

REPORT OF THE
Cabinet
PART I

167. STREAMLINING CORPORATE PROCEDURES

Changes to the Constitution

1. On 26 February 2015 the Public Contract Regulations 2015 ('the 2015 Regulations') came into force, replacing the previous Public Contract Regulations 2006. The 2015 Regulations implement the new EU Public Sector Procurement Directive 2014/24/EU, and apply to all procurements commenced on or after 26 February 2015.

2. In consequence of the 2015 Regulations a review of Contract Standing Orders has been undertaken in order to ensure the County Council's continued compliance with relevant procurement legislation. In doing so the opportunity has been taken to streamline both Contract Standing Orders and Financial Regulations to increase the efficiency of the County Councils business.

3. Contract Standing Orders and Financial Regulations are contained within the County Council's Rules of Procedure set out at Part 3 of the Constitution. Part 1 Chapter 17 Paragraph 17.2 of the Constitution requires that, following consideration by Cabinet, Council approve changes to the Constitution, and that changes required to the Constitution to give effect to any changes in the law or directives are also reported to the Council.

4. On 20 July 2015 Cabinet considered proposals in respect of revised Contract Standing Orders and Financial Regulations in consequence of the above, and have recommended the revised documents for approval by the County Council.

A. Contract Standing Orders

i) A detailed explanation of the proposed changes to Contract Standing Orders (CSO) is set out below and a copy of the proposed amended Contract Standing Orders is set out at Annex 1.

ii) **CSO 1:** Definitions have been updated to reflect the new Regulations and changes in the body of CSOs.

iii) **CSO 2:** Reference to the principle of proportionality has been inserted to reflect the introduction of that principle in the new Regulations.

An additional paragraph has been inserted to reflect the position in relation to joint procurement arrangements. Any contracts entered into through collaboration with other local authorities or public bodies where a competitive process has been followed that complies with the equivalent of the CSOs of the leading organisation (but does not necessarily comply with the County Council's CSOs) will be deemed to comply with the County Council's CSOs and no exemption will be required.

iv) **CSO 3:** Changes have been made to clarify the approval process required in relation to procurement of contracts. Approval required from Executive Members and Chief Officers is limited to contracts which bind the Council to financial expenditure and the approval itself is limited to such expenditure but does not preclude reporting of the details of particularly sensitive procurements to Executive Members and Chief Officers.

The Procurement Best Practice Guide which supplements the CSOs will set out the departmental approvals necessary before commencing procurements generally.

v) **CSO 4:** Wording has been tweaked for clarification.

vi) **CSO 5:** Changes have been made to the definition of Framework Agreement to reflect the wording of the new Regulations. Changes have also been made to reflect the revised internal approval process for the use of Framework Agreements. In order to streamline the process and remove unnecessary bureaucracy approval for the use of a Framework Agreement will now be limited to the Director of CCBS. The Procurement Best Practice Guide will make it clear that in considering Framework Agreements for use legal advice should be sought to ensure that the terms protect HCC's interests. In addition CSO 12 provides that the Head of Legal Services shall be consulted on all contracts over £100k which includes contracts under Framework Agreements.

For clarity, specific reference is made to compliance with the provisions of the Regulations in relation to Framework Agreements.

The section dealing with Approved Lists has been deleted in its entirety as such lists are not compliant with the new Regulations given that two stage processes (where tenderers are pre qualified) are no longer permissible in below EU threshold procurements. However where Approved Lists are still in use (pending the setting up of new compliant arrangements) such use will not be in breach of CSOs as CSOs are now silent on the use of Approved Lists rather than specifically stating that the use of such Lists are not permissible.

Minimum requirements for a Contractor to be awarded a Contract has been limited to meeting the insurance requirements under the Contract and registration for tax with a valid certificate.

vii) **CSO 6:** Reference to Contracts Finder has been inserted to reflect the new requirements for publication in Contracts Finder.

The paragraph requiring publication of notice advertising the opportunity for contracts with a value below £100 k has been deleted as those contracts are not required to be advertised in accordance with the raising of the threshold value.

The Summary table has been deleted and will be inserted in the Procurement Best Practice Guide.

viii) **CSO 7:** The threshold value for obtaining 3 quotations has been increased from £25k to £100k to reflect significant increase in prices (the thresholds have not been revised for at least 10 years). It is considered that the new threshold is in line with thresholds being considered and/or adopted by other County Councils. Detailed

provisions as to how to obtain the quotations will be contained in the Procurement Best Practice Guide to ensure that transparent procedures are followed and best value is obtained.

A de minimus threshold of £1k has also been introduced which will not require obtaining 3 quotations but one quotation will be sufficient.

Other slight changes have been made for consistency to reflect earlier changes in relation to approval of Framework Agreements and Approved Lists.

ix) **CSO 8:** Original CSO 8 has been deleted in its entirety as there is no need to differentiate between the competitive procedure used above £100k and below threshold value. The key is that a competitive tendering procedure is to be used.

Changes have been made to reflect earlier changes in relation to approval of Framework Agreements and deletion of reference to Approved Lists.

Further changes have been made to reflect the fact that two stage processes (use of Restricted Procedure) are no longer permissible in below EU threshold procurements. The reference to requiring five tenders has been deleted to ensure consistency with the Public Contract Regulations and avoid imposing a higher level of compliance than that laid down in the Regulations. Time periods have been deleted and will be set out in the Procurement Best Practice Guide.

References and requirements in relation to paper tenders have been deleted and will be set out in the Best Practice Guide as paper tenders will no longer be permissible under the new Regulations as from 2017. The details in relation to what is permissible in the interim will be set out in the Procurement Best Practice Guide.

x) **CSO 9:** Changes have been made to reflect the new procedures introduced by the Public Contract Regulations 2015. Approval of the use of the negotiated procedure, competitive dialogue procedure and the innovation partnership procedure has been linked with financial levels in line with the waiver levels so that where values of up to £1 million are involved Head of Legal Services will be required to approve the use of the procedure and where the value exceeds £1million then approval of the Executive Member or Committee with delegated responsibility for the relevant service area will be required.

A new paragraph has been inserted which requires approval from the Head of Legal Services for modifications to contracts which have not been specifically provided for in the original contract and which have a value of less than £1 million. Approval from the Executive will be required where the value of the modification is of a value of £1 million or greater. This paragraph reflects the new provisions in relation to modifications contained within the new Regulations.

xi) **CSO 10:** Changes have been made to reflect a waiver granted during 2013 for the purposes of reflecting the practicalities of operating the electronic tendering system. Given that there will be no tenders for contracts below £100k the paragraph dealing with opening tenders below that level has been deleted. The paragraph referencing paper tenders has been deleted given the changes in the new Regulations

in relation to paper tenders. The paragraph deleted will be set out in the Procurement Best Practice Guide.

xii) **CSO 11:** A reference to clauses required by the new Regulations has been inserted.

xiii) **CSO 12:** Paragraph 12.4 has been deleted as application of CSOs to extensions of contract has been covered in CSO 9 with reference to modifications and will also be clarified in the Procurement Best Practice Guide.

