

Sandwell Metropolitan Borough Council


17 April 2018

The following summary reports relate to those minutes of the Cabinet which contain a recommendation to the Council.

Meeting Date	Subject
21 March 2018	Financial Regulations (Key Decision Ref. No. SMBC13/03/2018)
21 March 2018	Procurement and Contract Procedure Rules (Key Decision Ref. No. SMBC13/02/2018)

REPORT TO CABINET

21 March 2018

Subject:	Financial Regulations
Presenting Cabinet Member:	Councillor Steve Eling – Leader of the Council Councillor Steve Trow – Cabinet Member for Core Council Services
Director	Executive Director – Resources – Darren Carter
Contribution towards Vision 2030:	
Key Decision:	Yes
Forward Plan (28 day notice) Reference:	SMBC13/3/2018
Cabinet Member Approval and Date:	Councillor Steve Eling – 01/03/2018 Councillor Steve Trow – 01/03/2018
Director Approval:	01/03/2018
Reason for Urgency:	Urgency provisions do not apply.
Exempt Information Ref:	Exemption provisions do not apply
Ward Councillor (s) Consulted (if applicable):	Ward councillors have not been consulted
Scrutiny Consultation Considered?	Scrutiny have not been consulted
Contact Officer(s):	Rebecca Griffiths – Strategic Finance Manager rebecca_griffiths@sandwell.gov.uk

DECISION RECOMMENDATIONS

That Cabinet:

1. Agree that the updated Financial Regulations be put forward to full Council for approval.

1 PURPOSE OF THE REPORT

- 1.1 The purpose of this report is for Cabinet to inform Cabinet of the main changes made to the council's Financial Regulations.

2 IMPLICATIONS FOR SANDWELL'S VISION

- 2.1 By supporting all services across the council, the actions in this report will contribute to the delivery of the Sandwell Vision, in particular through ensuring that there is a strong control framework, robust financial stewardship and in obtaining value for money.

3 BACKGROUND AND MAIN CONSIDERATIONS

- 3.1 The council as a body using public resources must set and follow the highest possible standards of financial control and stewardship. The Financial Regulations provide Members and employees with procedures to follow that will ensure the council's expected standards are met in managing public assets and money. In addition, employees can feel confident that in the event that they have to justify their actions to Members, auditors, management or the public they will have no difficulties provided they have followed procedures.
- 3.2 The Section 151 Officer is responsible for ensuring that a review of the Financial Regulations is conducted and for submitting any proposed amendments to the Cabinet and to Full Council for approval. This report sets out the review that has taken place and the recommended amendments.
- 3.3 A full review of the Financial Regulations has been conducted and apart from a change in presentational style there are no significant changes required at this time, with the exception of an increased virement limit for Chief Officers in line with key decisions and as detailed in the section on Financial Procedures:
 - A Chief Officer may exercise virement on budgets under his/her control for amounts up to £250,000 or 1% of the approved Gross Expenditure budget, whichever is the greater, on any one sub division during the year, following notification to the Chief Finance Officer and under arrangements agreed by the full council.
 - Virements up to £250,000 or 1% of the approved Gross Expenditure budget, whichever is the greater, may be exercised between budgets managed by different Chief Officers subject to the approval of all Chief Officers affected by the virement and following consultation with the appropriate Cabinet Members. Written confirmation of the agreed virement should be forwarded to the Chief Finance Officer and reported to Cabinet via the next appropriate financial monitoring report.

- Virements above £250,000 or 1% of the approved Gross Expenditure budget must be approved by Cabinet.

3.4 The previous limits were set at £200,000.

3.5 The full updated Financial Regulations can be found in Appendix 1.

4 THE CURRENT POSITION

4.1 The Financial Regulations were last reviewed and updated in 2015-16 therefore a review and update is now required.

5 CONSULTATION (CUSTOMERS AND OTHER STAKEHOLDERS)

5.1 The Financial Regulations have been discussed with the relevant stakeholders and reported to the respective Director.

6 ALTERNATIVE OPTIONS

6.1 The alternative would be for the Financial Regulations to remain as they are currently which is not considered acceptable.

7 STRATEGIC RESOURCE IMPLICATIONS

7.1 These are contained in the main body of the report and within the directorate business plans appended to the report.

8 LEGAL AND GOVERNANCE CONSIDERATIONS

8.1 The Financial Regulations set out the procedures that members and officers must follow in order to ensure statutory requirements are met in terms of UK and EU law and the Council's financial affairs are managed prudently and properly controlled.

9 EQUALITY IMPACT ASSESSMENT

9.1 It was not necessary to undertake an equality impact assessment.

10 DATA PROTECTION IMPACT ASSESSMENT

10.1 Any information used to compile this report is subject to information governance legislation and is managed in accordance with the Council's policies and protocols. A Data Protection Impact Assessment is not required.

11 CRIME AND DISORDER AND RISK ASSESSMENT

11.1 There no requirement to carry out a Crime and Disorder and Risk Assessment.

12 SUSTAINABILITY OF PROPOSALS

12.1 There are no sustainability issues as a result of the proposals in the report.

13 HEALTH AND WELLBEING IMPLICATIONS (INCLUDING SOCIAL VALUE)

13.1 There are no health and wellbeing implications as a result of the proposals in the report.

14 IMPACT ON ANY COUNCIL MANAGED PROPERTY OR LAND

14.1 The report proposals do not have any impact on council managed property or land.

15 CONCLUSIONS AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

15.1 The updates to Financial Regulations make the document more user-friendly and bring the virement limits in line with the key decision thresholds for Cabinet. It Is therefore recommended that Cabinet agree these to be put forward to full Council for approval.

16 BACKGROUND PAPERS

N/a

17 APPENDICES:

Appendix 1: Financial Regulations



Darren Carter
Executive Director – Resources

FINANCIAL REGULATIONS

INTRODUCTION

Financial regulations provide the framework for managing the authority's financial affairs. They apply to every Member and Officer of the Authority and anyone acting on its behalf.

All employees and Members have a general responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of these resources is legal, properly authorised, provides value for money and achieves best value.

All employees and Members must read and understand the Financial Regulations and Procedures and any related documents. It is the employee's responsibility to clarify any areas that they do not understand with their managers and/or the officers referred to in this document.

A material breach of financial regulations by employees may result in disciplinary action being undertaken. A material breach of financial regulations by Members may result in a referral to the Standards Committee.

These regulations should be read in conjunction with Procurement and Contract Procedure rules and the council's Land Disposal Protocol, and the responsibility for functions delegated to Chief Officers.

The regulations identify the financial responsibilities of the full Council, Cabinet and Scrutiny Members, the Head of Paid Service, Chief Officers, the Monitoring Officer and the Chief Finance Officer.

Whenever any matter arises which may involve financial irregularity the Chief Finance Officer and the Monitoring Officer shall be notified immediately, and if an irregularity is disclosed the matter shall, at the discretion of the Chief Finance Officer and after consultation with the Head of Paid Service, be referred by them to the Council's Audit Committee. Further, in a case where the Chief Finance Officer advises that there is prima facie evidence of a criminal offence having been committed, the matter shall be reported to the police forthwith.



SUMMARY OF CONTENTS

[Part 1](#) explains the overarching financial responsibilities within the organisation.

[Part 2](#) explains the financial responsibilities of the Chief Finance Officer.

[Part 3](#) outlines the financial responsibilities of all Chief Officers.

[Part 4](#) explains other financial responsibilities of: -

- Full Council
- Cabinet
- Budget & Corporate Services Scrutiny Board
- Leader
- Chief Executive
- Audit and Risk Assurance Committee
- Senior Information Risk Manager
- Chief Property Officer
- Monitoring Officer

[Part 5](#) is a set of financial procedures which explains how the above responsibilities should be fulfilled. Budget holders should refer to these procedures in order to ensure that they are operating in line with the council's Financial Regulations.



1: POLICY FRAMEWORK & OVERALL RESPONSIBILITIES

Full Council

- 1.1 The Full Council is responsible for adopting the Council's constitution and Members code of conduct and for approving the policy framework, budget and borrowing within which the Cabinet operates. It is also responsible for approving and monitoring compliance with the Authority's overall framework of accountability as set out in its constitution and is responsible for monitoring compliance with agreed policy and reporting decisions taken.

