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NORTH EAST OF SCOTLAND TRANSPORT PARTNERSHIP

FINANCIAL REGULATIONS

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FINANCIAL REGULATIONS

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NORTH EAST OF SCOTLAND TRANSPORT PARTNERSHIP

FINANCIAL REGULATIONS

1 INTRODUCTION

- 1.1 Financial regulations provide the framework for managing the Partnership's financial affairs and apply to every member of the Partnership Board and employee of the Partnership, or anyone acting on its behalf.
- 1.2 All members and employees have a general responsibility for taking reasonable action to provide for the security of assets under their control, and for ensuring that the use of these resources is legal, properly authorised, and provides value for money.
- 1.3 It shall be the responsibility of the Partnership Director to ensure that members of his/her staff are aware of, and comply with the requirements contained in, the Partnership's Financial Regulations.
- 1.4 These Financial Regulations shall not be altered or suspended except by a decision of the Board following consideration of a report by the "Proper Officer" relating to these matters.

2 GENERAL

- 2.1 Aberdeenshire Council's Head of Finance, as the "Proper Officer", in terms of Section 95 of the Local Government (Scotland) Act 1973, shall be the adviser on financial matters to the Board and all its Committees and shall be responsible for the proper administration of the Partnership's financial affairs.
- 2.2 The Partnership Director shall consult the Head of Finance in respect of any matter, which is liable to materially affect the finances of the Partnership before any provisional or other commitment is incurred or before reporting thereon to the Board.
- 2.3 The following principles shall be observed in the allocation of accounting duties -
 - (a) The duties of providing information regarding sums due to or from the Partnership, and of calculating, checking and recording these sums, shall be separated as completely as possible from the duty of collecting or disbursing them.
 - (b) Officers charged with the duty of examining and checking the accounts of cash transactions shall not themselves be engaged in any of these transactions.

3 FINANCIAL PLANNING AND MANAGEMENT

The Partnership needs to plan effectively and develop systems to enable scarce resources to be allocated in accordance with carefully weighted priorities. The Partnership's Revenue Budget is the financial expression of the Board's plans and policies.

Budget management ensures that once the budget has been approved by the Board, resources allocated are used for their intended purpose and are properly accounted for. Budgetary control is a continuous process, enabling the Board to review and adjust its budget targets during the financial year. It also provides the mechanism that calls to account managers responsible for defined elements of the budget.

3.1 Revenue Budget Preparation

- 3.1.1 The detailed form and timetable to be followed in respect of the Revenue Budget shall be determined by the Head of Finance subject to any direction of the Board, and after consultation with the Partnership Director.
- 3.1.2 Estimates of income and expenditure on revenue account shall be prepared by the Head of Finance in conjunction with the Partnership Director. These estimates shall be submitted to the Board, and when approved by the Board, shall constitute the Revenue Budget for the relevant financial year.
- 3.1.3 The responsibility for providing the services included in the Revenue Budget shall lie with the Partnership Director subject to any relevant decisions made by the Board.

3.2 Revenue Budget Monitoring

- 3.2.1 The Head of Finance shall furnish the Partnership Director with continuous up-to-date information on actual expenditure and income compared with the approved Budget. The Head of Finance shall be entitled to receive any clarification deemed necessary on any item of expenditure or income and the Partnership Director shall correspondingly provide the Head of Finance with such information as he or she shall require from them.
- 3.2.2 The Head of Finance shall report periodically to the Board on comparisons of actual figures with profiled budget and, for the year as a whole, as soon as possible after Accounts have been compiled. The Board shall be entitled to seek explanations for any figures in the cost comparison which it deems require special attention.

3.3 Revenue Budget Management

- 3.3.1 The responsibility for ensuring that Revenue Budget provisions are not exceeded shall rest with the Partnership Director except that this responsibility shall not extend to estimates for financing costs or insurance premiums which are the responsibility of the Head of Finance.