B. Financial Regulations

i) The main content of Financial Regulations do not require major changes since they deal principally with roles, responsibilities and accountabilities within the County Council's overall financial and legal framework.

ii) Some changes will be required to reflect current structures and job titles and to take account of other changes such as enhanced levels of partnership working and sold service arrangements.

iii) Some items are historic in nature and do not align with current operating models or structures, for example the requirement for chief officers to consult with the Chief Finance Officer when a vacancy arises in a 'senior financial management' post within their Department.

iv) Key changes which are reflected in the amended Regulations in Annex 2 relate to updated wording and financial limits for revenue virements. The ability to make urgent decisions outside of Financial Regulation requirements has been added to ensure that the County Council has the ability to make urgent decisions where this is justified and where they are in its best interests.

v) A decision matrix for decisions and limits on the capital programme is also included in the Annex. This replaces the very complex position that is currently reflected in the Financial Procedure Rules. The aim will be to make overall financial governance of the capital programme easier to manage and to embed the matrix within Financial Regulations.

C. Changes to Procedures for the Claiming of Members Expenses

i) In addition Paragraph 5 of the Cabinet Report contains a suggested change to the procedure for claiming of Members' Expenses. By virtue of Paragraph 13 (3) of the Members' Allowances Scheme, the time limit for submission of claims is currently six months from the date the claim arises.

ii) Following implementation of the Integrated Business Centre (IBC) Members have been encouraged to submit expenses claims by self service online through "ESS Lite for Councillors". The time limit for submission of expenses claims through ESS Lite for Councillors is however three months from the date the claim arises, in line with good practice related to budget management. A similar time limit applies for submission via ESS Lite of expenses claims by Officers.

iii) In the interests of business efficiency and to avoid confusion, it is considered sensible to align the time limit for the submission of Members expenses claims in the Members Allowances Scheme with the period for self-service claims. It is therefore suggested that from May 2017, following the next County Council elections, the time limit in the Members Allowances Scheme for the submission of claims should be amended to three months from the date any claim arises, and that all claims should be made via ESS Lite for Councillors.

D. Changes to Delegations

i) Recognising the natural synergy between the two functions within the County Council's business, the need to provide joined up support to the Transformation Programme, and the most economic model for Senior Management, the functions of Legal Services and Governance have now been combined under the Head of Governance and Monitoring Officer.

ii) In consequence of the above it is appropriate to review delegations currently in the County Council's Constitution to the roles of Head of Legal Services and Head of Governance and Monitoring Officer. It is considered sensible in light of the revised structure, and to avoid confusion that functions currently delegated in the Constitution to the Head of Legal Services be delegated to the Head of Governance and Monitoring Officer.

RECOMMENDATIONS

That the County Council:

- a) Approve the revised Contract Standing Orders referred to in Paragraph 5 and set out in Annex 1 to this report.
- b) Approve the revised Financial Regulations referred to in Paragraph 6 and set out in Annex 2 to this report.
- c) Approve the proposed amendments to the procedures for the claiming of Members expenses referred to in Paragraphs C i) to iii).
- d) Delegates authority to the Head of Governance and Monitoring Officer to make changes to the County Council's Constitution and the Members' Allowances Scheme consequential upon approval of recommendations in this Report.

Part 3 Chapter 6

Contract Standing Orders

1. Interpretation
2. Status of, and Compliance with, Contract Standing Orders
3. Approval to procure
4. Contract Value and Aggregation
5. Framework Agreements and Suitability of Contractors
6. Publication of Notices
7. Purchasing Procedures for Contracts of a Value less than £100,000
8. Tendering Procedures for Contracts of a Value of £100,000 or greater but less than relevant EU Threshold
9. Tendering Procedures for Contracts Above EU Thresholds
10. Receipt and Opening of Tenders
11. Evaluation of Tenders and Award of Contract
12. Waiver of Contract Standing Orders

Contract Standing Order 1: Interpretation

1.1 In these Contract Standing Orders, the following terms have the following meanings:

“Advance Works Order” means an advance works order issued under CSO 12.10

“Area of Responsibility” means the function and area of responsibility for a Chief Officer as detailed in Part 1, Chapter 11, Paragraph 11.2, and Part 2, Chapter 4 of the County Council’s Constitution

“Chief Officer” means any of the posts identified at Part 1 Chapter 11, Paragraph 12.2 of the County Council’s Constitution “Contract” means

(i) any agreement for the supply of goods, services, or the execution of works to or for the Council including the use of consultants;

(ii) any Framework Agreement; or

(iii) any agreement where no payment is made by the County Council but which is of financial value to the Contractor (e.g. a catering concession)

but does not include (without exception)

(iv) an employment contract: or

(v) a Grant Agreement

"Contract Lead Officer" means a County Council officer nominated to deal with Contracts in accordance with CSO 3.3

“Contractor” means the party or potential party to a Contract

“Contracts Finder” means a web-based portal provided for the purposes of the UK Regulations by or on behalf of the Cabinet Office

“County Council” means Hampshire County Council

“CSO”/ "CSOs" means Contract Standing Order/ Contract Standing Orders

“EC Treaty” means the Treaty establishing the European Community signed on 25 March 1957 as amended by subsequent treaties

“EU Public Procurement Directives “ means EU Directive 2014/24/EU and European Council Directive 89/665/EEC any Directives and Regulations by which it is applied, extended, amended, consolidated or replaced and any re-enactment

thereof

“EU Thresholds” means the thresholds for public advertisement of goods, works and services contracts as provided for in the EU Public Procurement Directives and advised by the Government

“Evaluation Report” means a report on the evaluation of tenders prepared under CSO 12

"Framework Agreement" means an agreement between one or more contracting authorities (bodies governed by public law) and one or more Contractors as defined in CSO 5.1

“Grant Agreement” means an agreement giving financial assistance to an individual or organisation with no supply of goods or services, or execution of works, in return

"OJEU" means the Official Journal of the European Union

“Procurement Network” means a formal group of officers of the County Council representing all departments and procurement teams whose main purpose is to provide leadership on procurement matters for the County Council

“Senior Officer” means a County Council officer on grade HMG E or above

“UK Regulations” means the Public Contracts Regulations 2015

“works” “supplies” & “services” are as defined in the EU Public Procurement Directives

Contract Standing Order 2: Status of, and Compliance with, Contract Standing Orders

