

# nestrans

**FINANCIAL REGULATIONS**

## NESTRANS

## FINANCIAL REGULATIONS

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# **NESTRANS PARTNERSHIP**

## **FINANCIAL REGULATIONS**

### **1. Introduction**

- 1.1. Financial regulations provide the framework for managing the Partnership's financial affairs and apply to every member and employee of the Partnership or anyone acting on its behalf.

### **2. General**

- 2.1. The Treasurer, 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 Partnership and shall be responsible for the proper administration of the Partnership's financial affairs.
- 2.2. The Partnership Director shall consult the Treasurer 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 Partnership Board. Such consultations must be in writing, allowing at least five clear working days for consultation.
- 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 Budgets are the financial expression of the Partnership's plans and policies.*

*Budget management ensures that once the budget has been approved by the Partnership, resources allocated and procured are used for their intended purpose and are properly accounted for. Budgetary control is a continuous process, enabling the Partnership 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. Budget Preparation

- 3.1.1. A preliminary budget meeting shall be arranged annually by the Partnership Director where Officers from both Aberdeenshire and Aberdeen City Councils attend along with the Treasurer, to agree a list of proposed projects to be included in the budget for the following financial year. This shall be undertaken by the end of January each year, at the latest.
- 3.1.2. Estimates of income and expenditure shall be prepared by the Treasurer in conjunction with The Partnership Director. These estimates shall be submitted to the Partnership Board, and when approved shall constitute the Budget for the relevant financial year.
- 3.1.3. The responsibility for providing the services included in the Budget shall lie with the Partnership Director subject to any decisions made by the Board.

#### 3.2. Budget Monitoring

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

### **3.3. Budget Management**

- 3.3.1. The responsibility for ensuring that 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 Treasurer.
- 3.3.2. If it appears that the amount of any Budget Grouping may be exceeded, or the amount of any budget grouping of approved income may not be reached, and the excess expenditure or shortfall in income cannot be met by the Partnership Director, exercising his or her powers of virement in terms of Financial Regulation 3.4 below, it shall be the duty of the Partnership Director after consultation with the Treasurer, to report fully to the Partnership Board.
- 3.3.3. Any proposal to the Partnership Board, which would involve the incurring of additional expenditure not allowed for in the approved Budget, shall be accompanied by a report prepared by the Partnership Director, in consultation with the Treasurer, indicating that there is insufficient provision in the 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 Partnership Board.

### **3.4. Scheme of Virement**

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

#### **3.4.1. Definitions:-**

"Budget Head" means one of the main headings as listed in the Budget Summary page, i.e. Core Costs, Regional Transport Strategy, Strategic Investment Programme, Partner Contributions, Investment Interest and Other Income.

"Budget Theme" means any heading under a Budget Head, e.g. Partnership Office, Health & Transport Action Plan, Strategic Roads – Safety etc.

"Budget Theme Detail" means any single line in the detail section of the Partnership's approved Budget (e.g. Salaries, Personnel Support costs) and specific named projects within the Regional Transport Strategy Budget Themes and the Strategic Investment Programme

## Budget Themes.

3.4.2. Subject to the following limitations, virement may be exercised by the Partnership Director and the Partnership Board., as follows:

The Partnership Director may vire between Budget Theme Details within a Budget Theme, but not between Budget Themes.

The Partnership Board may vire between Budget Themes and Budget Heads.

3.4.3. Limitation:-

Recurring items of expenditure cannot replace non-recurring savings.

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

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

## 3.5. Accounting Policies and Abstract of Accounts

*The Treasurer 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 (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.*

3.5.1. In view of the above, it shall be the Treasurer'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 to demonstrate the adequate stewardship of public resources. No such arrangements shall be introduced, discontinued or amended without the approval of the Treasurer.

3.5.2. 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 Partnership Board and to the Controller of Audit. Following completion of

the Audit, the Treasurer shall submit to the Partnership Board, not later than two months following receipt, a certified copy of the Abstract together with the External Auditor's report thereon.

3.5.3. The Partnership Director shall be responsible for ensuring that the staff in his or her Service, affords to the Treasurer such assistance as is necessary to ensure that the deadlines agreed with the Treasurer 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 Partnership's 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 Treasurer 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 Treasurer when it is identified that controls require change and to advise of identified failures to comply with established controls.