- 3.3.2 If it appears that the amount of any Revenue Budget head may be exceeded, or the amount of any head of approved income may not be reached, and the excess expenditure or shortfall in income cannot be met, it shall be the duty of the Partnership Director after consultation with the Head of Finance, to report fully to the Board which should endeavour to find the amount required elsewhere in its Budget.
- 3.3.3 Any proposal to the Board, which would involve the incurring of additional expenditure not allowed for in the approved Revenue Budget, shall be accompanied by a report prepared, in consultation with the Head of Finance, by the Partnership Director indicating that there is insufficient provision in the Revenue Budget, or making proposals for virement as required by Financial Regulation 3.4 below. Should virement not be possible, authorisation by way of a Supplementary Estimate shall only be forthcoming after consideration of the expenditure involved by the Board.

3.4 Scheme of Virement

The scheme of virement is intended to enable the Board and Partnership Director to manage budgets with a degree of flexibility within the overall policy framework determined by the Board, and therefore to optimise the use of resources. The term “virement” refers to the switching of budgetary provision from one budget detail head to another.

- 3.4.1 Subject to the following limitations, virement may be exercised by the Partnership Director, and the Board.

The Partnership Director may vire between budget detail heads within a budget sub-head, but not between budget sub-heads.

The Board may vire between budget sub-heads within budget heads, and between budget heads.

- 3.4.2 Limitations:-

Recurring items of expenditure cannot replace non-recurring savings.

Virement cannot be used to reinstate an item deleted by the Board during Budget consideration.

- 3.4.3 Definitions:-

“Budget detail head” means any single line in the detail section of the Board’s approved Revenue Budget (e.g. Staff Costs, Miscellaneous Recoveries etc).

“Budget sub-head” means any heading under a main budget heading comprising several budget detail heads.

“Budget head” means one of the main headings as listed in the Revenue Budget Summary page.

3.4.4 When the Partnership Director intends to vire, or to submit a report to the Board suggesting virement, the proposals shall first be notified to the Head of Finance.

3.5 Capital Budget Preparation, Monitoring and Management

3.5.1 The detailed form and timetable to be followed in respect of determining the Capital Plan and Budget shall be set by the Head of Finance subject to any direction of the Board, and after consultation with the Partnership Director.

3.5.2 The impact of the Capital Plan on the Revenue Budget shall be measured in accordance with criteria laid down in the Prudential Code. In this respect, the Head of Finance shall propose a set of Prudential Indicators for approval by the Board, which demonstrate the affordability, sustainability and prudence of the Capital Plan and Budget and shall ensure compliance with the Prudential Code in all other respects.

3.5.3 No expenditure on a capital project in excess of £60,000 shall be incurred before it has been the subject of a report to the Board. The report by the Partnership Director must include the total estimated capital cost of the project(s) including fees, furniture and equipment and other ancillary costs and the estimated future revenue implications or savings arising from the project.

3.5.4 It shall be the responsibility of the Partnership Director to ensure that capital expenditure does not exceed the sum approved for the project(s) in the Capital Budget and that expenditure on contracts does not exceed the approved amount of the contract except where that expenditure is incurred under any variation clause, other than a variation clause relating to changes in the specification or scope of the contract.

3.5.5 Where it appears that the cost of any project or group of projects included in the Capital Budget is likely to exceed the approved cost, it shall be the duty of the Partnership Director, after consultation with the Head of Finance, to report to the Board for determination.

3.5.6 The Head of Finance, in consultation with the Partnership Director, shall establish the most appropriate use of specific capital receipts and make suitable recommendations to the Board for determination.

3.5.7 The Head of Finance shall report regularly to the Board on the monitoring of capital expenditure as compared with the agreed Capital Budget or Plans. In order to facilitate this, the Partnership Director shall provide the Head of Finance with information on the progress of individual projects.

3.6 Accounting Policies and Abstract of Accounts

The Head of Finance is responsible for the preparation of the Partnership's Statement of Accounts, in accordance with proper practices and as set out in the format required by the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (CIPFA/LASAAC), for each financial year ending 31 March. Maintaining proper accounting records is one of the ways in which the Partnership discharges its responsibility for stewardship of public resources. The Partnership has a statutory responsibility to prepare its accounts to present fairly its operations during the year.