- 2.1 By law, the County Council is required to make standing orders with respect to contracts for the supply of goods or services or for the execution of works which provide for securing competition and regulation of the manner in which tenders are invited.
- 2.2 The County Council is a contracting authority for the purposes of the EU Public Procurement Directives, and is thereby legally bound to comply with certain practices and procedures in the award of Contracts.
- 2.3 The County Council has therefore adopted these Contract Standing Orders (CSOs), setting set out the procedures that must be followed in relation to the procurement and award of a Contract. CSOs provide a framework to ensure that the County Council uses its resources efficiently in making purchasing decisions to obtain best value in public services. CSOs also provide a means of safeguarding the reputation of the County Council and its staff from any implication of dishonesty or corruption.
- 2.4 The Chief Finance Officer and Head of Legal Services are the joint custodians of these CSOs and are responsible for keeping them under review. This includes giving advice on their implementation and interpretation.
- 2.5 Every Contract made by the County Council or on its behalf (irrespective of the source of funding) shall comply with the EC Treaty, the EU Public Procurement Directives, all other applicable EU and domestic legal requirements, CSOs and Financial Regulations. In the event that there is any conflict or inconsistency between the provisions of CSOs and any legal requirement, the legal requirement shall apply.
- 2.6 The EC Treaty provisions and Treaty-based principles, including non-discrimination, equal treatment, transparency and proportionality, apply generally in the award of public contracts – including those of a value below the EU Thresholds. Care must be taken at all times to ensure that nothing is done which is discriminatory, improper or which distorts competition.
- 2.7 It is the role of the Director of Culture, Community and Business Services (CCBS) to publish the [Corporate Procurement Strategy](#) and to maintain a Procurement Network on behalf of the County Council.
- 2.8 These CSOs are supplemented by the [Procurement Best Practice Guide](#) maintained by the Director of CCBS. In the event that there is any conflict or inconsistency between the provisions of the Procurement Best Practice Guide and CSOs, CSOs shall apply.

- 2.9 These CSOs supplement the Officers' Code of Conduct and a failure to comply will normally be regarded as a disciplinary offence. Where a person who is not a County Council employee is contracted to a position where they are authorised to carry out purchasing functions, it is a condition of their contract that they comply with CSOs.
- 2.10 These CSOs shall always be interpreted and applied in a way that supports the achievement of the County Council's identified business objectives, within relevant legal frameworks.
- 2.11 Any contracts procured and awarded by way of collaboration with other public bodies where a competitive process has been followed that complies with the equivalent of these CSOs of the leading organisation will be deemed to comply with these CSOs and no waiver in accordance with CSO 13 will be required.

Contract Standing Order 3: Approval to procure

- 3.1 The procurement of a Contract (not including a Framework Agreement) is subject to the approval of the relevant decision maker who has the authority to give approval for the relevant expenditure under the Constitution. The giving of approval is subject to the expenditure involved having been included in approved estimates and sufficient budgetary provision having been made in the County Council's capital programme or revenue budget.
- 3.2 In estimating the value of the Contract, the principles of CSO 4 shall be applied
- 3.3 In all cases, the Chief Officer within whose Area of Responsibility the Contract falls shall designate a Senior Officer as Contract Lead Officer for the Contract. It shall be the responsibility of the Contract Lead Officer to ensure that the processes followed in relation to the procurement and award of the Contract are compliant with these CSOs.

Contract Standing Order 4: Contract Value and Aggregation

- 4.1 The estimated value of a Contract shall be the total value of the Contract net of VAT. This is the total consideration estimated to be payable over the full term of the Contract by the County Council to the Contractor which shall include any option to extend the term under the contract. Where the Contract is one where no payment is made by the Council (e.g. a concession) a best estimate of the financial value to the Contractor shall be ascertained.
- 4.2 Where the Contract period is indefinite or uncertain, the estimated value shall be calculated on the basis that the Contract will be for a period of four years.
- 4.3 The estimated value of a Framework Agreement is the total value of all the Contracts which could be entered into by the County Council and other contracting authorities, further to that Framework Agreement.
- 4.4 Purchases of the same or similar goods or services must be aggregated wherever practicable. Contracts must not be artificially separated so as to circumvent the application of any part of CSOs, the EU Public Procurement Directives or UK Regulations.
- 4.5 Contracts which are each of a value below the relevant EU Threshold may nevertheless be subject to full EU Public Procurement Directives tendering requirements, where they constitute a series of related or repeat purchases. Advice should be sought where this is the case, in order that the relevant procurement route can be adopted.

Contract Standing Order 5: Framework Agreements and Suitability of Contractors

- 5.1 A **Framework Agreement** is an agreement between one or more contracting authorities (bodies governed by public law) and one or more Contractors, the purpose of which is to establish the terms governing contracts to be awarded during a given period, in particular with regard to price and, where appropriate, the quantity envisaged Framework Agreements may be established by the County Council, or by other public bodies, or public sector buying consortia, as arrangements through which the County Council, along with other public bodies, may make specific purchases.
- 5.2 Where appropriate a Framework Agreement that has been approved as suitable by the Director of Culture, Communities and Business Services should be used for the making of the proposed purchase. A suitable Framework Agreement shall be appropriate for the specific requirement and procured in compliance with the UK Regulations, and the terms and conditions applicable shall meet the minimum requirements of the County Council.
- 5.3 Provisions contained in the UK Regulations which govern Framework Agreements must be complied with when concluding a Framework Agreement or awarding a contract based on a Framework Agreement.
- 5.4 In all cases where a Contract is awarded under these CSOs, a Contractor can only be appointed who, as a minimum:
- a) meets the County Council's insurance requirements for the Contract(in respect of public liability, product, professional indemnity and/or employer's liability as appropriate, based on an assessment of risk for the Contract)
 - b) is registered for tax and holds a valid certificate (where appropriate)

Contract Standing Order 6: Publication of Notices

- 6.1 In all cases where, by virtue of these CSOs or by UK Regulations, a public notice is required, it shall be placed on the corporate tendering opportunities portal on Hantsweb and on Contracts Finder.
- 6.2 Where the estimated total value of a proposed Contract is £100,000 or above, the notice shall additionally be placed in at least one relevant local publication and/or journal circulating among Contractors who undertake Contracts of that nature. However, this is not required where the relevant Chief Officer is satisfied that to do so would not be value for money.
- 6.3 Where the value of the contract is £25,000 or greater the information regarding the Contract award is required to be placed on Contracts Finder.
- 6.4 Where the value of the Contract exceeds the relevant EU Threshold, the Contract notice and Contract award notice shall also be placed in the OJEU in accordance with the UK Regulations.

Contract Standing Order 7: Purchasing Procedures for Contracts of a Value less than £100,000

- 7.1 Where the estimated value of the Contract, calculated in accordance with CSO 4, is less than £100,000 and there is a suitable Framework Agreement approved by the Director of CCBS under CSO 5.2, that Framework Agreement shall be used.
- 7.2 Where no suitable Framework Agreement is available, and the estimated value of the Contract, calculated in accordance with CSO 4, is less than £1000, then one written quotation should be obtained.
- 7.3 Where no suitable Framework Agreement is available, and the estimated value of the Contract, calculated in accordance with CSO 4, is £1,000 or greater and less than £100,000 three written quotations should be obtained against the same written request for quotation in accordance with the procedure set out in the Procurement Best Practice Guide
- 7.4 In the selection of the Contractor, the Contract Lead Officer shall bear in mind the need to seek best value for money and be able to demonstrate that they have achieved this.
- 7.5 The Contract shall be evidenced in writing, by submission of an order in accordance with the Framework Agreement or, where a Framework Agreement is not used, by the placing of an order on the basis that the price in the written quotation received shall apply.

