial Regulations and Contract Procedure Rules have been reviewed to ensure that they are fit for purpose.

### **Recommendation**

It is recommended that the Executive reviews and considers any observations from the Audit Committee and recommends to the Council that the revised Financial Regulations and Contract Procedure Rules be adopted.

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### **Background Papers**

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

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