- 3.6.1 In view of the above, it shall be the Head of Finance's responsibility to select suitable accounting policies and to ensure that they are consistently applied to the accounts relating to each financial year. It shall be the duty of the Partnership Director to maintain proper financial and accounting records within his or her service to demonstrate the adequate stewardship of public resources. No such arrangements shall be introduced, discontinued or amended without the approval of the Head of Finance.
- 3.6.2 The Abstract of Accounts for the preceding financial year shall be prepared by the 30 June following, or by such date as may be specified by Scottish Ministers in regulations made under Section 105 of the Local Government (Scotland) Act 1973, and submitted, by that date, to the Board and to the Controller of Audit. Following completion of the Audit, the Head of Finance shall submit to the Board, not later than two months following receipt, a certified copy of the Abstract together with the External Auditor's report thereon.
- 3.6.3 The Partnership Director shall be responsible for ensuring that the staff in his or her Service, affords to the Head of Finance such assistance as is necessary to ensure that the deadlines agreed with the Head of Finance for the completion of the Annual Accounts are complied with.

4 RISK MANAGEMENT AND CONTROL OF RESOURCES

All organisations face risks to people, property and continued operations. Risk is the chance or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event. Risk management is the planned and systematic approach to the identification, evaluation and control of risk. Its objectives are to secure the assets of the organisation and to ensure its continued financial and organisational well-being.

4.1 Internal Control

Internal controls are the mechanisms put in place by management to: manage and monitor progress towards the organisations strategic objectives; ensure compliance with legislation, regulations and policies; ensure that operations are efficient and effective; ensure that financial information and reporting is reliable; and to protect the organisations assets and resources.

- 4.1.1 It shall be the responsibility of the Head of Finance to assist the Partnership to put in place an appropriate control environment and effective internal controls which provide reasonable assurance of effective and efficient operations, financial stewardship, probity and compliance with laws and regulations.
- 4.1.2 It shall be the Partnership Director's responsibility to ensure that the established controls are being adhered to, to seek guidance from the Head of Finance when it is identified that controls require change and to advise of identified failures to comply with established controls.

4.2 Insurances and Indemnities

One of the tools used in managing risk is the arranging of suitable insurance cover. This assists in lessening the likelihood of financial burden on the organisation in the event of loss and helps in the management of expenditure.

- 4.2.1 It shall be the responsibility of the Head of Finance to effect all insurance cover and negotiate all claims in consultation with other officers where necessary.
- 4.2.2 The Partnership Director shall give prompt notification to the Head of Finance of all new risks, properties, equipment or other vehicles which require to be insured and of any alterations affecting existing insurances.
- 4.2.3 The Partnership Director shall immediately notify the Head of Finance in writing of any loss, liability or damage or any event likely to lead to a claim, and inform the police if he or she considers that criminal activity may have taken place.
- 4.2.4 The Head of Finance shall annually, or at such other period as may be considered necessary, review all insurances in consultation with the Partnership Director as appropriate, and may report thereon to the Board if required.

- 4.2.5 The Partnership Director shall consult the Head of Finance and the City Solicitor respecting the terms of any indemnity which the Board is requested to give.

4.3 Assets

The Partnership may hold assets in the form of property, vehicles, equipment, furniture and other items worth, collectively, a significant amount. It is important that these assets are safeguarded and used efficiently in service delivery, and that there are arrangements for the security of both assets and information required for service operations. An up-to-date asset register is a prerequisite for proper fixed asset accounting and sound asset management.

- 4.3.1 The general security of the Board's accommodation shall be the responsibility of the Partnership Director. The Partnership Director is responsible for maintaining proper security at all times for all buildings, stocks, stores, furniture, equipment, cash, etc., under his or her control and shall consult the Head of Finance in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.