### **4.2. Insurances, Indemnities and Guarantees**

*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 Treasurer 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 Treasurer 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 Treasurer 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. Where a direct compensation payment is being considered as an alternative to the submission of an insurance claim the Partnership Director will seek, in writing, agreement of the Treasurer prior to payment which will be subject to the limits set out in the scheme delegation.
- 4.2.4. The Treasurer 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 Partnership Board if required.
- 4.2.5. The Partnership Director will consult the Treasurer and the Partnership's legal consultants respecting the terms of any indemnity and guarantees which the Partnership is requested to give. All such guarantees must be referred to the Partnership Board.

### **4.3. Assets**

*The Partnership may holds 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 Partnership's accommodation shall be the responsibility of the Partnership Director. He or she 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 Treasurer 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 Treasurer will set up and maintain an asset register of all assets owned by the Partnership (with the exception of minor items covered by Regulation 4.6), recording the purpose for which it is held, the location, the extent, purchase details.
- 4.4.2. The Partnership's legal consultants will ensure custody of all title deeds under secure arrangements.
- 4.4.3. Property shall only be let or disposed of in accordance with Partnership 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 Treasurer such information as is required in relation to stores for the accounting, costing and financial records, timeously on request. 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 Treasurer.
- 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 Treasurer ensuring that best value is achieved and can be demonstrated. Items expected to raise more than £5,000 (exclusive of VAT) individually, should be offered for sale by open invitation or sold at auction.
- 4.7.2. Where the value is less than or equal to £1,000 the asset should be offered for use elsewhere in the Partnership, and if no alternative internal use is identified the disposal route elected should represent best value.

## **4.8. Treasury Management**

*Many thousands of pounds pass through the Partnership's accounts each year. Because of this, codes of practice have been established which aim to provide assurances that Partnership money is properly managed in a way that*

*balances risk with return, but with the overriding consideration being given to the security of Partnership assets.*

- 4.8.1. The recommendations of the Chartered Institute of Public Finance and Accountancy Code of Practice on Treasury Management in the Public Services described in Section 4 of that Code shall be adhered to by the Partnership. Section 4 of the Code contains four key recommendations relating to the policies and practices to be adopted by transport partnerships, reporting arrangements, the management and control of risk and best value.
- 4.8.2. Accordingly, the Partnership will create and maintain, as the cornerstones for effective treasury management:
  - a treasury management policy statement, stating the policies and objectives of its treasury management activities
  - suitable treasury management practices, setting out the manner in which the Partnership will seek to achieve those policies and objectives, these to be maintained by the Treasurer.
- 4.8.3. The content of the policy statement and treasury management practices will follow the recommendations contained in sections 6 and 7 of the Code, (subject only to amendment where necessary to reflect the particular circumstances of the Partnership. Such amendments will not result in the Partnership materially deviating from the Code's key recommendations).The Partnership will set out its strategy and procedures to ensure compliance with the Code in a Treasury Management Policy Statement and this will be monitored by the Partnership Board.
- 4.8.4. The Partnership Board will receive reports on treasury management policies and practices, on an annual basis.
- 4.8.5. The Partnership delegates responsibility for the execution and administration of treasury management decisions to the Treasurer. The Treasurer will act in accordance with the Partnership's policy statement and treasury management practices and CIPFA's Standard of Professional Practice on Treasury Management.
- 4.8.6. The Treasurer shall normally act as a Registrar for all Stock, Bonds, Bills etc., and shall maintain records of all monies borrowed by the Partnership. Where required to facilitate a particular method of borrowing, the Partnership's Banker or other agent approved by the Partnership Board may be appointed Registrar.

#### **4.9. Banking Arrangements**

- 4.9.1. The Bank Account of the Partnership will be kept with the Bank selected

by the Partnership Board and where required, the Treasurer 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.

- 4.9.2. 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 Partnership and agreed with its Bankers.
- 4.9.3. Arrangements for electronic funds transfer shall be authorised by the Treasurer or other officer designated by him or her.
- 4.9.4. Any cheques issued shall bear the signature or the facsimile of one of the authorised signatories agreed by the Partnership Board. The ordering of and the control of cheques shall be the responsibility of the Treasurer.
- 4.9.5. Cheques and electronic transfers in excess of a figure determined by the Treasurer shall require the signature of a second authorised signatory.
- 4.9.6. All monies received shall be paid into the Partnership's Bank Account daily or at such other intervals as arranged with the Treasurer.

