

WAVERLEY BOROUGH COUNCIL
AUDIT COMMITTEE – 23 MARCH 2015

Title:

Review of Contract Procedure Rules and Financial Regulations

[Portfolio Holder: Julia Potts]

[Wards Affected: All]

Summary and purpose:

Audit Committee are asked to pass observations of the revised Contract Procedure Rules and Financial Regulations onto the Executive, in compliance with Audit Committee terms of reference Under Article 8 of the Constitution. Specifically, the Audit Committee is required to maintain an overview of the Council's Constitution in respect of contract procedure rules and financial regulations.

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

The CPR's and financial regulations directly underpins the financial governance arrangements for the Council and affects the way services delivers on corporate priorities.

Financial Implications:

No direct financial implications.

Legal Implications:

These are covered in the documents.

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 with tracked changes Annexe 1.
4. References to management posts superseded in the management restructure have been updated to the current post titles.

5. The following items have been drawn to the committee's attention for specific review:

i. 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

ii. B203: changed budget monitoring reports to CMT from Bi-monthly to monthly.

iii. C515: "maintain inventories for fixtures, equipment above £200" whilst low value, this limit deters fraud.

iv. C705: translated "Head of OD" to Finance for reporting staffing budget likely overspends.

v. D108: translate "Head of Information Technology" to Head of Customer IT and Office Services before changing any existing IT based systems.

vi. 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

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

Contract Procedure Rules

- 6. The Contract Procedure Rules have been reviewed with tracked changes Annexe 2.
- 7. 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.
- 8. References to management posts superseded in the management restructure have been updated to the current post titles.
- 9. The following items have been adjusted and drawn to committee attention for review:
 - i. EU Directives references have been updated to include Public Contracts Regulations 2015 (“the Regulations”).
 - ii. 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.
 - iii. Reference to “Improvement and Efficiency South East” has been deleted as this has been superseded by the In-tend process.
 - iv. 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.

Despatch 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

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

Recommendation

It is recommended that the Committee passes their observations of the Financial Regulations and Contract Procedure Rules and tabled amendments onto the Executive.

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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