4.4 Property

- 4.4.1 The Head of Finance will set up and maintain an asset register of all assets owned by the Board, recording the purpose for which held, the location, the extent, purchase details, particulars of nature of interest and rents payable and particulars of tenancies granted.
- 4.4.2 The City Solicitor will ensure custody of all title deeds under secure arrangements.
- 4.4.3 The advertising of leases and the initial consideration of offers shall be dealt with by the Partnership Director in conjunction with the City Solicitor.
- 4.4.4 Property shall only be disposed of in accordance with Board Policy.

4.5 Stocks and Stores

- 4.5.1 Responsibility for the care and custody of stocks and stores under his or her control shall rest with the Partnership Director, who shall ensure that such assets are secure and adequately accounted for. Records shall be maintained detailing the location, movement and balance of items held which shall themselves be subject to a regular independent physical check.
- 4.5.2 The Partnership Director shall supply to the Head of Finance such information as is required in relation to stores for the accounting, costing and financial records. Surplus materials, stores, or equipment shall be disposed of in accordance with Regulation 4.7.

4.6 Inventories

- 4.6.1 Inventories shall be maintained of all assets other than those included in the Asset Register and shall record an adequate description of furniture, fittings and equipment, plant and machinery etc., as required by the Head of Finance.
- 4.6.2 The Partnership Director shall be responsible for maintaining an inventory of the assets under his or her control, and for taking action in relation to discrepancies.
- 4.6.3 The Partnership's property shall not be removed otherwise than in accordance with the ordinary course of Partnership business or used otherwise than for the Partnership's purpose, except with specific written authorisation from the Partnership Director.

4.7 Disposal of Assets

- 4.7.1 All surplus plant, vehicles, equipment and furnishings expected to realise more than £1,000 (exclusive of VAT) where no suitable trade-in arrangements have been made, shall be offered for sale by the Partnership Director in consultation with the Head of Finance ensuring that best value is achieved and can be demonstrated. In the case of items expected to raise more than £5,000 (exclusive of VAT) individually, the provisions of Financial Regulations 5.3.5 must be followed.

4.8 Banking Arrangements

- 4.8.1 The Bank Account of the Partnership will be kept with the Bank selected by the Board and where required, the Head of Finance shall arrange for subsidiary accounts to be kept with that Bank. All such Bank Accounts shall be in the name, or incorporate the name, of the Partnership.
- 4.8.2 Except where in special circumstances it is not possible to borrow on the Money Market, the Bank Account shall not be overdrawn in excess of the sum authorised by the Board and agreed with its Bankers.
- 4.8.3 Arrangements for electronic funds transfer shall be authorised by the Head of Finance or other officer designated by him or her.
- 4.8.4 Any cheques issued shall bear the signature or the facsimile of one of the authorised signatories agreed by the Board. The ordering of and the control of cheques shall be the responsibility of the Head of Finance.
- 4.8.5 Cheques and electronic transfers in excess of £50,000 shall require the signature of a second authorised signatory.
- 4.8.6 All monies received shall be paid into the Partnership's Bank Account daily or at such other intervals as arranged with the Head of Finance.

4.9 Investments and Loans

- 4.9.1 The Head of Finance shall ensure the proper and safe custody of all Funds administered by the Partnership.
- 4.9.2 All investments of money under the control of the Partnership shall be managed by the Head of Finance in accordance with the Partnership's Investment Policy and shall be in the name of the Partnership or in the name of nominees approved by the Head of Finance who will report the need for such nominees to the Board.
- 4.9.3 All securities, the property of or in the name of the Partnership or its nominees, shall be held in the custody of the Head of Finance, save that the title deeds of all property in its ownership and Standard Securities granted on heritable property shall be in the custody of the City Solicitor.

4.10 Staffing

In order to provide the highest level of service, it is crucial that the authority recruits and retains high calibre, knowledgeable staff, qualified to an appropriate level.

- 4.10.1 It shall be the responsibility of the Partnership Director to ensure that the Board's Policy in relation to the recruitment and selection of staff is fully complied with and that all other Personnel Policies approved by the Board are adhered to.
- 4.10.2 Appointments of all employees shall be made in accordance with approved establishments, grades, and rates of pay. The Partnership Director shall have discretion as to the incremental salary point on which employees are to be placed within the approved salary scale for the post, subject to the existence of sufficient provision in the Revenue Budget.