#### **4.10. Investments and Loans**

- 4.10.1. The Treasurer shall ensure the proper and safe custody of all Funds administered by the Partnership.
- 4.10.2. All investments of money under the control of the Partnership shall be managed by the Treasurer in accordance with the Partnership's Treasury Management Policy and shall be in the name of the Partnership or in the name of nominees approved by the Treasurer who will report the need for such nominees to the Partnership Board.
- 4.10.3. All documents of title to any investments or securities, the property of or in the name of the Partnership or its nominees, shall be held in the custody of the Treasurer, 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 Partnership's legal consultants.

#### **4.11. Staffing**

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

- 4.11.1. It shall be the responsibility of the Partnership Director to ensure that the Partnership's Policy in relation to the recruitment and selection of staff is fully complied with and that all other HR & OD Policies approved by the

Partnership are adhered to.

- 4.11.2. 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 Budget.

#### **4.12. Internal Audit**

*The requirement for an internal audit function is regarded as a matter of good practice, ensuring that arrangements are made for the proper administration of financial affairs and that the Treasurer has responsibility for those affairs*

- 4.12.1. A periodic internal audit, under the independent control and direction of the Treasurer, shall be arranged to carry out a 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 United Kingdom Public Sector Internal Audit Standards. 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 that adequate systems of internal control exist to safeguard assets and secure the accuracy and reliability of records.
- 4.12.2. Internal Audit shall have authority to:–
- (a) Enter at all reasonable times any Partnership premises.
  - (b) Have access to all records, documents and correspondence relating to any financial and other transactions of the Partnership.
  - (c) Request 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.
- 4.12.3. 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.
- 4.12.4. The Chief Internal Auditor has the right to report direct to the Partnership Board in any instance where he or she deems it inappropriate to report direct to the Partnership Director.
- 4.12.5. Upon receipt of a report by the Chief Internal Auditor, the Partnership

Director shall respond fully within one calendar month.

- 4.12.6. Where recommendations resulting from Internal Audit work are agreed, the Partnership Director will 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 of any recommendations not implemented within the agreed timescale.

#### **4.13. 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.*

- 4.13.1. 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 the functions of the Partnership, the Partnership Director will immediately notify the Treasurer and the Chief Internal Auditor, as appropriate, who shall take such steps as may be considered necessary by way of investigation and report.
- 4.13.2. In order to assist in the prevention of fraud and corruption appropriate internal controls will be established in accordance with Financial Regulation 4.1.
- 4.13.3. All members and employees will be expected to comply with the Partnership's Disclosure of Information (Whistle blowing) and Anti-fraud and Corruption Policies, being those of Aberdeenshire Council, which the Partnership has adopted.

#### **4.14. Hospitality**

- 4.14.1. The Partnership Director shall be entitled to extend hospitality, subject to adequate Revenue Budget provision up to £300 (excluding VAT) per occasion.
- 4.14.2. When hospitality is estimated to cost in excess of £300, but not more than £1,500 (exclusive of VAT) per occasion, written approval shall first be obtained from the following two Members: the Chair and a Deputy Chair of the Partnership Board.

- 4.14.3. Hospitality estimated to cost in excess of £1,500 (exclusive of VAT) per occasion shall require the prior approval of the Partnership Board.
- 4.14.4. 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 hospitality or gifts must be recorded in a register kept for the purpose by the Partnership's Legal Consultants.
- 4.14.5. Subject to 4.14.4, gifts may only be accepted by employees provided they fall within the terms of the specific Inland Revenue exemption (ITEPA 2003, s 324) for gifts from third parties. This effectively limits the value of gifts to £250 including of VAT.
- 4.14.6. Hospitality or gifts received by the Partnership Director 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 Head of Legal and Governance.

#### **4.15. Payment of Grants and Subsidies**

*The awarding of Grants are means by which the Partnership provides subsidies or funding to external bodies, (including individuals, businesses and third sector organisations) to further the aims of those external bodies. Grants should not be used to procure works, goods or services which the Partnership would otherwise have to procure in accordance with Regulation 5.3.*

- 4.15.1. The Partnership Director shall have authority to award grants included in the approved Budget which have a clear link to and support the aims and objectives of the Partnership.
- 4.15.2. Grants may only be awarded on written terms and conditions using grant award letters or grant agreements on terms approved by the Partnership's legal consultants.
- 4.15.3. Any amendments to such terms and conditions will require the prior approval of the Partnership's legal consultants.