In approving these Financial Regulations, the Council is specifying the extent of virement within the budget and the degree of in-financial year changes to the policy framework which may be undertaken by Cabinet and Chief Officers. Any other changes to the policy and budgetary framework are reserved to the Council.

The full council also has the power to make or amend Procurement and Contract Procedure Rules.

The Cabinet

- 1.2 The Cabinet is responsible for proposing the policy framework and budget to the full Council and for implementing them once approved. The Cabinet is responsible for day to day direction of the Council's affairs within the approved policy and budget frameworks.

Committees

- 1.3 The **Budget and Corporate Services Scrutiny Board** is responsible for scrutinising recommendations, considering referrals under the Call for Action and the Pre-Decision Scrutiny (Call in) processes, and reviewing and advising on the Council's policies and practices in respect of and upon such terms as are set out below: -
- (a) budget strategy;
 - (b) budget monitoring;



- (c) examination of outturn reports;
- (d) treasury management function;
- (e) asset allocation and management;
- (f) procurement;
- (g) revenues and benefits;
- (h) corporate governance;
- (i) risk management.

- 1.4 The **Audit and Risk Assurance Committee** is a key component of the council's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards. The purpose of the Audit Committee is to provide independent assurance to elected members of the adequacy of the risk management framework and the internal control environment. It provides independent review of the governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.
- 1.5 The **Standards Committee** is responsible for advising the council on the adoption and revision of the Members code of conduct and for monitoring the operation of the code.

Statutory Officers

1.6 **Head of Paid Service**

The Head of Paid Service is responsible for the corporate and overall strategic management of the Authority as a whole. He/she must report to and provide information for the Cabinet, the full Council, Scrutiny Committees and other Committees. He/she is responsible for establishing a framework for management direction, style and standards and for monitoring the performance of the organisation.

1.7 **Monitoring Officer**



The Monitoring Officer is responsible for promoting and maintaining high standards of financial conduct and for reporting any actual or potential breaches of the law or maladministration and for ensuring that the procedures for recording and reporting key decisions are operating effectively. The Monitoring Officer is responsible for advising all members and officers about who has the authority to take a particular decision and whether a decision is likely to be considered contrary to the policy framework. The Monitoring Officer and the Chief Finance Officer are also responsible for advising the Cabinet or full Council if a decision could be considered contrary to the budget. An example of such a decision would be promoting a new policy without thought as to the budget implications.

Chief Finance Officer (Section 151 Officer)

1.8 Financial Regulations

The Chief Finance Officer is responsible for maintaining a continuous review of the Financial Regulations and Procedures and submitting any additions or changes to the full council for approval. The Chief Finance Officer is also responsible for reporting breaches of Financial Regulations and Procedures to the Audit Committee.

1.9 Lawfulness and Financial Prudence of Decision Making

After consulting with the Head of the Paid Service and the Monitoring Officer, the Chief Finance Officer will report to the Full Council or to the Cabinet in relation to a Cabinet function and the Council's external auditor if he/she considers that any proposal, decision or course of action will involve incurring unlawful expenditure or is unlawful and is likely to cause a loss or deficiency or if the Council is about to enter an item of account unlawfully.

The Chief Finance Officer, if necessary in conjunction with the Chief Executive and after consultation with the Leader of the Council, shall have the powers to take any action necessary to safeguard the financial interests of the Council.

1.9.1 Contributing to Corporate Management



The Chief Finance Officer will contribute to the corporate management of the Council, in particular through the provision of professional financial advice.

1.10 Administration

The Chief Finance Officer has responsibility for the proper administration of the Council's financial affairs. This includes:

- setting and monitoring compliance with financial management standards;
- ensuring effective systems of financial control, including internal audit arrangements;
- providing financial advice;
- advising on preparation of revenue and capital budgets;
- production of the annual Statement of Accounts;
- advising on anti-fraud and anti-corruption strategies;
- acting as the authority's money laundering reporting officer in accordance with good practice;
- securing the authority's banking arrangements; and
- providing a treasury management function in accordance with council policy.

These responsibilities are set out in statute such as section 151 of the Local Government Act 1972. They refer to the totality of the financial affairs of the Council in all its dealings. The rights and responsibilities of the Chief Finance Officer in relation to school delegated budgets are constrained, in part, by the provisions of the Education Reform Act 1988 and the School Standards and Framework Act 1998. Details are provided in the Sandwell Scheme for the Financing of Schools.

1.11 Advice

The Chief Finance Officer is responsible for advising committees on all financial matters. He/she must be consulted on all financial matters and given adequate opportunity to provide written comments in any report with financial implications. All reports to the Cabinet or Committees with a significant financial implication are to be made under the joint names of the Chief Officer concerned and the Chief Finance Officer.



Where the urgency procedures set out in the Council's Constitution are to be invoked, the Chief Finance Officer must first be consulted on financial and other resource implications.

1.12 Accounting Records and Procedures

The Chief Finance Officer is responsible for keeping the accounts and financial records of the Council. He/she must also approve accounting and other systems with a financial function and accounting records of directorates.

Accounting procedures will reflect recommended professional practices, and follow accounting principles as determined by the Chief Finance Officer. Accounting procedures will be reviewed as necessary by the Chief Finance Officer in consultation with Service Directors to ensure that they provide the information required by both without duplication of records. No change to existing accounting procedures or systems must be made without prior consultation with the Chief Finance Officer.

1.13 Financial Information

The Chief Finance Officer will provide required financial information to the media, members of the public and the community.

1.14 Money Laundering

The Chief Finance Officer is appointed as the Money Laundering Reporting Officer. Money laundering is any process which is intended to use, control, hide or disguise monies or property which are derived from criminal activity and given the appearance of being legitimate. The Council must be alert to the possibility that attempts could be made to utilise funds obtained from criminal activity to pay for Council services. The Council is committed to preventing money laundering by having proportionate and cost effective anti-money laundering systems and processes in place.

Chief Officers

- 1.15 Chief Officers must operate efficient systems of financial control and are responsible for: -



- a) Ensuring that Cabinet members are advised of the financial implications of all proposals and that the financial implications have been agreed by the Chief Finance Officer.
 - b) Ensuring that Cabinet members are advised of legal implications of all proposals and that the legal implications have been agreed with the Monitoring Officer.
 - c) Consulting with the Chief Finance Officer and seeking his/her approval on any matter that could materially affect the authority's financial position before any commitments are incurred.
 - d) Ensuring that the ability to manage budgets under their control is only delegated to other officers at an appropriate level.
- 1.16 Chief Officers are responsible for ensuring staff receive appropriate training to undertake their financial responsibilities, in accordance with any standards set by the Chief Finance Officer.



2: RESPONSIBILITIES OF THE CHIEF FINANCE OFFICER

Budget Planning & Budget Monitoring

Budget Setting & Medium Term Financial Planning

- 2.1 Ensures that a revenue budget for the coming year and a medium term financial strategy for the two subsequent financial years are prepared for consideration by the Cabinet.
- 2.2 Reports to the full Council on the robustness of estimates contained within the budget proposed by the Cabinet and the adequacy of reserves allowed for in the budget proposals.
- 2.3 Prepares and submits reports on medium-term budget prospects to the Council, including resource constraints set by the Government.
- 2.4 Prepares and submits reports to the Cabinet on the aggregate spending plans of services and on the resources available to fund them, identifying, where appropriate, the implications for the level of council tax to be levied.
- 2.5 Advises the full council on Cabinet proposals in accordance with his/her responsibilities under Section 151 of the Local Government Act 1972.
- 2.6 Develops and maintains a resource allocation process that ensures that both capital and revenue expenditure plans take account of the council's policy framework and changing priorities within that.

Scheme of Virement

- 2.7 Ensures arrangements are in place to monitor the council's scheme of virement.

Capital Programme

- 2.8 Prepares capital strategy and estimates (usually over 5 years) jointly with Chief Officers and reports them to Cabinet.

Budget Monitoring



- 2.9 Ensures that financial information is available to enable accurate and timely monitoring and reporting.
 - 2.9.1 Ensures that budget management is exercised within annual cash limits.
 - 2.9.2 Ensures that variances from approved budgets are investigated and reported by Budget Holders regularly.
 - 2.9.3 Submits reports to Cabinet and to the full council where a Chief Officer is unable to balance expenditure and resources within existing approved budgets under their control.
 - 2.9.4 Submits reports on the council's projected income and expenditure compared with the budget on a regular basis to the Budget Scrutiny Board and Cabinet.