Contract Standing Order 8: Tendering Procedures for Contracts of a Value of £100,000 or greater but less than relevant EU Threshold

- 8.1 Where the estimated value of the Contract, calculated in accordance with CSO 4, is £100,000 or greater but less than the relevant EU Threshold, and there is a suitable Framework Agreement approved by the Director of CCBS, under CSO 5.2, that Framework Agreement shall be used.
- 8.2 Where no suitable Framework Agreement is available, tenders shall be invited using a procedure comparable/similar to the open procedure under the Public Contract Regulations.
- 8.3 The procedure requires the publication of a notice in accordance with CSO 6. The public notice shall specify (i) a time period within which interested parties may express an interest in tendering and (ii) the method by which such interest shall be expressed. At the end of this period, an invitation to tender shall be sent to all parties who have expressed an interest, specifying a reasonable period for tenders to be returned.
- 8.4 In all cases, every invitation to tender shall include the following:
- A statement that the tendering process will be conducted within the County Council's corporate electronic tendering system;
 - Full instructions on how to submit their tender to this system;
 - Advice that tenders, once received in the system, will be anonymous until the time specified for their opening;
 - Advice as to the deadline for submission of tenders to this system
- 8.5 In exceptional circumstances, and with the prior approval of the Director of Culture, Communities and Business Services, an invitation to tender may be sent to tenderers in hard copy paper form, rather than through the electronic tendering system.
- 8.6 The invitation to tender shall state the evaluation criteria, including sub-criteria and sub-sub-criteria (where used), weightings and scoring criteria that will be applied in the award of the Contract. These criteria must be capable of objective assessment, include price and any other relevant factors, and be weighted by relative importance. The invitation to tender shall also include the terms and conditions that will apply to the Contract.
- 8.7 The Contract shall be evidenced in writing by the completion of a formal written Contract, the terms of which have been approved by the Head of Legal Services or other person authorised by him for this purpose.

Contract Standing Order 19: Tendering Procedures for Contracts above EU Thresholds

- 9.1 The EU Public Procurement Directives set a financial threshold beyond which prescribed tendering procedures must be followed. The EU Thresholds are reviewed every two years, and the updated figures can be found in the Best Practice Guide.
- 9.2 Where the estimated value of the Contract is in excess of the relevant EU Threshold, the procedures set out in the EU Public Procurement Directives must be followed. In most cases, the open procedure, restricted procedure or competitive procedure with negotiation will be used, but in certain specialist cases, the negotiated procedure without prior publication, competitive dialogue procedure or innovation partnership procedure shall apply. Advice on which procedure is appropriate to the specific case should be sought from the Head of Legal Services.
- 9.3 Where the estimated value of the contract is £100,000 or greater but less than £1 million approval of the Head of Legal Services shall be sought to the use of the negotiated procedure without prior publication, competitive dialogue procedure or innovation partnership procedure.
- 9.4 Where the estimated value of the contract is £1 million or greater approval of the Executive or, in respect of Non-Executive matters, the Committee with delegated responsibility for the relevant service area shall be sought to the use of the negotiated procedure without prior publication, competitive dialogue procedure or the innovation partnership procedure.
- 9.5 Any proposed modifications to existing contracts which have not been provided for in the initial procurement documents in clear, precise and unequivocal review clauses shall be approved by the Head of Legal Services where the value of the modification is less than £1 million and by the Executive where the value of the modification is £1 million or greater prior to agreement of such modification.

Contract Standing Order 10: Receipt and Opening of Tenders

- 10.1 Subject to CSO 10.2 – 10.3, all tenders shall be opened at the same time, by an officer appropriately trained to open tenders on the electronic tendering system as soon as reasonably practicable on or after the date for return of tenders. People under contract to the County Council, but not permanent employees of the County Council shall not open tenders unless approved by a Chief Officer or Head of Legal Services.
- 10.2 For a Contract of a value of £100,000 or greater, the officer opening tenders shall be certified as having completed the required training and the officer's name shall appear on a list held by the Head of Legal Services and authorised for that purpose.
- 10.4 The officer opening tenders shall record, in respect of each tender opened, the name of the tenderer and, where applicable, the total value.

Contract Standing Order 11: Evaluation of Tenders and Award of Contract

- 11.1 The Contract Lead Officer (who should normally be an employee of the County Council) shall ensure that the tenders received are evaluated in accordance with the evaluation criteria that have been adopted for the Contract, and stated in the invitation to tender. These criteria must be capable of objective assessment, include price and other relevant factors, and be weighted by relative importance.
- 11.2 The Contract Lead Officer shall produce a written report evaluating each tender received against the evaluation criteria. The report shall identify the tenderer who has submitted the most economically advantageous tender i.e. the tender that achieves the highest score in the evaluation, and recommend the award of the Contract to that tenderer. This report shall be submitted to the person authorised to award the Contract under CSO 11.4.
- 11.3 No contract may be awarded unless the expenditure involved has been included in approved estimates and sufficient budgetary provision made in the County Council's capital or revenue accounts in accordance with CSO 3.1. The Evaluation Report shall confirm how this requirement is met.
- 11.4 Each Chief Officer is authorised to award and sign any contract entered into on the County Council's behalf, where it relates to their Area of Responsibility, and where the value of the Contract is less than £100,000. The Contract may be awarded and signed by a Senior Officer who is authorised to do so on behalf of the Chief Officer as documented in that Chief Officer's scheme of financial delegation. All other Contracts shall be awarded by the Head of Legal Services or a Senior Officer nominated by the Head of Legal Services for this purpose, and signed by or on behalf of the Head of Legal Services in accordance with Part 1, Chapter 15 of the Constitution.
- 11.5 Where the value of a Contract is above the relevant EU Threshold, the Contract shall be awarded in accordance with the UK Regulations and in particular the requirements relating to a "standstill" period prior to the Contract being entered into.
- 11.6 All Contracts, including an arrangement subject to a purchase order, must be made in writing under English Law, and must clearly and carefully specify the supplies, services or works to be provided, the agreed programme for delivery and the price and terms for payment together with all other terms and conditions.
- 11.7 Where purchases of a value less than £100,000 are made for which standard terms and conditions have been approved by the Head of Legal Services those standard terms should be used. Where a Contract is estimated at a value £100,000 or above or is of an unusual or complex nature, the Head of Legal Services shall be consulted to produce a suitable

set of conditions of contract or to advise on existing conditions for use under a Framework Agreement

- 11.8 Every contract must also include certain clauses, in a form approved by the Head of Legal Services, to protect the County Council from fraud and to ensure that Contractors understand their responsibilities when they are acting on the County Council's behalf as well as clauses required to comply with the UK Regulations.
- 11.9 The Chief Officer within whose area of responsibility the Contract falls shall allocate to a Senior Officer responsibility for the ongoing management of the Contract.
- 11.10 In exceptional circumstances, where a Contract has been awarded under CSO 11.4, but it is considered necessary in the best interests of the County Council to initiate the provision of goods or services under that Contract prior to the Contract being signed, the issue of an Advance Works Order by the Head of Legal Services may be requested. Issue will be subject to confirmation that a decision to award the Contract has been made in accordance with CSOs, the necessary funding for the Contract having been approved, and the value of the Advance Works Order not exceeding £100,000.