4.11 Internal Audit

The requirement for an internal audit function for local authorities is implied by section 95 of the Local Government (Scotland) Act 1973, which specifies that every local authority "shall make arrangements for the proper administration of their financial affairs and shall secure that the proper officer has responsibility for those affairs". Scottish Office Circular 5/85 states that "effective internal audit cover is regarded as a matter of good practice."

4.11.1 A continuous internal audit, under the independent control and direction of the Head of Finance, shall be arranged to carry out a continuous review and appraisal of the internal controls of the Partnership and prepare such reports on these as may be required or appropriate. Work will be planned to provide reasonable, rather than absolute, assurance and shall be undertaken in accordance with the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom. Such Internal Audit work shall not absolve management of the responsibility to ensure that all financial transactions are undertaken in accordance with the Partnership's Financial Regulations and Standing Orders and that adequate systems of internal control exist to safeguard assets and secure the accuracy and reliability of records.

4.11.2 Internal Audit shall have authority to -

- (a) Enter at all reasonable times any Partnership premises or land.
- (b) Have access to all records, documents and correspondence relating to any financial and other transactions of the Partnership.
- (c) Require and receive such explanations as are necessary concerning any matter under examination.
- (d) Require any employee of the Partnership to produce cash, stores, equipment or any other Partnership property under his or her control.

4.11.3 It shall be the responsibility of the Partnership Director to ensure that access and explanations requested by Internal Audit are provided in a timely manner on all occasions.

4.11.4 The Chief Internal Auditor has the right to report direct to the Board in any instance where he or she deems it inappropriate to report direct to the Head of Finance.

4.11.5 Upon receipt of a report by the Chief Internal Auditor, the Partnership Director shall respond fully within one calendar month.

4.11.6 Where recommendations resulting from Internal Audit work are agreed, the Partnership Director shall ensure that these are implemented within the agreed timescale. Regular progress reports will be sought by Internal Audit and it is the responsibility of the Partnership Director to ensure that these are provided when requested along with explanations for those recommendations not implemented within the agreed timescale.

4.12 Prevention of Fraud and Corruption

The Partnership will not tolerate fraud or corruption in the administration of its responsibilities, whether from inside or outside the organisation. The Partnership's expectation of propriety and accountability is that members and officers at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.

- 4.12.1 Whenever any matter arises which involves, or is thought to involve, irregularities concerning cash, stores, equipment or other property of the Partnership or any suspected irregularity in the exercise of its functions, the Partnership Director shall immediately notify the Head of Finance and the Chief Internal Auditor, as appropriate, who shall take such steps as may be considered necessary by way of investigation and report.
- 4.12.2 In order to assist in the prevention of fraud and corruption appropriate internal controls will be established in accordance with Financial Regulation 4.1.
- 4.12.3 All members and employees will be expected to comply with the Partnership's Disclosure of Information (Whistleblowing) and Anti-fraud and Corruption Policies. (The Partnership has adopted Aberdeenshire Council's policy.)

4.13 Hospitality

- 4.13.1 The Partnership Director shall be entitled to extend hospitality, subject to adequate Revenue Budget provision up to £200 (excluding VAT) per occasion.
- 4.13.2 When hospitality is estimated to cost in excess of £200, but not more than £1000 (exclusive of VAT) per occasion, written approval shall first be obtained from the following two Members: the Chair and Deputy Chair of the Board.
- 4.13.3 Hospitality estimated to cost in excess of £1000 (exclusive of VAT) per occasion shall require the prior approval of the Board.
- 4.13.4 Reasonable hospitality extended to Partnership employees by current or prospective clients, customers or suppliers, is an accepted practice, but the acceptance of excessive hospitality or gifts, other than mere tokens, goes beyond what is proper for a public official, regardless of whether such gifts actually do, or are intended to, influence him or her in an official capacity. Any such hospitality or gifts must be recorded in a register kept for the purpose by the City Solicitor.
- 4.13.5 Subject to 4.14.4, gifts may only be accepted by employees provided they fall within the terms of the Inland Revenue Extra Statutory Concession No.A70(A). This effectively limits the value of gifts to £100.
- 4.13.6 Hospitality or gifts received by Board members must be dealt with in accordance with the Code of Conduct for Elected Members, and must be recorded in a register kept for the purpose by the City Solicitor.