Year-End Accounting

Preparation of annual accounts

- 2.10 Ensures that the annual statement of accounts is prepared in accordance with the "Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice" (CIPFA/LASAAC).
- 2.11 Selects suitable accounting policies and ensures that they are applied consistently.
- 2.12 Makes judgements and estimates that are reasonable and prudent.
- 2.13 Signs and dates the Statement of Accounts, stating that it presents fairly the financial position and income and expenditure of the council for the year ended 31st March.

Treatment of Year-End Balances

- 2.14 Ensures appropriate accounting procedures are in operation to confirm that carried-forward totals are correct.
- 2.15 Reports all surpluses and deficits on service estimates carried forward to the Cabinet.



Risk Management & Control Of Resources

Risk Management

- 2.16 Prepares and updates the authority's risk management policy statement and strategy in conjunction with Chief Officers.
- 2.17 Effects corporate insurance cover, through external insurance and internal funding, and to negotiate all claims in consultation with other officers, where necessary.
- 2.18 Provides for the provision of a professional advisory and co-ordinating service to Chief Officers on the management of risk within the council.

Internal Audit

- 2.19 Ensures that an adequate and effective internal audit of the Council's accounting records and of its system of internal control in accordance with the proper practices in relation to internal control, is undertaken (these proper practices are in effect, the Public Sector Internal Audit Standards).

Internal Control

- 2.20 Advises on effective systems of internal control which ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice.
- 2.21 Ensures that an Annual Governance Statement is prepared and published as part of the Annual Statement of Accounts.
- 2.22 In consultation with the Chief Executive, where, in their opinion, the management of a budget delegated to a Director is likely to create a significant adverse impact on the Council's overall financial management situation, determines whether the management of that budget will be assumed by another officer.

Preventing Fraud & Corruption

- 2.23 Develops and maintains an anti-fraud and corruption policy and other fraud related policies and procedures in line with recognised best practice.
- 2.24 Ensures that irregularities are reported to Audit Services and Risk Management Manager for investigation, and where



appropriate the Head of Paid Service, the Audit Committee, and the Cabinet.

- 2.25 Ensures that where financial impropriety is discovered and where sufficient evidence exists to believe that a criminal offence may have been committed, the police are called in to determine with the Crown Prosecution Service whether any prosecution will take place or alternatively the council may decide to lead on any prosecution.
- 2.26 Ensures that effective procedures are in place to investigate promptly any suspected fraud or irregularities.

Investments & Treasury Management

- 2.27 Has delegated responsibility (from Full Council) for the execution and administration of treasury management decisions and will act in accordance with the authority's policy statement and TMPs.
- 2.28 Ensures that the council's borrowings and investments comply with the CIPFA Code of Practice on Treasury Management and with the council's Treasury Management policy statement, strategy and practices.
- 2.29 Reports a minimum of twice a year on treasury management activities to the Cabinet.
- 2.30 Acts as the council's registrar of stocks, bonds and mortgages and to maintain records of all borrowing of money by the council.

Security & Control of Council Property & Assets

- 2.31 Ensures that an accurate asset register is maintained in accordance with good practice for all fixed assets.
- 2.32 Ensures that assets are valued in accordance with the Code of Practice on Local Council Accounting in the United Kingdom 2007: (SORP)

Income & Debt Collection

- 2.33 Agrees arrangements for the collection of all income due to the council and to approve the procedures systems and documentation for its collection.
- 2.34 Reviews annually the council's Fees and Charges report.



- 2.35 Arranges for bank reconciliation statements to be regularly prepared for all bank accounts and for all matters arising from the reconciliations to be cleared as soon as practicable.
- 2.36 Approves all debts written off in consultation with the relevant Chief Officer and to keep a record of all sums written off up to the delegated limit.
- 2.37 Establishes and initiates appropriate recovery procedures, including legal action where necessary, for debts that are not paid promptly.
- 2.38 Maintains updates and ensures that all employees are aware of the council's Money Laundering Policy.

Purchase Orders & Expenditure

- 2.39 Approves the form of official orders and associated terms and conditions.
- 2.40 Ensures that a budgetary control system is established that enables commitments incurred by placing orders to be shown against the appropriate budget allocation so that they can be taken into account in budget monitoring reports.

Trust Funds & Funds held for Third Parties

- 2.41 Maintains the accounting records of all Trust Funds in the name of the council and make arrangements for the safe custody of cash, stock certificates and other documents of title in connection with the investment of funds.

Private Property & Safekeeping

- 2.42 Makes arrangements for the storage and security of all valuable items deposited with the council for safe storage.
- 2.43 Is responsible for all receiverships and administrations in which the council may have an interest.

Staffing

- 2.44 Ensures that budget provision exists for all existing and new employees.



- 2.45 Acts as an advisor to Chief Officers on areas such as National Insurance and Pension Contributions, as appropriate.
- 2.46 Prepares the payroll or control and approve other arrangements made.

Stocks & Stores

- 2.47 Determines the method to be followed in the valuation of stores for purposes of charging out stores and for evaluating stock in hand at the end of the financial year.
- 2.48 Determines and reviews the appropriate rate(s) of overhead charge arising from stocks and stores.

Intellectual Property

- 2.49 Provides guidance on Intellectual Property rules.

Imprest Accounts

- 2.50 Provides employees of the council with cash or bank imprest accounts to meet minor expenditure on behalf of the council and to prescribe rules for operating these accounts.
- 2.51 Determines the imprest value and petty cash individual transaction limit and maintains a record of imprests issued, and periodically reviews the arrangements for the safe custody and control of these imprests.

Financial Systems & Procedures

Payments to Employees & Members, Holders of Office & Intermediaries (Personal Service Companies)

- 2.52 Provides for the secure and reliable payment of salaries, wages, compensation or other emoluments to existing and former employees, Members, Holders of Office and Intermediaries (Personal Service Companies).
- 2.53 Records and makes arrangements for the accurate and timely payment of tax, pension contributions and other deductions.
- 2.54 Ensures that there are adequate arrangements for administering pension scheme matters.



- 2.55 Makes arrangements for payment of all travel, subsistence and Members allowance claims upon receiving the prescribed form, duly completed and authorised.
- 2.56 Ensures that there are adequate arrangements for administering Apprenticeship Levy matters.

Taxation

- 2.57 Ensures all HM Revenue and Customs returns regarding PAYE and NI are completed.
- 2.58 Ensures a monthly return of VAT transactions is compiled and sent to HM Revenue and Customs.
- 2.59 Ensures details of the Construction Industry Scheme are provided to HM Revenue and Customs.

Trading Accounts & Business Units

- 2.60 Advises on the establishment and operation of trading accounts and business units.

External Arrangements

External Funding

- 2.61 Approves the Strategic Finance appraisal and submission of the bid if the external funding bid relates to a project valued below £250k.
- 2.62 Advises on effective controls and key elements of funding a project including: -
- A project appraisal assessing viability in the current and future years.
 - Resourcing, including taxation issues.
 - Audit, security and control requirements.
 - Carry-forward arrangements.
- 2.63 Ensures that the accounting arrangements are satisfactory.



3: RESPONSIBILITIES OF CHIEF OFFICERS

Budget Planning And Budget Monitoring

Budget Setting & Medium Term Financial Planning

- 3.1 Prepare an estimate of income and expenditure for the financial year within the spending targets set by the Council. Service Managers and Cabinet Members should be consulted as part of this process.
- 3.2 Ensure that revenue and capital estimates reflect agreed Business Plans, are in line with the medium term financial strategy and capital strategy and, that they follow any guidance issued by the Section 151 Officer.

Scheme of Virement

- 3.3 Notify the Chief Finance Officer and consult the appropriate Cabinet Member before exercising virements on budgets under his/her control.
- 3.4 Ensure that virements between budgets managed by different directors are not exercised without prior approval of all directors affected by the virement and consultation with appropriate Cabinet Members. Confirmation of the agreed virement must be notified to the Chief Finance Officer and reported to Cabinet via the next appropriate financial monitoring report.
- 3.5 Obtain agreement from other Chief Officers and Cabinet Members before exercising virements that may impact on the level of service activity in their service area.

Budget Monitoring

- 3.6 Ensure that spending remains within the service's overall cash limit, by monitoring the budget and taking appropriate corrective action where significant variations from the approved budget are forecast.