#### **4.16. Sponsorship**

*Sponsorship is defined as "Any commercial agreement by which a sponsor, for the mutual benefit of the sponsor and the sponsored party, contractually provides financing or other support in order to establish an association between the sponsor's image, brands or products and a sponsorship property in return for rights to promote this association and/or for the granting of certain agreed direct or indirect benefits"*

- 4.16.1. Commercial Sponsorship arrangements must comply with the Partnership's Policy and Procedures on Commercial Sponsorship in the Public Sector.
- 4.16.2. Commercial Sponsorship will be co-ordinated by the Partnership Director, who will maintain a register of all commercial sponsorship agreements.
- 4.16.3. All commercial sponsorship agreements must be based on a written agreement. For agreements with a value less than £1,000, an exchange of letters will be sufficient evidence of a written agreement. For agreements with a value in excess of £1,000, a full contract is required. This should be agreed with the Partnership's legal consultants.

## **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 cashflow and also avoids the time and cost of administering debts.*

- 5.1.1. It shall be the duty of the Treasurer 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.
- 5.1.2. All receipt forms, books, tickets, and other such documents shall be ordered and supplied to Services by or with the approval of the Treasurer, who shall require to be satisfied as to the arrangements for their control.
- 5.1.3. All money received by an Officer on behalf of the Partnership shall without delay be paid to the Treasurer or, as he or she may direct, to the Partnership's Bank account. No deduction may be made from such money save to the extent that the Treasurer may specifically authorise. Appropriate accounting entries shall be effected in a timely and accurate manner to record all income due and collected.
- 5.1.4. Maximum limits for cash holdings shall be agreed with, and shall not be exceeded without the express permission of the Treasurer
- 5.1.5. Accounts for chargeable services shall be issued by the Partnership Director. The Treasurer shall be responsible for collection and pursuit of outstanding sums.



- 5.1.6. Irrecoverable debts up to a value of £1,000 may be written off by the Treasurer in consultation with the Partnership Director. Debts in excess of £1,000 may be written off only after due consideration and approval by the Partnership Board. All irrecoverable debts, where the debtor has been subject to bankruptcy, sequestration or liquidation, may be written off by the Treasurer.
- 5.1.7. 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.
- 5.1.8. 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 Budget up to the level of the Budget provision, subject to Regulations 5.2.2 to 5.2.3 below
- 5.2.2. Expenditure on I.T. software and hardware may not be incurred until appropriate technical or professional advice has been taken from the Partnership's ICT consultants.
- 5.2.3. Single items of expenditure on supplies, goods, works, materials or services shall require competitive quotations in accordance with tendering arrangements set out in Regulation 5.3.

## **5.3. Procurement of Works, Goods or Services**

*Public money should be spent with demonstrable probity and in accordance with the Partnership's policies. The Partnership has a responsibility to achieve best value through economy and efficiency whilst following the key principles of equal treatment, non-discrimination, transparency and proportionality.*

*The Partnership's procedures should help to ensure that value for money is obtained from their purchasing arrangements whilst complying with legal obligations and procurement principles*

### Purchase Orders

- 5.3.1. Subject to regulation 5.3.2 the purchase of all works, goods or services

shall be ordered or instructed on an official purchase order form, which shall be in a format approved by the Treasurer. 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 purchase order form. The supplier shall be requested to quote order numbers on all invoices.

- 5.3.2. The purchase order, with the relevant contract references/schedule numbers, included where appropriate, shall be signed in manuscript by the Partnership Director or other authorised signatory, or by appropriate electronic methods as approved by the Treasurer. The Partnership Director must furnish the Treasurer 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 purchase order should be satisfied that there will be appropriate budgetary provision covering the estimated cost prior to authorisation. All purchase orders or contracts of £60,000 and above in value must be authorised by the Partnership Director, subject to obtaining appropriate approvals.
- 5.3.3. Regulation 5.3.1 does not apply to supplies of metered services, periodical payments such as rent and rates, and petty cash purchases

#### Contract Value

- 5.3.4. All references to “contract value”/“requirements” shall be read as referring to (a) the total price of the contract (excluding VAT) 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 (including the value of any assets or rights transferred by the Partnership to the supplier).
- 5.3.5. When considering these regulations contract value should be exclusive of VAT and consider the whole life of the contract including optional extension periods.
- 5.3.6. In the case of a framework agreement the value of the framework agreement is the total value estimated to be paid by the Partnership to the supplier or suppliers (excluding VAT) over the whole life of the framework agreement including any optional extension period.
- 5.3.7. Where a contract is one of a series of similar contracts, across the Partnership for the same category of goods, or specific requirements needed to complete a project, the value of each must be aggregated to determine the relevant contract value. The splitting of requirements into smaller lots or orders in an attempt to avoid the contract value limits in these regulations is expressly prohibited.
- 5.3.8. All contracts should have a fixed period, where this is not the case approval to enter into the contract shall be required from the Treasurer.