Contract Standing Order 12: Waiver of Contract Standing Orders

- 12.1 Any of the requirements of these CSOs may be waived in an individual case, by the person authorised as follows:
- Where the estimated value of the Contract is less than £100,000, the Chief Officer within whose Area of Responsibility the Contract falls
 - Where the estimated value of the Contract is £100,000 or greater but less than £1m, the Head of Legal Services
 - Where the estimated value of the Contract is £1m or greater, the Executive or, in respect of Non-Executive matters, the Committee with delegated responsibility for the relevant service area
- 12.2 A request for the issue of a waiver must be made in writing to the person authorised under CSO 12.1, with full reasons as to why the waiver is required, and evidence that the issue of a waiver will not prevent best value from being obtained. The decision in response to the request must also be in writing. No action shall be taken to enter into the Contract until such request has been submitted and the decision made.
- 12.3 The County Council is subject to legal requirements to ensure fair competition for Contracts of a value exceeding the EU Thresholds, and subject to obligations under the EU Treaty to ensure that all Contracts (regardless of value) are awarded having regard to the need to avoid any action that is discriminatory, improper or which distorts competition.
- 12.4 It is understood that waiver may be utilised where it can be demonstrated that the ability to act quickly to engage a single supplier would make economic sense and fit with service requirements, in circumstances where there is no more effective way to secure the capacity.

Part 3 Chapter 5

Financial Regulations

1. **What are financial regulations?**

These regulations identify the financial responsibilities of the County Council, the Cabinet, Executive Members, members of Select (Overview and Scrutiny) Committees and of other Committees, Sub-Committees and Standing Panels, the Chief Executive, the Head of Legal Services, the Monitoring Officer, the Chief Financial Officer and other Chief Officers.

Executive Members and Chief Officers should maintain a written record where decision making has been delegated to members of their staff including seconded staff. Where decisions have been delegated or devolved to other bodies or responsible officers, such as school governors or head-teachers, references to the Executive or Chief Officer in the regulations should be read as referring to them.

1.1 **Who should read this document?**

These regulations apply to all staff and members of the County Council.

The prime audience for financial regulations consists of:

- 1.1.1 Members;
- 1.1.2 Chief Officers; and
- 1.1.3 Finance Officers;
- 1.1.4 Staff with financial responsibilities.

More detailed guidance on how the regulations should be implemented in practice is contained in financial procedures which are applicable to all Members and all staff.

1.2 **Why have financial regulations?**

Financial regulations form a part of the means by which the County Council manages its business. They clarify responsibilities and provide a framework for decision making. Where there are specific statutory powers and duties, the financial regulations seek to ensure these are duly complied with, as well as setting the best professional practices and processes for all

Annex 2

activities and decisions of the County Council, the Cabinet, Executive Members and its Committees.

In summary, financial regulations are the regulatory framework within which the financial affairs of the County Council operate.

1.3 Corporate governance and financial regulations

All staff and Members must comply with the three fundamental 'principles of public life' as set out in the Committee on Standards in Public Life (the Nolan Committee) namely openness, integrity and accountability.

These regulations also reinforce the corporate governance 'standards', as recommended by the Nolan Committee, governing:

1.3.1 organisational structures and processes:

1.3.2 financial reporting and internal controls;

1.3.3 standards of behaviour.

1.4 What is the coverage of financial regulations?

The regulations apply to all activities of the County Council.

In practice, this means all budgets, money and funds administered by Members and officers in carrying out their duties across all of the County Council's services and activities. This also includes:

1.4.2 funds managed on behalf of third parties such as Hampshire Pension Fund, trust funds, community accounts and school funds;

1.4.3 the rules governing the financial relationship between the County Council and its maintained schools, which are set out in the scheme for financial management. The scheme is consistent with the County Council's financial regulations and therefore applies to all maintained schools;

1.4.4 the County Council's activity within partnership arrangements.

External providers (outsourced services, contractors and consultants for example) are managed through the contract process. The contract document will set out the financial requirements. This will include for example, compliance with key control procedures, performance standards and statistics, attendance at service client meetings and access to accounts.

1.5 Awareness and access

It is the responsibility of Chief Officers to ensure that all employees with financial responsibilities are made aware of and have access to these regulations and the accompanying financial procedures which set out in more detail how the regulations should be implemented and complied with.

1.6 Non-compliance with financial regulations

Failure to comply with these regulations and the accompanying financial procedures may have the following consequences:

1.6.1 For employees, these regulations form part of the Officer's Code of Conduct, so a breach will be considered a disciplinary offence which will invoke those procedures (and can lead to dismissal);

1.6.2 For Members, these regulations form part of the Code of Conduct for Members, so a breach will be reported to the Conduct Advisory Panel which will make an appropriate decision.

An index for these documents may be found at <http://www3.hants.gov.uk/constitution.htm/> under part 4.

1.7 Review of financial regulations

The Chief Financial Officer is responsible for maintaining a continuous review of these regulations;

1.8 Other rules

Apart from these regulations, there are other rules which all Members and officers must comply with. These include:

1.8.1 the law:

- i) general local government law;
- ii) specific local government law;
- iii) general civil and criminal law.

1.8.2 other County Council rules:

the Constitution, including:

- i) Standing Orders;

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- ii) Scheme of Delegation, Rules of Procedure and Standing Orders for Cabinet, Executive Members and all Committees;
- iii) Scheme of Delegation for Officers;
- iv) Contract Standing Orders;
- v) Personnel policies and procedures;
- vi) Schemes of delegation and instructions issued to staff and managers by Chief Officers.

1.8.3 Financial procedures and guidance notes.

Financial Regulations

2 Financial regulations A – Financial accountabilities and management

- 2.1 Financial management covers all financial accountabilities in relation to the running of the County Council including the policy framework and budget;
- 2.2 The County Council is responsible for adopting the County Council's Constitution and Members Code of Conduct and for approving the policy framework and budget within which the Cabinet and executive members operate. It is also responsible for approving and monitoring compliance with the County Council's overall framework of accountability and control. The framework is set out in the County Council's constitution. The County Council is also responsible for monitoring compliance with the agreed policy and related executive decisions;
- 2.3 The County Council is responsible for approving procedures for recording and reporting decisions taken. This includes those 'Key Decisions' delegated by and decisions taken by the County Council, the Cabinet and Executive Members. These delegations including any subsequently made to Committees and details of who has responsibility for which decisions are set out in the Constitution;

The Cabinet and Executive Members

- 2.4 The Cabinet is responsible for proposing the policy framework and budget to the County Council, and for discharging executive functions in accordance with the policy framework and budget;
- 2.5 Executive decisions can be delegated to a Committee of the Executive, an individual Executive Member, officer, or a Joint Committee appointed in accordance with Section 102 of the Local Government Act 1972;

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- 2.6 The Cabinet is responsible for establishing protocols to ensure that individual Executive Members consult with relevant officers before taking a decision within his or her delegated authority. In doing so, the Executive Member must take account of legal and financial liabilities and risk management issues that may arise from the decision;

Select (Overview and Scrutiny) Committees

- 2.7 The Select (Overview and Scrutiny) Committees are responsible for scrutinising Executive decisions before or after they have been implemented and for holding the Cabinet and executive members to account. They are also responsible for making recommendations on future policy options and reviewing the general policy and service delivery of the County Council.