Year-End Accounting

Preparation of year-end accounts

- 3.7 Ensure that staff adhere to all closedown deadlines issued by the Strategic Finance team.

Risk Management & Control Of Resources

Risk Management

- 3.8 Identify, assess, control and report risks within their respective services in order to ensure that, where appropriate, threats and their impacts are minimised to an acceptable level.
- 3.9 Ensure that sound arrangements for the security and continuity of service in the event of a disaster are in place.

Internal Audit

- 3.10 Ensure that internal auditors/fraud investigators have the right of access to all records, assets, personnel and premises, including those of partner organisations, and has the authority to obtain such information and explanations as it considers necessary to fulfil their responsibilities.
- 3.11 Ensure that recommendations made by Internal Audit are actioned within their own service.

Internal Control

- 3.12 Ensure that effective systems of internal control are in place within their service areas and that their employees have a clear understanding of the consequences of a lack of internal control.
- 3.13 Contribute to the Annual Governance Statement by completing Annual Assurance Statements where required.

Preventing Fraud & Corruption

- 3.14 Notify the Chief Finance Officer immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of the council's property or resources.
- 3.15 Instigate the council's disciplinary procedures where the outcome of an audit investigation indicates improper behaviour.



Security & Control of Council Property & Assets

- 3.16 Ensure the proper security of all buildings and other assets under their control.
- 3.17 Maintain inventories of furniture, fittings, equipment, plant and machinery above £500 in value, in a manner agreed with the Chief Finance Officer.
- 3.18 Make arrangements for the care, custody, physical control and security of stocks and stores in the service maintain a proper stores control system and stores records.

Income & Debt Collection

- 3.19 Establish a charging policy for the supply of goods and services, including the appropriate charging of VAT, and to review it and least annually, in line with corporate policies.
- 3.20 Ensure compliance with the anti-money laundering policy.
- 3.21 Assist the Chief Finance Officer in collecting debts that they have originated, by providing appropriate information requested by the debtor, maintaining records or evidence of acceptance of the debt and in pursuing the matter on the council's behalf.

Purchase Orders & Expenditure

- 3.22 Ensure the requirements of the Procurement and Contract Procedure Rules are observed in respect of all purchases.
- 3.23 Utilise the services provided by Procurement Services as appropriate.

Trust Funds & Funds held for Third Parties

- 3.24 Ensure that trust funds are operated within any relevant legislation and the specific requirements for each trust.

Private Property & Safekeeping

- 3.25 Ensure that all items of private property deposited with the council are recorded on an itemised inventory prepared in the presence of two officers.

Staffing



- 3.26 Produce an annual staffing budget which is an accurate forecast of staffing levels.
- 3.27 Monitor employees' activity to ensure adequate control over such costs as sickness, overtime, training and temporary employees.

Stocks and Stores

- 3.28 Make arrangements for the care, custody, physical control and security of stocks and stores in the service and for the maintenance of a proper stores control system and stores records.

Intellectual Property

- 3.29 Ensure that controls are in place to ensure that staff do not carry out private work in council time and that staff are aware of an employer's rights with regard to intellectual property.

Financial Systems & Procedures

Payments to Employees & Members, Holders of Office & Intermediaries (Personal Service Companies)

- 3.30 Notify the Chief Finance Officer of all appointments, terminations or variations which may affect the pay or pension of an employee or former employee, in the form and to the timescale required by the Chief Finance Officer.
- 3.31 Ensure payments to employees are processed only through the payroll system.
- 3.32 Ensure payment of salaries and wages in advance is not made except in the case of persons leaving the service of the council before the day on which their salary or wage is normally paid or at the discretion of the Chief Finance Officer.
- 3.33 Ensure payments to Holders of Office are processed through the payroll system in-line with HMRC regulations.
- 3.34 Ensure payments to Intermediaries (Personal Service Companies) relating to the provision of services are processed through the payroll system in-line with HMRC regulations.

External Arrangements



External Funding

- 3.35 Ensure that Strategic Finance undertake an appraisal of all future bids for external funding prior to submission where the council is being nominated to act as the Accountable Body, Applicant, Partner, the bid requires council resources or where the council owns the asset.
- 3.36 Ensure that before entering into grant funding agreements with external bodies, the agreement is consistent with the funder conditions and values appraised by Strategic Finance and approved by the Cabinet or the Chief Finance Officer.
- 3.37 Ensure that such agreements and arrangements do not impact adversely upon the services provided by the council.
- 3.38 Ensure that all claims for funds are made by the due date.
- 3.39 Ensure that the appropriate Cabinet Member is informed how the proposed external funding fulfils the council's policies prior to any bid being submitted for external funding.
- 3.40 Ensure that the project progresses in accordance with the agreed project approval and that all expenditure is properly incurred and appropriately recorded.
- 3.41 Comply with rules of the funding body.



4: OTHER OFFICER/MEMBER RESPONSIBILITIES

Budget Planning & Budget Monitoring

Budget Setting & Medium Term Financial Planning

- 4.1 **Full council** agrees the budget that will be proposed by the Cabinet.
- 4.2 **Cabinet** sets the target budget for each service area and approves the key assumptions to be used in the preparation of revenue and capital budgets.
- 4.3 **Budget and Corporate Services Scrutiny Board** makes reports or recommendations to Council or the Executive in connection with the council's budget.

Scheme of Virement

- 4.4 **Council** specifies the extent of virement within the budget and degree of in-financial year changes to the policy framework which may be undertaken by Cabinet and Chief Officers.
- 4.5 **Cabinet** approve virements in accordance with the limits set by Council.

Capital Programme

- 4.6 **Council** approves the capital strategy.
- 4.7 **Cabinet** make recommendations on the capital strategy including prudential borrowing policy and approve capital projects.

Budget Monitoring

- 4.8 **Cabinet** receive regular budget monitoring reports.

Year-End Accounting

Preparation of year-end accounts

- 4.9 **Audit and Risk Assurance Committee** approves the statutory annual Statement of Accounts.

Treatment of year-end balances



- 4.10 **Cabinet** approves the carry forward of any net surplus against target budgets under the control of a Chief Officer.
- 4.11 **Cabinet** approves the waiving of the requirement to carry forward a deficit against target budgets under the control of a Chief Officer.

Risk Management & Control Of Resources

Risk Management

- 4.12 The **Audit and Risk Assurance Committee** approves the authority's risk management strategy and reviews the overall effectiveness of the strategy.
- 4.13 The **Audit and Risk Assurance Committee** provides independent assurance of the adequacy of the governance risk management and internal control framework and independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment.
- 4.14 The **Senior Information Risk Manager** is responsible for the management of information risk.

Internal Audit

- 4.15 The **Audit and Risk Assurance Committee** approves the Annual Internal Audit Plan.

Internal Control

- 4.16 The **Chief Executive and Leader of the council** are responsible for signing off the Annual Governance Statement after it has been approved by Audit Committee.

Preventing Fraud & Corruption

- 4.17 The **Monitoring Officer** is responsible for maintaining the Register of Members' Interests.
- 4.18 The **Audit and Risk Assurance Committee** provides independent assurance that the council has strong and effective anti-fraud processes in place.

Investments & Treasury Management



- 4.19 **Council** approves the treasury management strategy recommended by Cabinet.
- 4.20 **Cabinet** has delegated responsibility (from full Council) for the implementation and regular monitoring of treasury management policies and practices.

Security and Control of Council Property and Assets

- 4.21 The **Chief Property Officer** will maintain property database in consultation with the Chief Finance Officer for all land and buildings currently owned or used by the council including those assets acquired on behalf of partner agencies.
- 4.22 The **Monitoring Officer** is responsible for custody of all title deeds.

Income & Debt Collection

- 4.23 **Cabinet** approve the Debt Recovery Policy and Procedures produced by the Chief Finance Officer.
- 4.24 **Cabinet** approve the writing off of debts above the delegated limit for the Chief Finance Officer.
- 4.25 **Cabinet** approve annually the council's Fees and Charges report.

Purchase Orders & Expenditure

- 4.26 All employees and Members of the council have a responsibility to declare any links or personal interests they may have with purchasers, suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of the council, in accordance with appropriate codes of conduct.

Financial Systems & Procedures

Payments to Employees & Members, Holders of Office & Intermediaries (Personal Service Companies)

- 4.27 **Council** adopt a Members' Allowance Scheme.