5 FINANCIAL SYSTEMS AND PROCEDURES

5.1 Income

Income can be a vulnerable asset and effective income collection systems are necessary to ensure that all income due is identified, collected, receipted and banked properly. It is preferable to obtain income in advance of supplying goods or services as this improves the Partnership's cash flow and also avoids the time and cost of administering debts.

- 5.1.1 All rents, fees, and charges levied by the Partnership shall be reviewed annually. Any change in the level of charge, other than by the rate of inflation, will require prior approval of the Board.
- 5.1.2 It shall be the duty of the Head of Finance to ensure the proper recovery of all monies due to the Partnership. To this end, he or she shall ensure that proper financial and accounting arrangements are made throughout the Partnership for the recording, collection, custody, control and disposal of cash.
- 5.1.3 All receipt forms, books, tickets, and other such documents shall be ordered and supplied by or with the approval of the Head of Finance, who shall require to be satisfied as to the arrangements for their control.
- 5.1.4 All money received by an Officer on behalf of the Partnership shall without delay be paid to the Head of Finance or, as he or she may direct, to the Partnership's Bank account or transmitted directly to any other body or person entitled thereto. No deduction may be made from such money save to the extent that the Head of Finance may specifically authorise. Appropriate accounting entries shall be effected in a timely and accurate manner to record all income due and collected.
- 5.1.5 Maximum limits for cash holdings shall be agreed with, and shall not be exceeded without the express permission of the Head of Finance
- 5.1.6 In respect of recurrent income, the Head of Finance shall maintain registers, issue accounts and collect same.
- 5.1.7 Accounts for other chargeable services shall be issued by the Partnership Director. The Head of Finance shall be responsible for collection and pursuit of outstanding sums, in conjunction with the City Solicitor and any Agent as instructed by the Board.
- 5.1.8 Irrecoverable debts up to a value of £6,000 may be written off by the Head of Finance in consultation with the Partnership Director. Debts in excess of £6,000 may be written off only after due consideration and approval by the Board. All irrecoverable debts, where the debtor has been subject to bankruptcy, sequestration or liquidation, may be written off by the Head of Finance.

- 5.1.9 If the impact of such a write-off is such that it will result in the amount of any revenue budget head being exceeded, or an income figure not being reached, then the provisions of Regulation 3.3.2 shall apply.
- 5.1.10 An irrecoverable debt is one where there is no reasonable prospect of recovery. Once formally written off, no active pursuit of the debt will normally be undertaken.

5.2 Authority to Incur Expenditure

- 5.2.1 The Partnership Director shall have authority to incur expenditure included in the approved Revenue Budget for the services for which he or she is responsible up to the level of the Budget provision subject to Regulations 5.2.2 to 5.2.4 below.
- 5.2.2 Expenditure on the alteration, maintenance or repair of buildings may not be incurred until appropriate technical or professional advice has been taken.
- 5.2.3 Expenditure on I.T. software and hardware, other than that replacing or upgrading existing applications, may not be incurred until appropriate technical or professional advice has been taken.
- 5.2.4 Single items of expenditure on supplies, goods, materials or services shall require competitive quotations in accordance with tendering arrangements set out in Regulation 5.3.

5.3 Contracts or Orders for Works, Goods or Services

Public money should be spent with demonstrable probity and in accordance with the Partnership's policies. Authorities have a responsibility to achieve best value in part through economy and efficiency. The Partnership's procedures should help to ensure that Services obtain value for money from their purchasing arrangements.