Conduct Advisory Panel

- 2.8 The Conduct Advisory Panel is established by the County Council and is responsible for promoting and maintaining high standards of conduct in public office. In particular, it is responsible for advising the County Council on the adoption and revision of the Code of Conduct for Members, and for monitoring the operation of the Code;

Regulatory Committee and Audit Committee

- 2.9 There are a number of functions which are not exercised by the Executive, Cabinet or Members but are the responsibility of Regulatory Committee and Audit Committee. These functions relate to planning, licensing and elections (amongst others). These Committees report to the County Council;

Roles of Statutory Officers

- 2.10 The County Council is required by statute to designate Officers to carry out the following functions: Head of Paid Service, Monitoring Officer and Chief Financial Officer.

The posts that carry out these functions and their responsibilities are summarised below. Throughout financial regulations the title for the post holder in the County Council (Chief Executive) is used rather than the statutory definition (Head of Paid Service);

The Chief Executive (Head of Paid Service)

- 2.11 The Chief Executive as Head of Paid Service is responsible for the corporate and overall strategic management of the County Council as a whole. He or she must report to and provide information for the County Council, the Cabinet and Executive Members, Select (Overview and

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Scrutiny) Committees and other Committees. He or she is responsible for establishing a framework for management direction, style and standards and for monitoring the performance of the organisation. The Chief Executive is also responsible, together with the Monitoring Officer, for the system of record keeping in relation to all of the County Council's decisions;

The Monitoring Officer

- 2.12 The Monitoring Officer is responsible for promoting and maintaining high standards of conduct and therefore provides support to the Conduct Advisory Panel. The Monitoring Officer is also responsible for reporting any actual or potential breaches of the law or maladministration to the County Council and/or to the Cabinet or Executive Members and for ensuring that procedures for recording and reporting 'key decisions' are operating effectively.
- 2.13 The Monitoring Officer must ensure that the Cabinet and Executive Member decisions and the reasons for them are made public. He or she must also ensure that members are aware of decisions made by the Cabinet and executive members and of those made by officers who have delegated executive responsibility;
- 2.14 The Monitoring Officer is responsible for advising all Members and officers about who has authority to take a particular decision;
- 2.15 The Monitoring Officer is responsible for advising the Cabinet and Executive Members or the County Council about whether a decision is likely to be considered contrary or not wholly in accordance with the policy framework or which becomes a key decision;
- 2.16 The Monitoring Officer in consultation with the Chief Financial Officer is responsible for advising the Cabinet and Executive Members or the County Council about whether a decision is likely to be considered contrary or not wholly in accordance with the budget. Actions that may be contrary to the budget include;
- 2.16.1 initiating new policies and commitments
 - 2.16.2 committing expenditure in year and in future years above budget
 - 2.16.3 budget or spending transfers above virement limits.
- 2.17 The Monitoring Officer is responsible for maintaining an up-to-date Constitution.

The Chief Financial Officer

2.18 The Director of Corporate Resources as Chief Financial Officer has statutory duties in relation to the financial administration and stewardship of the County Council. This statutory responsibility cannot be overridden. The statutory duties arise from:

2.18.1 Section 151 of the Local Government Act 1972 (“the 1972 Act”)

2.18.2 Local Government Finance Act 1988 (“the 1988 Act”)

2.18.3 The Local Government and Housing Act 1989 (“the 1989 Act”)

2.18.4 The Local Government Act 2003 (“the 2003 Act”)

2.18.5 The Audit and Accountability Act 2014

2.19 The Chief Financial Officer is responsible for:

2.19.1 the proper administration of the County Council’s financial affairs

2.19.2 setting and monitoring compliance with accounting policies and financial management procedures and standards

2.19.3 maintaining an effective and adequate internal audit and all audit arrangements

2.19.4 advising on the corporate financial position

2.19.5 key financial controls necessary to secure sound financial management and to prevent fraud and corruption

2.19.6 providing financial information

2.19.7 preparing and controlling forward financial plans, budget strategies, the revenue budget, the capital strategy and capital programme

2.19.8 treasury management and banking arrangements

2.19.9 schemes of financial delegation

2.19.10 financial and related IT systems

2.19.11 procedures and controls for ordering services, supplies and works

2.19.12 payment of accounts and collection of income

2.19.13 pay and pensions administration

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- 2.19.14 advice to the Pension Fund Panel
- 2.19.15 appointing all finance staff
- 2.19.16 determining financial systems and ensuring that they are applied consistently
- 2.20 Section 114 and 114A of the 1988 Act require the Chief Financial Officer to report to the County Council, Cabinet and the external auditor if the County Council, the Executive or one of its Officers:
 - 2.20.1 has made, or is about to make, a decision which involves incurring unlawful expenditure
 - 2.20.2 has taken, or is about to take, an unlawful action which has or would result in a loss or deficiency to the County Council
 - 2.20.3 is about to make an unlawful entry to the County Council's accounts
- 2.21 Section 114 of the 1988 Act also requires;
 - 2.21.1 That an appropriate Deputy Chief Financial Officer performs these functions in the absence of the Chief Financial Officer
 - 2.21.2 That the Council provides the Chief Financial Officer with sufficient staff, accommodation and other resources – including legal advice where this is necessary – to carry out the duties under section 114 of the 1988 Act.

Chief Officers

- 2.22 Chief Officers are responsible for:
 - 2.22.1 ensuring that Executive Members are advised of the financial implications of all proposals and that the financial implications have been agreed by the Chief Financial Officer
 - 2.22.2 operating financial processes within their departments. To do this they must ensure that adequate operational controls are in place, including a scheme of delegation
 - 2.22.3 controlling expenditure and income, monitoring performance and taking the necessary action to remain within budgets and cash limits

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2.22.4 signing contracts on behalf of the County Council (as set out in Contract Standing Orders).

2.23 It is the responsibility of Chief Officers to consult with the Chief Financial Officer and seek approval regarding any matters outside of the budget and policy framework which are liable to affect the County Council's finances materially, before any commitments are incurred.

Other financial accountabilities

Revenue Budget transfers (virement)

Virements can be defined as a conscious decision to use approved budgets originally intended for one purpose for a different purpose, during the course of a financial year. This is distinct from general budget management whereby overspends in one service area may be offset by underspends in another, as part of remaining within overall Departmental cash limits. Recurring changes in use of approved budgets would normally be approved by Cabinet and County Council as part of the formal budget setting process.

2.24 Chief Officers can agree single, in year virements up to £500,000 unless a virements or series of virements of any value indicate a significant change in policy, in which case it must be reported to Cabinet for approval before implementation.