External Arrangements

External Funding

- 4.28 **Cabinet** approve the Strategic Finance appraisal and submission of the bid if the external funding bid relates to a project valued above £250k.



5: FINANCIAL PROCEDURES

Budget Planning & Budget Monitoring

1. The Annual Budget

The provisions of the Local Government Finance Act 1992 (LGFA 1992) set out what the council has to base its budget calculations upon, and require the council to set a balance budget with regard to the advice of its Chief Finance Officer (section 151). The setting of the budget is a function reserved to full Council, who will consider the draft budget which has been prepared by the Executive (in a Leader and Cabinet or Elected Mayor model). Once the budget has been agreed by full Council the Executive cannot make any decisions which conflict with it, although virements and year-in-year changes can be made in accordance with the council's financial regulations.

Section 30(6) LGFA 1992 provides that the council has got to set its budget before 11 March in the financial year preceding the one in respect of which the budget is set, although failure to set a budget within the deadline does not in itself invalidate that budget. Such delay, however, may have significant financial administrative and legal implications, including potentially an individual liability for those members who contributed to the failure to set the budget. If a budget is not set, s.66 LGFA 1992 provides that the failure or delay to or in setting the council tax can only be challenged by an application for judicial review, with either the Secretary of State or any other person with sufficient interest (which potentially could include a council taxpayer) able to apply.

1.1 Chief Officers must sign and submit Budget Accountability Letters in order to accept responsibility for the budgets under their control.

2. Maintenance of Reserves

The local council must decide the level of general reserves it wishes to maintain before it can decide the level of Council Tax. Reserves are maintained as a matter of prudence. They enable the council to provide for unexpected events and thereby protect it from a deficit budget position, should such events occur. Reserves for specific purposes may also be maintained, such as the purchase or renewal of capital items.



2.1 Reserves must be maintained in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom: SORP* (CIPFA/LASAAC) and agreed accounting policies.

3. Budget Monitoring and Control

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

By continuously identifying and explaining variances against budgetary targets, the council can identify changes in trends and resource requirements at the earliest opportunity. The council itself operates within an annual cash limit, approved when setting the overall budget.

- 3.1 Once the budget has been approved by full council, resources allocated must be used for their intended purposes and be properly accounted for. Each service is required to manage its own expenditure within the cash-limited budget allocated to it.
- 3.2 Chief Officers must submit monitoring reports to the Chief Finance Officer at least 3 times per year. These reports are then presented to Cabinet for approval.
- 3.3 Each cost centre must have a nominated budget holder determined by the Chief Officer. As a general principle, budget responsibility should be aligned as closely as possible to the decision-making processes that commits expenditure.
- 3.4 Recurring expenditure should not be funded from one-off sources of savings or income.
- 3.5 Future commitments should not be created, including full-year effects of decisions made part way through a year, for which future resources have not been identified.

4. Scheme of Virement



The scheme of virement is intended to enable the Cabinet, Chief Officers and their employees to manage budgets with a degree of flexibility within the overall policy framework determined by the full council, and therefore to optimise the use of resources. The rules below cover virement; that is, switching resources between approved estimates or heads of expenditure.

- 4.1 Virement cannot create additional overall budget liability.
- 4.2 A Chief Officer may exercise virement on budgets under his/her control for amounts up to £250,000 or 1% of the approved Gross Expenditure budget, whichever is the greater, on any one sub division during the year, following notification to the Chief Finance Officer and under arrangements agreed by the full council.
- 4.3 Virements up to £250,000 or 1% of the approved Gross Expenditure budget, whichever is the greater, may be exercised between budgets managed by different Chief Officers subject to the approval of all Chief Officers affected by the virement and following consultation with the appropriate Cabinet Members. Written confirmation of the agreed virement should be forwarded to the Chief Finance Officer and reported to Cabinet via the next appropriate financial monitoring report.
- 4.4 Virements above £250,000 or 1% of the approved Gross Expenditure budget must be approved by Cabinet.
- 4.5 Virements should have no impact on the level of service activity of another Chief Officer.
- 4.6 Where an approved budget is a lump-sum budget or contingency intended for allocation during the year, its allocation will not be treated as a virement, provided that the amount is used in accordance with the purposes for which it has been established.

5. Capital Programme

Capital expenditure involves acquiring or enhancing fixed assets with a long-term value to the council, such as land, buildings, and major items of plant, equipment or vehicles. Capital assets create financial commitments for the future in the form of financing costs and revenue running costs.



Capital expenditure should form part of a corporate investment strategy and should be carefully prioritised in order to maximise the benefit from scarce resources.

- 5.1 Prior to incurring expenditure on any capital scheme, including purchase or disposal of land and buildings, irrespective of funding stream (i.e. borrowing, grant, revenue), a capital appraisal form must be completed and appraised by Strategic Finance. The capital appraisal form should include the following:
- - Strategic Case
 - Economic Case
 - Commercial Case
 - Financial Case
 - Management Case
 - Managing other resources
- 5.2 Each capital scheme must have a named manager or project officer.

Year-End Accounting

6. Treatment of Year-End Balances

The rules below cover arrangements for the transfer of resources between accounting years, i.e. a carry-forward.

- 6.1 Any overall target budget deficits against service areas must be carried forward to be recovered in future years. Chief Officers must arrange to recover deficits across a maximum of three years.
- 6.2 The requirement to meet deficits from future year target budget allocations can be waived by Cabinet as part of the annual outturn report to Cabinet.
- 6.3 There is a presumption that net surpluses against target budgets are carried forward subject to approval by Cabinet. The request to carry forward a surplus is required to be included in the annual outturn report to Cabinet for approval. This report must detail the reason for the surplus and proposed use of the carry forward.



6.4 All internal trading services surpluses or deficits shall be retained by the appropriate service and form part of the net surplus or deficit reported to Cabinet.

7. Annual Statement of Accounts

The council has a statutory responsibility to prepare its own accounts to present fairly its operations during the year.

7.1 The Chief Finance Officer will arrange for a timetable and accounting guidance for final accounts preparation to be drawn up and distributed. All staff must ensure that they adhere with this timetable and guidance.

7.2 Chief Officers must comply with accounting guidance provided by the Chief Finance Officer and supply the Chief Finance Officer with information when required.

Risk Management And Control Of Resources

8. Risk Management

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, identify and manage barriers to the achievement of the council's objectives and to ensure the continued financial and organisational well-being of the organisation.

8.1 Chief Officers must prepare, maintain and regularly review a risk register identifying:

- each material risk
- its likelihood of occurrence
- the impact on service delivery/resources
- a list of the controls in place
- assurances over these controls regarding their adequacy and effectiveness
- further risk mitigating actions required and assignment of these.



9. Insurance

The Chief Finance Officer, in consultation with Chief Officers, is responsible for determining the authority's policy in terms of insurable risks.

- 9.1 Chief Officers must ensure that the Chief Finance Officer is notified annually of all existing risks which are required to be insured.
- 9.2 The Chief Finance Officer must be notified promptly of
- all new risks, property, vehicles and other assets which are required to be insured
 - alterations, valuations or deletions affecting existing insurance cover, including schools that change to academies, change of use of premises, etc. any proposed changes to policies and internal control systems so that consideration can be given to the insurable risk impact. E.g. cash handling procedures, frequency of asset inspections (including highways, empty properties, trees, housing stock, etc.); health and safety policy changes; security changes; large construction or refurbishment contracts.
- 9.3 Any claims received or any occurrence that could give rise to a potential claim for compensation being made against the authority must be passed to the Chief Finance Officer immediately. Chief Officers must supply the Chief Finance Officer with information in respect of claims when required. Chief Officers will be responsible for any costs incurred as a result of delays in passing information to the Chief Finance Officer.
- 9.4 Chief Officers must ensure that employees, or anyone covered by the council's insurances, do not:
- admit liability
 - make any comment or give an opinion about a matter
 - make any offer to pay compensation

that may prejudice the assessment of liability in respect of any insurance claim.



10. Treasury Management

The Treasury Management Strategy Statement and Treasury Management Practices (TMPs) aim to provide assurances that the council's money is properly managed in a way that balances risk with return, but with the overriding consideration being given to the security of the council's capital sum.

- 10.1 All investments of money must be made in the name of the name of the council or in the name of nominees approved by the full council.
- 10.2 Chief Officers must ensure that loans are not made to third parties and that interests are not acquired in companies, joint ventures or other enterprises without the approval of the full council, following consultation with the Chief Finance Officer.
- 10.3 All borrowings must be in the name of the council.