- 5.3.1 With the exception of specific projects where a letter of appointment is issued no work, goods or services shall be ordered or instructed except on an official order form, which shall be in a format approved by the Head of Finance. Where by reason of urgency or necessity a verbal order is issued, it must be confirmed immediately in writing by the issue of an official order form. The supplier shall be requested to quote order numbers on all invoices.
- 5.3.2 The order shall be signed in manuscript by the Partnership Director or other authorised signatory or by appropriate electronic methods as approved by the "Proper Officer". The Partnership Director must furnish the Head of Finance with a list of signatories approved for this purpose, and shall advise him or her of additions to or deletions from the list as they occur. The officer approving the order should be satisfied that there is appropriate budgetary provision covering the estimated cost which shall be recorded on the order prior to authorisation.
- 5.3.3 The foregoing do not apply to supplies of metered services, periodical payments such as rent and rates, and petty cash purchases. Further, the Head of Finance may approve other exceptions provided that he or she is satisfied as to the arrangements put in

place to adequately control expenditure.

5.3.4 Where the value is estimated to be less than £5,000 contracts may be entered into by the Partnership Director at his or her discretion without the application of Financial Regulations 5.3.5 to 5.3.9, if:

- a) the goods, materials or services are proprietary articles or are sold only at a fixed price, and no reasonably satisfactory alternative is available; or
- b) the prices of the goods, materials or services are wholly controlled by trade organisations or government order and no reasonably satisfactory alternative is available; or
- c) for other reasons, there would be no genuine competition; or
- d) the work to be executed or the goods, materials or services constitute an extension of an existing contract (and all other requirements of Financial Regulations are satisfied); or
- e) the contract is for the execution of work or supply of goods, materials or services certified by the Partnership Director as being required so urgently as not to permit the invitation of tenders; the circumstances to be reported to the next Board meeting for information; or
- f) the work to be executed or goods, materials or services supplied consist of repairs to or the supply of parts for existing proprietary machinery or plant; or
- g) the Partnership Director can otherwise demonstrate that the goods or services have been obtained in the most economical way possible.

5.3.5 Where the contract price is estimated be over £5,000, but less than £60,000, competitive quotations must be obtained in writing from at least two parties, including, where appropriate, internal service providers. Authority to accept the lowest quoted price, in the case of purchasing or execution of works, or highest offer in the case of disposal of goods, is delegated to the appropriate officer, in consultation, where appropriate, with the Purchasing Officer and subject to the current appropriate EC directives.

5.3.6 If the contract price is estimated to be £60,000 or over, a formal tender document shall be issued to approved tenderers, including, where appropriate, internal service providers, in accordance with the Partnership's current Scheme for Selective Tendering which shall provide for the maintenance of a list of approved contractors and details of internal service providers.

5.3.7 Tenders shall be opened by an officer in the presence of two members of the Board, or two elected members of either constituent Council or, if members are not available, officers from Aberdeenshire Council. These members or officers shall indicate their presence by signing each tender and writing the date of opening thereon.

- 5.3.8 For the avoidance of doubt, all references to “contract price” shall be read as referring to (a) the total price of the offer, where the Partnership is the sole customer or client or (b) the Partnership’s contribution, where the Partnership is one of a group or partnership of organisations acting as customer or client.
- 5.3.11 Where an extension to an existing contract is required for a period of up to twelve months, the matter shall be delegated to the appropriate officer of the Partnership, in consultation, where appropriate, with the Purchasing Officer, and subject to the current appropriate EC directives on public procurement. Where a second extension to an existing contract is required, the matter shall be delegated to the Board. These stipulations shall apply to all extensions of contracts of less than twelve months’ duration, without any upper limit in value.
- 5.3.12 Second hand goods up to a value of £60,000 may be acquired without a competitive quotation being obtained provided that:
- a) the Partnership Director can demonstrate that the purchase is necessary to facilitate service delivery
 - b) the Partnership Director can demonstrate that the purchase represents best value, having given due consideration to the cost of an equivalent new purchase and estimated life of the asset both from new and current age
 - c) the goods have been subject to inspection to ascertain their physical condition, with a record kept of the outcome of the inspection
 - d) the partnership has clear title to the goods
 - e) the Partnership Director obtains in writing (incl e-mail) the prior agreement of the Head of Finance before effecting the purchase.