2.25 Single virements between £500,000 and £999,999 must be approved by the relevant Executive Member.

2.26 Single virements of £1 million or more must be approved by Cabinet.

Capital Programme Management

2.27 Management of changes to the Capital Programme is defined in the following table:

Additions : Existing or new schemes *			Approval to Spend	Virements and Variations *
100% funded by external sources	Funded by existing departmental revenue or capital sources	Funded by corporate resources including borrowing	If scheme is defined in capital programme and within approved cash limit	Variations across a programme of works within an overall scheme or virements up to £250,000 can be approved by the Chief Officer in consultation with the Executive
Any sum Approved by Chief Officer in consultation	Up to £250,000 Approved by Chief Officer in consultation with		Up to £250,000 Approved by Chief Officer in consultation with	

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with Executive Member	Executive Member		Executive Member	Member
	Up to £500,000 Approved by Executive Member		Over £250,000 Approved by Executive Member	Single variations over £250,000 Approved by Executive Member
	Over £500,000 Approved by Cabinet	Up to £5 million Approved by Cabinet	If not defined in the capital programme and not within cash limit Executive Member for P&R approval required	Single variations over £500,000 Approved by Cabinet
	Over £2 million Approved by County Council	Over £5 million Approved by County Council		Single variations over £2 million Approved by County Council

For all decisions within the above table consultation with the Chief Financial Officer or their representative is required.

- * If the addition or virements is not in line with current approved council policies and strategies, the decision must be made by County Council regardless of value.

Deletion of Schemes

- 2.28 Deletion of individual schemes up to the value of £500,000 may be undertaken by the Chief Officer in consultation with the relevant Executive Member. Deletion of schemes above this amount must be approved by the Executive Member for Policy and Resources.

Tender / quotation costs (schemes over £500,000)

- 2.29 If tenders / quotations exceed the approved estimate by more than 10% after allowing for inflation calculated by the CLG index rates, then Executive Member approval is required.

Final scheme costs (schemes over £500,000)

- 2.30 If final scheme costs exceed the approved estimate by more than 10% after allowing for inflation calculated by the CLG index rates, then a post project completion report should be submitted to the Executive Member.

Urgent Decisions

- 2.31 Where an urgent financial decision is required that falls outside of the defined process or limits within Financial Regulations or Financial Procedure Rules, but is felt to be in the wider interests of the County Council, the Chief Financial Officer in consultation with the Chief Executive and the Leader can make the decision subject to it being reported to the next appropriate decision making meeting.

Treatment of year-end balances

- 2.32 The Cabinet is responsible for agreeing procedures for carrying forward under and overspendings on budget headings on advice of the Chief Financial Officer.

The annual statement of accounts

- 2.33 The Chief Financial Officer is responsible for ensuring that the annual statement of accounts is prepared and certified in accordance with all relevant regulations. The Audit Committee is responsible for approving the annual statement of accounts.

3 Financial regulation B – Financial planning

- 3.1 The County Council is responsible for approving the policy framework and budget, which will be proposed by the Leader and Cabinet. In terms of financial planning, the key elements are:

3.1.1 the Corporate Strategy

3.1.2 the Revenue Budget

3.1.2 the Capital Programme

Policy framework

- 3.2 The County Council is responsible for approving the policy framework and budget. The policy framework comprises a number of statutory plans and strategies laid out in the Constitution.

- 3.3 The County Council is also responsible for approving procedures for agreeing variations to approved budgets, plans and strategies forming the policy framework and for determining the circumstances in which a decision will be deemed to be contrary to the budget or policy framework. Decisions should be referred to the County Council by the Monitoring Officer.

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- 3.4 The County Council is responsible for agreeing the level at which the Cabinet and executive members may reallocate budget funds from one service to another. The Cabinet and executive members are responsible for taking in-year decisions on resources and priorities in order to deliver the budget policy framework within the financial limits set by the County Council.

Preparation of the corporate strategy

- 3.5 The Chief Executive is responsible for proposing the Corporate Strategy to the Cabinet for consideration before its submission to County Council for approval.

Budgeting

Budget format

- 3.6 The general format of the budget will be approved by the County Council and proposed by the Cabinet on the advice of the Chief Financial Officer. The draft budget should include allocation to different services and projects, proposed taxation levels and contingency funds.

Budget preparation

- 3.7 The Cabinet is responsible for issuing annual guidelines on the revenue budget and capital programme, in consultation with the Chief Financial Officer, ahead of the preparation of the revenue budget and capital programme. These guidelines will take into account:
- legal requirements
 - the medium term planning prospects
 - the corporate strategy
 - available resources
 - spending pressures
 - the community plan and other relevant plans
- 3.8 The Chief Financial Officer is responsible for ensuring that a revenue budget and capital programme is prepared on an annual basis and a forward financial forecast is prepared in line with Government Funding notifications for consideration by the Cabinet, before submission to the County Council. The County Council may amend the budget and capital programme or ask the Cabinet to reconsider it before approving it.
- 3.9 It is the responsibility of chief officers to ensure that revenue and capital budget estimates reflecting agreed service plans are prepared in consultation with the Chief Financial Officer and Executive Member and

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submitted to the Cabinet and that these estimates are prepared in line with the budget guidance issued by the Cabinet.

Budget monitoring and control

- 3.10 The Chief Financial Officer is responsible for providing appropriate financial systems to enable budgets to be monitored effectively. The Chief Financial Officer must monitor expenditure against budget allocations and report to the Cabinet on the overall position on a regular basis.
- 3.11 It is the responsibility of Chief Officers to control income and expenditure on their budgets and to monitor performance taking account of financial information provided by the Chief Financial Officer. They should report to the relevant Executive Member on variations and take any action necessary to avoid exceeding their budgets and alert the Chief Financial Officer to any problems. Any new proposal containing significant financial implications must take note of the Chief Financial Officer's advice as well as that of the relevant Chief Officer and Executive Member.

Maintenance of balance and reserves

- 3.12 In line with the 2003 Act, it is the responsibility of the Chief Financial Officer to advise the Cabinet and the County Council on prudent levels of balances and reserves for the County Council.

4 Financial regulation C – Risk management and control of resources

- 4.1 It is essential that robust systems are developed and maintained for identifying and evaluating all significant operational risks to the County Council on an integrated basis.

Risk management

- 4.2 The Cabinet is responsible for approving the County Council's risk management policy strategy. The Cabinet is responsible for ensuring that proper insurance exists where appropriate.
- 4.3 The Chief Executive is responsible for preparing the County Council's risk management policy statement and for promoting it throughout the County Council and for advising the Cabinet on proper insurance cover where appropriate.
- 4.4 The Chief Executive is responsible for ensuring regular corporate assessments of risk and chief officers for reviewing risks annually.

Internal control

- 4.5 Internal control refers to the systems of control to ensure that the County Council's objectives are achieved in a manner which promotes economical, efficient and effective use of resources and that the County Council's resources and interests are safeguarded.
- 4.6 The Chief Financial Officer 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. The relevant Chief Officer is responsible for the implementation of such advice.
- 4.7 It is the responsibility of chief officers to establish sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and for achieving their performance targets.

Audit requirements

- 4.8 In accordance with the Accounts and Audit Regulations 2015 the County Council must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.
- 4.9 The County Council is responsible for the appointment of their own external auditor under the provisions of the Local Audit and Accountability Act 2014. Any such appointment must be approved by Full Council.
- 4.10 The County 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.