11. Banking Arrangements

The Treasurer is responsible for the banking arrangements and is authorised to operate such bank accounts as are considered appropriate. The banking arrangements must be reviewed on a regular basis and negotiations regarding banking terms and overdraft facilities undertaken.

- 11.1 Opening or closing any bank accounts must be approved by the Chief Finance Officer.

12. Internal Audit and Fraud

Internal audit is an independent and objective appraisal function established by the council for reviewing the system of risk management, governance and internal control. It examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources.

- 12.1 Internal audit must be independent in its planning and operation.
- 12.2 The Audit Services Manager should have direct access to the Head of Paid Service, all levels of management and elected Members.



- 12.3 Internal auditors must comply with Public Sector Internal Audit Standards as specified by the relevant Internal Audit Standard Setters.
- 12.4 Internal auditors and fraud investigators must have the authority to: -
- access council premises at reasonable times
 - access all assets, records, documents, correspondence and control systems
 - receive any information and explanation considered necessary concerning any matter under consideration
 - require any employee of the council to account for cash, stores or any other council asset under his/her control
 - access records belonging to third parties, such as contractors, when required.
- 12.5 A Confidential Reporting (Whistleblowing) Code has been put in place by the council. This is intended to encourage and enable employees to raise any serious concerns within the council rather than overlooking a problem. These procedures are detailed in a separate policy document and are in addition to the council's complaints procedures and other statutory reporting procedures applying to some services.

13. Security and Control of Assets

The council holds assets in the form of property, vehicles, equipment, furniture and other items including information worth many millions of pounds. It is important that 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.

- 13.1 Assets should be identified, their location recorded, appropriately marked as council property and insured.
- 13.2 Inventories must be maintained in a manner agreed with the Chief Finance Officer. These must record an adequate description of furniture, fittings, equipment, plant and machinery



above £500 in value. Items below this value may be included where it is felt they are particularly attractive or desirable.

- 13.3 An annual check of all items on the inventory should be undertaken in order to: -
- Verify location;
 - Review condition;
 - Take action in relation to surpluses or deficiencies annotating the inventory accordingly.
- 13.4 Any surplus or deficiency revealed by the annual inventory check shall be notified to the Chief Officer who shall take such action as deemed necessary.
- 13.5 Any use of property by a service or establishment other than for direct service delivery should be supported by documentation identifying terms, responsibilities and duration of use.
- 13.6 Occupiers and prospective occupiers of council property are not allowed to take possession or enter council property until a written lease, tenancy or agreement, in a form approved by the Chief Property Officer in consultation with the Chief Legal Officer, has been established and signed as appropriate.
- 13.7 No council asset should be subject to personal use by an employee or other person without proper authority.
- 13.8 The Chief Finance Officer should be consulted where security is thought to be defective or where it is considered that special security arrangements may be needed.
- 13.9 The Chief Finance Officer should be consulted where security of cash is concerned. Cash holdings on premises must be kept within the limits agreed with the Chief Finance Officer.
- 13.10 Keys to safes and similar receptacles must be held in a secure place at all times; loss of any such keys must be reported to the Chief Finance Officer as soon as possible.
- 13.11 All employees have a personal responsibility with regard to the protection and confidentiality of information, whether held in manual or computerised records.



- 13.12 Stocks must be maintained at reasonable levels and be subject to a regular independent physical check.
- 13.13 All discrepancies should be investigated and pursued to a satisfactory conclusion. Records of stocks checked and discrepancies found are to be kept.
- 13.14 Discrepancies should be removed from the council's records as necessary, in accordance with the council's Procurement and Contract Procedure Rules. Chief Officers must authorise write offs.
- 13.15 Suitable officers should be designated as responsible for: -
- a) Custody of stocks and stores;
 - b) Maintenance of stores and accounting records;
 - c) Authorising the issue of stocks and stores; and
 - d) Carrying out the stocktaking of all stores.

No officer should be responsible for more than one of the functions of a, b, c or d above.

- 13.16 Chief Officers must certify the quantity and value of the stocks and stores in his/her service and forward a copy of the certification to the Chief Finance Officer at least annually.

14. Income

Income can be a vulnerable resource and effective income collection systems are necessary to ensure that all income due is identified, collected, receipted and banked properly.

- 14.1 All money received by an employee on behalf of the council, Fire Service, and the Sandwell Leisure Trust must be paid without delay to the Chief Finance Officer or, as he or she directs, to the council's bank and properly recorded. The responsibility for cash collection should be separated from that for identifying the amount due or reconciling the amount due to the amount received. All cash income must be locked away in order to safeguard against loss or theft.



14.2 Money collected and deposited must be reconciled to the bank account by a person who is not involved in the collection or banking process.

14.3 Provision for doubtful debts is made for invoices as follows: -

Less than 1 year old	Specific provision only
1-2 years old	25% of outstanding debt
2 years and older	100% of outstanding debt

14.4 The Chief Finance Officer has delegated powers to approve the write off as irrecoverable of: -

- any individual sums of outstanding Poll Tax, Council Tax, housing rents and related debts amounting to £5,000 or less and sundry debts and Non-Domestic Rates amounting to £20,000 in respect of which appropriate action to obtain payment has proven unsuccessful;
- any outstanding sums which become subject to bankruptcy or liquidation proceedings or persons who have left without trace or have died without leaving any estate;
- any benefit payments that are not to be recovered;
- any outstanding sums which fall to be remitted by magistrates in the event of a committal action.

14.5 Formal approval for debt write-off must be obtained in accordance with the council's General Debt Recovery Policy and Guidance.

14.6 Appropriate write-off action must be taken within defined timescales in accordance with the council's General Debt Recovery Policy and Guidance.

14.7 Appropriate accounting adjustments must be made in the same month as the write-off action.

14.8 No cash payments above £9,000 or 14,000 euros should be accepted in accordance with the council's Money Laundering Policy.



- 14.9 All customers are advised to post payments to PO Box 2372. Any post to this address must be opened in the presence of two members of staff.
- 14.10 Used/copy receipts and other records of income must be held securely for six years. Stocks of unused receipts etc. must also be held securely when not in use.
- 14.11 The Oracle Receivables system must be used to raise invoices to external debtors promptly.
- 14.12 Every cash sum received by an employee of the council must be immediately acknowledged by the issue of an official receipt ticket or voucher or entry in a rent card or other authorised record except where other arrangements are agreed with the Chief Finance Officer.
- 14.13 All receipts, other than those issued by official receipting machines, must be signed by the employee issuing them in their own name as on behalf of the Chief Finance Officer unless the form of receipt provides for a facsimile signature of the Chief Finance Officer by a receipting machine. Where payment is received by cheque and the payer does not require a receipt such special arrangements as are approved by the Chief Finance Officer shall operate.
- 14.14 All cheques, money orders, postal orders, received payable to the council must be immediately crossed "Sandwell MBC" except where other arrangements are agreed with the Chief Finance Officer.
- 14.15 A record must be retained of every transfer of money between employees of the council. The receiving employee must sign for the transfer and the transferor must retain a copy.
- 14.16 Income must be paid fully and promptly into the appropriate council, Fire Service and Sandwell Leisure and Art Trusts bank accounts in the form in which it is received. No deductions shall be made from such money save to the extent that Chief Finance Officer may specifically authorise. Appropriate details should be recorded on to paying-in slips to provide an audit trail. Each officer who banks cheques shall enter on the council's copy of the paying-in slip a reference to the related debt (such as the



receipt number, account number, name of debtor) or retain the appropriate cheque list.

14.17 Income must not be used to cash personal cheques or other payments.

15. Expenditure

Public money should be spent with demonstrable probity and in accordance with the council's policies. Councils have a statutory duty to achieve best value in part through economy and efficiency. The council's procedures should help to ensure that services obtain value for money from their purchasing arrangements. These procedures should be read in conjunction with the council's code of practice on tenders and contracts specified in the Procurement and Contract Procedure Rules.

15.1 Members of the council are not authorised to procure, contract or instruct suppliers to provide goods or services to the council.

15.2 Budget holders should use the Oracle Purchase Order and Payable system for all expenditure with the exception of: -

- Procurement card transactions
- Employee expenses via payroll
- Transactions where it is agreed that a confirmation order is acceptable. The main example of these are: -
 - Utility Supplies - Gas, Electricity, Water, Street Lighting
 - Photocopier Usage
 - Post Related – Franking, postage, cash collection services, Mail Collection
 - Leasing
 - Bank Charges
 - Fuel Cards
 - Eye Tests
 - Audit Fees

This list is not exhaustive.