5.4 Payment of Accounts

In order to ensure the probity of payments, it is essential that appropriate controls are in operation to confirm that the expenditure has been appropriately committed in accordance with Regulation 5.3, the works, goods or services have been supplied to the Partnership in a satisfactory manner, and costs are in accordance with estimates.

- 5.4.1 The Partnership Director issuing an order is responsible for examining, verifying and certifying the accuracy of the related invoice(s) and similarly for any other payment voucher or account. Such certification shall be in manuscript, in a manner or form prescribed by the Head of Finance, by or on behalf of the Partnership Director. The names of officers authorised to sign such records shall be submitted by the Partnership Director to the Head of Finance, together with specimen signatures and initials, and this list shall be amended on the occasion of any change therein.
- 5.4.2 Certified accounts shall either (a) be passed without delay to the Head of Finance who shall make payment after examining them and making such enquiries and receiving such information and explanations as are deemed necessary, or (b) be paid by the Head of Finance after processing by the Partnership Director concerned in accordance with procedures agreed by the Head of Finance. Apart from petty cash payments and other payments of imprest/advances, the normal method of payment of money due from the Partnership shall be by electronic funds transfer.

- 5.4.3 Such floats or imprests as the Head of Finance considers appropriate shall be provided for the purposes of defraying petty cash and other expenses as may be approved by the Head of Finance for payment in cash. Such accounts shall be maintained on an Imprest system in a manner prescribed by the Head of Finance.

5.5 Salaries and Wages

It is important that payments are accurate, timely, made only when they are due for services to the Partnership and that payments accord with individual's conditions of employment. It is also important that all payments are accurately and completely recorded.

- 5.5.1 With the general exception of pensions to former employees, the payment of salaries, wages, compensations and other emoluments to all employees of the Partnership shall be made by the Head of Finance.
- 5.5.2 The Partnership Director shall notify the Head of Finance without delay and in the form prescribed by him or her, of all matters affecting the payment of such emoluments and, in particular -
- (a) appointments, resignations, dismissals, suspensions, secondments and transfers;
 - (b) absences from duty for sickness or other reason, apart from approved leave;
 - (c) changes in remuneration, other than normal increments and pay awards and agreements of general application;
 - (d) information necessary to maintain records of service for superannuation, income tax etc.
- 5.5.3 All time records or other pay documents shall be in a form prescribed or approved by the Head of Finance and shall be certified in manuscript by or on behalf of the Partnership Director. Certified documents shall either (a) be passed without delay to the Head of Finance who shall make payment after examining them and making such enquiries and receiving such information and explanations as are deemed necessary, or (b) be paid by the Head of Finance after processing by the Partnership Director in accordance with procedures agreed by the Head of Finance. The names of officers authorised to sign such records shall be submitted by the Partnership Director to the Head of Finance, together with specimen signatures and initials, and this list shall be amended on the occasion of any change therein.

5.6 Travelling and Subsistence Allowances

- 5.6.1 All payments in respect of travelling and subsistence allowances shall be at rates determined from time to time by the Board.
- 5.6.2 All claims for payment of travelling and subsistence allowances by staff shall be duly certified and submitted to the Head of Finance on the approved form, made up to the last day of each month, accompanied by receipts for expenditure incurred and

submitted as soon as possible. The names of officers authorised to certify such records shall be sent to the Head of Finance by the Partnership Director, together with specimen signatures and initials and shall be amended on the occasion of any change.

- 5.6.3 The certification by or on behalf of the Partnership Director shall be taken to mean that the certifying officer is satisfied that the journeys were authorised, the mileage and expenses incurred are reasonable and agree with the journey description detailed, and the allowances are properly payable by the Partnership.
- 5.6.4 Payment to Members of the Board who are entitled to claim travelling or other allowances will be made by the Head of Finance upon receipt of the prescribed form duly completed and accompanied by valid receipts for all subsistence claimed.

Approved by the Nestrans Board on 15 March 2006
Revised by Nestrans Board 3 September 2009