### Contract Term

- 5.3.9. Contracts should not be for an indeterminate period. Contracts will be subject to review by the Partnership Director at least every four years. Contracts may only be continued beyond the initial period if it continues to represent best value and provided the appropriate approval is obtained in accordance with these regulations.

### Orders and Contracts less than £5,000

- 5.3.10. Where the total value of the contract is estimated to be less than £5,000 over the term of the contract the procuring officer must obtain a minimum of one written quote and be able to demonstrate that best value has been achieved.

### Orders equal to or over £5,000, but less than £60,000

- 5.3.11. Where the total value of the contract is estimated to be over £5,000, but less than £60,000, over the term of the purchase/contract, competitive quotations must be sought and obtained in writing from at least four suppliers. Should the Partnership Director be unable to obtain four written quotes, prior approval to proceed with fewer than four quotations, should be sought from the Treasurer.

### Orders £60,000 and above

- 5.3.12. If the total value of the contract is estimated to be £60,000 or over, over the term of the purchase/contract, a formal tender shall be issued to appropriate tenderers. The Public Contracts Scotland website must be used for the advertisement of contracts, unless the Treasurer has given express permission for another advertising method to be used.

### Orders above EU Thresholds

- 5.3.13. Where the value of the contract is estimated to exceed the relevant EU threshold or it is anticipated that there might be cross border interest in the procurement the advice of the Treasurer must be sought. Any such procurement must be conducted in accordance with the Public Contracts (Scotland) Regulations 2012 (or any subsequent legislation governing such procurements) and the relevant European Treaties and published via the Public Contracts Scotland website.

### Authority to make Direct Awards

- 5.3.14. Should the nature of the works, goods or services be so specialist in nature that the Service is unable to identify more than one supplier and is £5,000 or greater, the Treasurer must be contacted to obtain authority and guidance on how to proceed.

### Authority to Accept Tenders

- 5.3.15. Authority to accept tenders is delegated as follows:-

- i. Contract value less than £60,000 for the duration of the contract period and accepting lowest priced tender – Partnership Director.
- ii. Contract value less than £60,000 for the duration of the contract period - accepting the most economically advantageous tender to the Partnership, in relation to price / quality mix, despite tender not being the lowest priced – Partnership Director in consultation with the Treasurer.
- iii. Contract value for the duration of the contract period which is equal to or over £60,000 where the matter has not previously been reported to the Partnership – Partnership Board.
- iv. If a decision to accept a tender has been delegated to officers and the value of the selected tender is in excess of 25% and £25,000 above the originally reported estimate the matter should be referred to the Partnership Board.

### Contract Variations and Extensions – Goods, Service and Works.

- 5.3.16. Where there is a requirement for extending an existing contract for a period of up to twelve months and/or to vary the scope of the contract and the combined value of the existing contract and the extension and/or variation is less than £60,000, the matter shall be delegated to the Partnership Director, subject to the approval of the Treasurer
- 5.3.17. Where an extension or variation increases the contract value of an existing contract to £60,000 and above and the contract has not previously been approved by the Partnership, then this will be subject to reporting to the Partnership Board as outlined in 5.3.19
- 5.3.18. Where there is a requirement to extend an existing contract for a period of up to twelve months and/or vary the scope of the contract which in either case will, increase the value of contract by no more than 25% of the original contract value, (and that contract has previously been approved by committee) the matter shall be delegated to the Partnership Director, subject to the approval of the Treasurer.

- 5.3.19. Where there is a requirement to extend an existing contract for a period of greater than twelve months and/or increase the value by more than 25% of the original contract value, (and the contract has previously been approved by committee) the matter shall be subject to reporting and approval by the Partnership as outlined in 5.3.19.
- 5.3.20. There shall no requirement to report to the Partnership or seek the Board's approval to extend a contract where the option to extend and the budget for the extension was included in the original approval. The authority to exercise an option to extend in these circumstances shall be delegated to the Partnership Director.