15.3 Purchase Orders shall be raised for all works, goods and services to be supplied to the council except for such exceptions as the Chief Finance Officer may approve. The Purchase Order [PO], and therefore the recognised approval, shall precede the acquisition and receipt of goods and services. The PO shall show the quantities and terms of transaction.



- 15.4 In exceptional emergency situations, a PO can be raised after the acquisition of goods or services but this must take place within 2 working days.
- 15.5 Each PO must conform to the Procurement and Contract Procedure Rules approved by the full council. Standards terms and conditions must not be varied without the prior approval of the Chief Finance Officer.
- 15.6 In the limited circumstances where it is not possible for a Purchase Order to be raised prior to an invoice being received (below £250,000 in value) an NCI form must be completed and forwarded to the appropriate section in the Finance Department for approval. Invoices above £250,000, where no Purchase Order has been raised, must be approved by Cabinet.
- 15.7 All purchases made on behalf of the council should fully utilise the central contracts in place. Alternative suppliers should not be used where goods and services are available through a Corporate Contract.
- 15.8 Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of council contracts.
- 15.9 Procurement Cards can be approved for use by the Chief Financial Officer as an alternative means of acquiring and paying for goods and services in circumstances where the generation of purchase orders is deemed inappropriate and inefficient. A Procurement Cardholder Guide is in operation. The Chief Financial Officer may withdraw cards at any time.
- 15.10 Approval of a transaction must be sought in its entirety at the correct level. The raising of two or more orders for a transaction and obtaining multiple approvals at a lower level is not permitted.
- 15.11 Goods and services received must be checked to ensure they are in accordance with the order. Goods above £100 should not be received by the person who raised or authorised the order.



- 15.12 Payments must not be made unless goods have been properly receipted by the council to the correct price, quantity and quality standards.
- 15.13 All appropriate evidence of the transaction and payment documents are retained and stored for the defined period, in accordance with the document retention schedule.
- 15.14 All POs are to be approved by an authorised employee on behalf of the Chief Officer. All employees approving expenditure must be satisfied that the works/goods/services are appropriate and necessary, that there is adequate budgetary provision and that the requirements of the Procurement & Contract Procedure Rules have been complied with.
- 15.15 A Delivery Note must be obtained for every delivery of goods, wherever possible. All goods should be checked to confirm quantity at the time of delivery and goods should be inspected to confirm compliance with specification as soon as practicable after delivery. Non-delivery, shortages, or damage to goods listed on a Delivery Note must be reported in writing to the appropriate supplier as soon as practicable. This check is to be carried out by a different officer from the person who approved the purchase requisition. Goods received records should be maintained where considered appropriate by the Chief Finance Officer and entries made in inventories or stores records.
- 15.16 All satisfactory deliveries must be duly recorded against the relevant purchase order within 2 working days of actual delivery.
- 15.17 To ensure that for any invoices or payment documents that are exempt from POs and are presented for payment, the authorising employees have satisfied themselves that:
- a) the goods have been received and are satisfactory in respect of quantity, quality and compliance with specification;
 - b) the work done or services rendered have been satisfactorily performed and comply with specification;
 - c) grants, awards, allowances, reimbursements and gratuitous payments are in accordance with official scales and the authority for payment given by the council;



- d) the prices, extensions, totals, calculations, trade discounts, other allowances, credits and value added tax are correct;
 - e) the expenditure has been properly incurred and is within the estimated provision;
 - f) the invoice has not previously been passed for payment and is a proper legal liability of the council;
- 15.18 Payment Vouchers must not be raised in place of supplier invoices.
- 15.19 No amendments should be made to an original invoice and invoices must not be part paid. Disputes must be raised with the supplier and any reductions settled via Credit Note.
- 15.20 Loans, leasing or rental arrangements are not entered into without prior agreement from the Chief Finance Officer.
- 15.21 The Chief Finance Officer must be notified immediately of any expenditure to be incurred as a result of statute/court order where there is no budgetary provision.
- 15.22 Following payment processing, all payment documents must be securely retained in accordance with statutory, procedural and operational requirements.
- 15.23 Any contract which exceeds £100,000 entered into on behalf of the Local Authority in the course of the discharge of an executive function should be in writing. Such contracts must either be signed by the Director of Legal and Governance Services or other person authorised by him/her or made under the Common Seal of the Council and attested by the Director of Legal and Governance Services or other person authorised by him/her.
16. Contracts for Building, Constructional or Engineering Work

The nature and size of contracts for building, constructional or engineering work is such that specific arrangements are required over and above those required for general creditor payments. These contracts require the provision of services over a considerable period and arrangements are therefore required to make instalment payments to suppliers for work carried out at periodic intervals. It is important that appropriate controls are in



place to ensure that payments are only made when due and in accordance with the contract.

- 16.1 Services provided must be checked to ensure that they are in accordance with the contract.
- 16.2 Legal Services should be consulted on any variations to contracts to ensure that such variations are not significant enough to require a new procurement process to take place.
- 16.3 Any variations to contracts must be submitted to the Chief Finance Officer for approval before being allowed.
- 16.4 Payments must not be made unless services/works have been undertaken on behalf of the council to the correct price, quantity and quality standards.
- 16.5 All payments must be made to the correct person, for the correct amount and are properly recorded, regardless of the payment method.
- 16.6 All appropriate evidence of the transaction and payment documents must be retained and stored for the defined period, in accordance with the document retention schedule.
- 16.7 Where contracts provide for payments to be made by instalments, a Contract Register must be maintained which details the current position on each contract between the council and the contractor, together with any other payments relating to fees of professional consultants. A copy of the Contract Register must be provided to the Corporate Procurement Manager. The Chief Legal Officer is to notify the Chief Finance Officer of particulars required of each contract immediately as it has been made.
- 16.8 Installment payments to contractors should only be made on a certificate in a form supplied and approved by the Chief Finance Officer.
- 16.9 To ensure that the service maintains and reviews periodically a list of employees approved to authorize certificates. Names of authorising employees together with specimen signatures and details of the limits of their authorization shall be forwarded to the Chief Financial Officer.



- 16.10 Certificates for payment issued by private architects, engineers, quantity surveyors and other consultants must be attached to the approved form of certificate outlined in 13.6.
- 16.11 Contract documents should be issued to and returned promptly by the contractors and the particulars of each contract are notified immediately to his/her representative upon completion. No more than one payment is to be made to a contractor before the contract documents have been completed.
- 16.12 Certificates for payment must show the appropriate amount of Value Added Tax [VAT] coded to the appropriate head of account. Where a pre-authenticated tax receipt is required (i.e. where the council adds the appropriate VAT onto the amount claimed by the contractor and a VAT acknowledgement is to be returned by the contractor) the payment certificate must show that such receipt is required.
- 16.13 Retention monies must be calculated correctly and deducted from each certificate payment.
- 16.14 Certificates for payment must be forwarded to the Chief Finance Officer at least five working days before payment is due.
- 16.15 Every variation, addition to or omission from the contract must be certified in writing by an authorised employee of the council and complies with the Procurement and Contract Procedure Rules. A copy of the variation, addition or omission certificate must be forwarded to the contractor and the Chief Finance Officer.
- 16.16 The final certificate of payment under any contract should not be issued until the Chief Officer is satisfied that the final account detail sheet has been subject to appropriate checks by the relevant technical officer and manager.
- 16.17 Arrangements should be made with the contractor for the production of detailed statement of account and such other documents the Chief Finance Officer may require prior to the contractual date for the final release of retention.
- 16.18 Where delays to the contract completion date are encountered the appropriate certificates must be issued in accordance with



the terms and conditions of contract and claims for liquidated damages should be considered and actioned where appropriate.

- 16.19 The supervising officer must arrange for the Chief Finance Officer or nominated staff, when requested and subject to his attendance, to obtain access to sites during the progress of the contract in order to examine records and procedures.
- 16.20 Ex-gratia claims from contractors in respect of matters not clearly within the terms of any existing contract must be referred to the Chief Legal Officer for consideration of the council's legal liability and to the Chief Finance Officer before a commitment is incurred.
- 16.21 Where contracts entered into by the council are supervised, managed and/or administered by persons or firms other than the council's own employees, the agreement with the persons or firms must provide that there is compliance with the council's Procurement and Contract Procedure Rules and Financial Regulations and Procedures in respect of contracts. The agreement shall also provide that the council may retain all accounts, vouchers and documents relating to the contract until after the council's accounts have been audited by the External Auditor.