Treasury management

- 4.13 The County Council has adopted the key principles of CIPFA's *Treasury Management in the Public Services: Code of Practice* (the Code).
- 4.14 Accordingly, the County Council will create and maintain, as the cornerstones for effective treasury management:
- A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities

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- suitable treasury management practice (TMPs) setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
- 4.15 The County Council will receive reports on its treasury management policies, practices and activities, including as a minimum, an annual strategy and plan in advance of the year, a mid-year review, and an annual report after its close, in the form prescribed in its TMPs. The annual investment strategy requires the approval of the full County Council.
- 4.16 Whilst the County Council assumes full responsibility for the implementation and monitoring of its treasury management policies and practices, it delegates the execution and administration of treasury management decisions to the Chief Financial Officer, who will act in accordance with the County Council's Treasury Management Policy Statement, TMPs and CIPFA's Standard of Professional Practice on Treasury Management. The County Council nominates The Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

Banking arrangements

- 4.17 All arrangements with bankers must be made only by the Chief Financial Officer, who is authorised to operate any bank accounts considered necessary.

Staffing

- 4.18 The Chief Executive in consultation with the Leader is responsible for determining how officer support for the Cabinet and Executive Members and for all other Member roles within the County Council will be organised.
- 4.19 The Chief Executive is responsible for providing overall management to staff and for ensuring that there are systems for the proper evaluation of pay for all staff and evaluation of performance.
- 4.20 Chief Officers are responsible for controlling total staff numbers by:
- 4.20.1 advising the Executive Members on the budget necessary in any given year to cover estimated staffing levels
 - 4.20.2 adjusting the staffing numbers within approved budget provision, varying the provision as necessary within that constraint in order to meet changing operational needs
 - 4.20.3 the proper use of appointment procedures, workforce plans and verified personnel information

5 Financial regulation D – Systems and processes

- 5.1 Sound systems and processes are essential to an effective framework of accountability and control

General

- 5.2 The Chief Financial Officer is responsible for ensuring the County Council has appropriate IT systems for financial purposes, for accounting systems, the form of accounts and the supporting financial records. Any changes made by chief officers to the existing financial systems or the establishment of new systems must be approved by the Chief Financial Officer.
- 5.3 Chief Officers are responsible for the proper operation of financial processes in their own departments. Any changes to agreed processes by Chief Officers to meet their own specific service needs should be agreed with the Chief Financial Officer.
- 5.4 Chief Officers should ensure that their staff receives relevant financial training which has been approved by the Chief Financial Officer.
- 5.5 Chief Officers must ensure that, where appropriate, computer and other systems are registered in accordance with Data Protection legislation, as advised by the Data Protection Officer. Chief Officers must ensure that staff are aware of their responsibilities under the freedom of information legislation.

Income and expenditure

- 5.6 It is the responsibility of Chief Officers to ensure that a proper scheme of delegation has been established within their area and is operating effectively. Scheme of delegation should identify staff authorised to act on the Chief Officers' behalf, or on behalf of the Executive Members, in respect of payments, income collection and for placing orders together with the limits of their authority. The Chief Financial Officer is responsible for specifying the procedure to be followed in ordering, making payments, collecting income and approving procedures for writing off debts as part of the overall control framework of accountability and control.

Payments to employees, members and pensioners

- 5.7 Payments of salaries to all employees, allowances to members and pensions should be made via the payroll system, unless an exception has been specifically approved by the Chief Financial Officer. The Chief Financial Officer is responsible for paying all employees, allowances to Members and pensions.

Taxation

- 5.8 The Chief Financial Officer is responsible for advising Chief Officers, in the light of guidance issued by appropriate bodies and relevant legislation as it applies, on all taxation issues that affect the County Council. The Chief Financial Officer is responsible for maintaining the County Council's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

Anti Money Laundering

- 5.9 Following advice received from HM Revenue and Customs, the County Council will not accept settlement in cash of any transaction above the value of €15,000 equivalent (approximately £11,300 as at June 2015).

Trading with Other Organisations

- 5.10 It is the responsibility of the Chief Executive and Chief Financial Officer to approve the establishment and financial procedures for business / trading units and any significant sold or shared service arrangements.

Assets, stocks, stores and inventories

- 5.11 Chief Officers must ensure that proper security is maintained at all times for all assets, stocks and stores and that inventories are maintained for all items of moveable furniture, equipment, vehicles and plant above a limit agreed with the Chief Financial Officer.

Information technology systems

- 5.12 Chief Officers must ensure that there is a corporate approach to systems development in line with the IT strategy and liaise with the Head of IT Services accordingly.

6 Financial regulation E – External arrangements

- 6.1 The County Council must act to achieve the promotion or improvement of the economic or social or environmental well-being of its area.

Partnerships

- 6.2 Partnerships can take many forms from local consultation arrangements to partnerships committing significant staff and financial resources. At a basic level, a partnership is: "an agreement between two or more independent bodies to work collaboratively to achieve an objective"

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- 6.3 The Cabinet and Executive Members are responsible for approving partnership arrangements with local public, private, voluntary and community sector organisations to address local needs.
- 6.4 The Cabinet and Executive Members can delegate functions to officers. These are set out in the scheme of delegation that forms part of the County Council's Constitution. Where functions are delegated, the Cabinet and Executive Members remain accountable for them to the County Council.
- 6.5 The Chief Executive is responsible for ensuring due diligence and legality of all partnership arrangements.
- 6.6. The Monitoring Officer is responsible for promoting and maintaining the same high standards of conduct and corporate governance arrangements with regard to the County Council's participation in partnerships as apply throughout the County Council.
- 6.7 The Chief Financial Officer must ensure that accounting arrangements adopted relating to partnerships and joint ventures are in accordance with proper accounting practice. The Chief Financial Officer must ensure that the financial risks have been fully appraised before agreements are entered into with external bodies.
- 6.8 Chief Officers are responsible for ensuring that the County Council's participation in a partnership complies with our own Constitution, including these financial regulations.

External funding

- 6.9 The Chief Financial Officer is responsible for ensuring that all funding due to the County Council from external bodies is received and properly recorded in the County Council's accounts.

Work for third parties

- 6.10 The Chief Financial Officer and Head of Legal Services are responsible for approving contractual frameworks or other similar agreements for any work for third parties or external bodies.

Key Changes to Financial Procedure Rules

Debt Write Off

The current version is as follows :

Responsibilities of the Chief Financial Officer

To agree the write off of debt of up to £1,000 in consultation as necessary with the Chief Officer.

In consultation with the Chief Officer, to agree the write-off of bad debts of between £1,000 and £5,000.

To obtain the approval of the Executive Member in consultation with the relevant Chief Officer and legal advice if necessary, for writing-off debts in between £5,000 and £50,000.

To obtain approval of the Leader in consultation with the relevant Chief Officer and legal advice if necessary, for writing-off debts over £50,000.

To be replaced with :

Responsibilities of the Chief Financial Officer

To agree the write off of bad debt of up to £1,000 in consultation as necessary with the Chief Officer.

In consultation with the Chief Officer, to agree the write-off of bad debts of between £1,000 and £15,000.

To obtain the approval of the Leader in consultation with the relevant Chief Officer and legal advice if necessary, for writing-off bad debts over £15,000.