#### Framework Agreements

- 5.3.21. A Framework Agreement is a general term for agreements with providers which set out terms and conditions under which specific purchases (call-offs) can be made throughout the term of the agreement.
- 5.3.22. Use of framework contracts let by other organisations will be deemed to be compliant with these Financial Regulations and, as such, are a legitimate procurement strategy in appropriate circumstances provided that:
- a) Use of any framework contract by the Partnership must be approved in writing by the Treasurer prior to the Partnership entering into such frameworks/contracts.
  - b) No material change may be made to the terms of the framework agreement when any contract is awarded under that framework. The contract must comply with all the substantive terms set out in the framework as originally awarded. Calling-off from the framework may only be done in accordance with the procedures laid down within that framework.
  - c) The term of the framework should not normally exceed four years unless the Partnership Director obtains written agreement of the Treasurer.
  - d) All new call-offs for goods or services made under the frameworks which are above £60,000, and where there are multiple call-offs from the same framework which total in excess of £60,000 must be reported to the Partnership Board for approval in each and every instance unless the Partnership has been advised in advance, and subsequently approved.

#### Tender Opening

5.3.23. Tenders may be submitted via electronic means or hard copy via post, courier or hand delivered. Where tenders are to be submitted via electronic copy only, the Treasurer must be consulted on the method for receipting and recording of tenders. In the case of hard copy tender submission tenders shall be opened by an officer in the presence of two other officers.

#### Purchase of Second Hand Goods

5.3.24. Second hand goods up to a value of £60,000 may be acquired without a competitive quotation being obtained provided that:

- i. the Partnership Director can demonstrate that the purchase is necessary to facilitate service delivery;
- ii. 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;
- iii. the goods have been subject to inspection to ascertain their physical condition, with a record kept of the outcome of the inspection;
- iv. the Partnership has clear title to the goods; and
- v. the Partnership Director obtains in writing (including e-mail) the prior agreement of the Treasurer before effecting the purchase.

#### Contract Register

5.3.25. The Treasurer shall maintain a Contracts Register for the monitoring of all contracts and framework agreements developed or in use by the Partnership, which shall include the value and amount of each contract (where able to be so identified). The Partnership Director shall ensure that the prescribed information is communicated to the Treasurer twice a year.

#### Negotiated Tenders

5.3.26. Post tender negotiations may only be considered with the written approval of the Treasurer of the approach to be adopted.

### **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 Treasurer, by or on behalf of the Partnership Director. The names of officers authorised to sign such records shall be submitted to the Treasurer, 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 Treasurer 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 Treasurer after processing by the Director in accordance with procedures agreed by the Treasurer. 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 Treasurer considers appropriate shall be provided to the Partnership for the purposes of defraying petty cash and other expenses as may be approved by the Treasurer for payment in cash. Such accounts shall be maintained on an Imprest system in a manner prescribed by the Treasurer.

## **5.5. Salaries and Wages**

*Staff costs are a material item of expenditure for the Partnership. It is therefore important that payments are accurate, timely, made only when they are due for services to the Partnership and that payments accord with individuals' 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 Aberdeenshire Council.
- 5.5.2. The Partnership Director will notify the Treasurer without delay and in the form prescribed by him or her, of all matters affecting the payment of such emoluments and, in particular:
- i. appointments, resignations, dismissals, suspensions, secondments

- and transfers;
  - ii. absences from duty for sickness or other reason, apart from approved leave;
  - iii. changes in remuneration, other than normal increments and pay awards and agreements of general application;
  - iv. 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 Aberdeenshire Council and shall be certified by or on behalf of the Partnership Director. Certified documents shall either (a) be passed without delay to Aberdeenshire Council 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 Aberdeenshire Council after processing by the Partnership Director in accordance with procedures agreed by Aberdeenshire Council. The names of officers authorised to sign such records shall be submitted by the Partnership Director to Aberdeenshire Council together with specimen signatures and initials, and this list shall be amended on the occasion of any change therein.
- 5.5.4. Should it be established that an employee has been overpaid, recovery will be pursued. Should the Partnership Director believe that there are mitigating circumstances, non-recovery may only be permitted if the Treasurer gives written approval.

## **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 Partnership and in accordance with the Partnership's adopted scheme.
- 5.6.2. All claims for payment of travelling and subsistence allowances by staff shall be duly certified and submitted to the Head of Human Resources and Organisational Development on the approved form, made up to the last day of each month, accompanied by VAT receipts (where appropriate) for expenditure incurred and submitted as soon as possible. The names of officers authorised to certify such records shall be sent to the Treasurer by each 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 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 Partnership who are entitled to claim travelling or other allowances will be made by the Head of Human Resources and Organisational Development upon receipt of the



prescribed form duly completed and accompanied by valid receipts for all subsistence claimed.