17. Payments to Employees and Members

Employees' costs are the largest item of expenditure for most council services. It is therefore important that payments are accurate, timely, made only where they are due for services to the council and that payments accord with individuals' conditions of employment. It is also important that all payments are accurately and completely recorded and accounted for and that Members' allowances are authorized in accordance with the scheme adopted by the full council.

- 17.1 Payroll expenditure should be frequently reconciled against approved budget and bank account.
- 17.2 All appropriate payroll documents must be retained and stored for the defined period in accordance with legislative and operational requirements.



- 17.3 All statutory legislation relating to payroll and pension regulations must be complied with.
- 17.4 Systems and procedures must ensure that: -
- Payments are only authorised to bona fide employees
 - Payments are only made where there is a valid entitlement
 - Conditions and contracts of employment are correctly applied
 - Employees' records listed on the payroll are checked at regular intervals to verify accuracy and completeness.
- 17.5 Pay documents must be signed in manuscript by an authorised officer on behalf of the Chief Officer. The certification means that: -
- The person has worked the period stated on the document;
 - The rates of pay and other emoluments shown on the document are correct;
 - Any other matter affecting entitlement to pay is correct.
- 17.6 All pay documents must be in a form approved by the Chief Finance Officer.
- 17.7 All employees must be aware of the procedures and entitlement to payment for subsistence, travelling and incidental expenses. Employees should have access to the documents "Personnel Policy Guidelines" and "Motor Car and Motor Cycle Allowances – Instructions to Claimants".
- 17.8 All claims for payment of subsistence, travelling and incidental expenses must be submitted to the Chief Finance Officer duly certified on a form supplied by him, except for those categories of officers and types of travelling expenses for which alternative arrangements are approved by the Chief Finance Officer.
- 17.9 Travel and subsistence claims and other allowances must be certified for payment by a Chief Officer. Certification is taken to mean that journeys were authorised, expenses properly and necessarily incurred, and that allowances are properly payable by the council, ensuring that cost-effective use of travel arrangements is achieved. Due consideration should be given to tax and NI implications and that the Chief Finance Officer is informed where appropriate.



17.10 The Chief Finance Officer must be notified of the details of any employee benefits in kind, to enable full and complete reporting within the income tax self-assessment system.

18. Trading Accounts and Business Units

Trading accounts and business units have become more important as local authorities have developed a more commercial culture. Under best value, authorities are required to keep trading accounts for services provided on a basis other than straightforward recharge of cost.

18.1 The Chief Finance Officer must be consulted where a business unit wishes to enter into a contract with a third party where the contract expiry date exceeds the remaining life of their main contract with the council. In general, such contracts should not be entered into unless they can be terminated within the main contract period without penalty.

18.2 A separate revenue account must be maintained for business units to which all relevant income and expenditure is coded, including overhead costs.

External Arrangements

19. External Funding

External funding is potentially a very important source of income, but funding conditions need to be carefully considered to ensure that they are compatible with the aims and objectives of the council.


19.1 Bids for external funding must be appraised by Strategic Finance prior to being submitted.

19.2 Appraisals for projects above £250,000 in value must be approved by Cabinet. The Chief Finance Officer has delegated powers to approve appraisals for projects below £250,000.



REPORT TO CABINET

21 March 2018

Subject:	Procurement and Contract Procedure Rules
Presenting Cabinet Member:	Councillor Steve Trow – Cabinet Member for Core Council Services
Director:	Executive Director – Resources – Darren Carter
Contribution towards Vision 2030:	
Key Decision:	Yes
Forward Plan (28 day notice) Reference:	SMBC10/03/2018
Cabinet Member Approval and Date:	Councillor Steve Trow – 08/02/2018
Director Approval:	06/02/2018
Reason for Urgency:	Urgency provisions do not apply.
Exempt Information Ref:	Exemption provisions do not apply
Ward Councillor (s) Consulted (if applicable):	Ward councillors have not been consulted
Scrutiny Consultation Considered?	Scrutiny have not been consulted
Contact Officer(s):	Karen Boden – Procurement Services Manager karen_boden@sandwell.gov.uk

DECISION RECOMMENDATIONS

That Cabinet:

1. Approves the revised Procurement and Contract Procedure Rules as set out in Appendix 1 and recommends to Full Council that these be adopted.

1 PURPOSE OF THE REPORT

- 1.1 The Council as a body using public resources must set and follow the highest possible standards of financial control and stewardship. The Procurement and Contract Procedure Rules provide elected members and officers with procedures to follow that will ensure the Council's expected standards are met in managing public assets and money. In addition, officers can feel confident that in the event that they have to justify their actions to elected members, auditors, management or the public they will have no difficulties provided they have followed procedures.
- 1.2 The Section 151 Officer is responsible for ensuring that an annual review of the Procurement and Contract Procedure Rules is conducted, and for submitting any proposed amendments to the Cabinet and to Full Council for approval.
- 1.3 This report sets out the review that has taken place and the proposed amendments to the Procurement and Contract Procedure Rules for 2018/19.

2 IMPLICATIONS FOR SANDWELL'S VISION

- 2.1 The successful delivery of Vision 2030 will depend upon strong partnership relationships and the ability of the council to adopt innovative ways of working. In some cases, this will mean a focus on co-design and co-production with other agencies, rather than a traditional procurement process, to achieve significant outcomes.
- 2.2 The changes to the Procurement and Contract Procedure Rules will enable all services across the council to achieve value for money in their purchasing and procurement activity and ensure that an options appraisal is carried out on the most appropriate route to achieving the required outcomes. Therefore, the recommendations of this report will contribute to the overall delivery of Vision 2030.

3 BACKGROUND AND MAIN CONSIDERATIONS

- 3.1 A Lean Review of the Corporate Procurement Service identified that there was a need to reduce non-value-added processing activity, enable services to work smarter and clarify roles and responsibilities both within the Procurement Service and across the council. The Procurement and Contract Procedure Rules were updated in 2016 following this review to reflect updated regulations and provide clarity of roles and responsibilities at all levels of the Council.

- 3.2 Since the Lean Review, the council has agreed Vision 2030, the successful delivery of which will depend upon strong partnership relationships and the ability of the council to adopt innovative ways of working. In some cases, this will mean a focus on co-design and co-production with other agencies, rather than a traditional procurement process, to achieve significant outcomes. The Procurement Service will have a key role enabling the council to achieve Vision 2030 by:
- building a collaborative approach to Social Value, engaging commercial organisations to maximise local outcomes;
 - enabling the council to fully exploit opportunities for collaborative working with partners to achieve value for money; and
 - the building of resilient, compliant, ethical and sustainable procurement practices that are fit for purpose now and in to the future.
- 3.3 Further changes to the Rules are required to enable the authority to achieve its ambitions under Vision 2030. Changes are also required to take advantage of streamlined processing and to release resources in the Corporate Procurement Service to focus on providing high quality advice and guidance to the rest of the council, and achieving value for money from corporate contracts.
- 3.4 The proposed changes to the Procurement and Contract Procedure Rules are as follows:

Section Heading	Current Rules	Proposed Changes
3: Roles & Responsibilities	Cabinet Member for Core Services approves Exemptions to the Rules for Contracts below £250,000 and Minimal Quotes/Tenders	Chief Finance Officer (or Chief Executive when services fall within Chief Finance Officer remit) approves Exemptions for Contracts up to £250,000. Relevant Chief Officer to approve Minimal Quotes/Tenders up to £250,000. Included Service Manager – Procurement responsibilities
7: Procurement Cards	No specific monetary value included – cards used where Purchase Order cannot be used, e.g. online transactions or in place of petty cash. Cannot be used where a contract is in place.	Cards to be used for any requirements up to £250 where no contract is in place. Procurement Card can be used for transactions above £250 where Purchase Orders cannot be used (e.g.in place of petty cash). Cannot be used where a contract is in place.
8: Values and Advertising	No provision included for use of procurement cards.	Banding for use of Procurement Cards included.

Section Heading	Current Rules	Proposed Changes
Thresholds – Table	Responsibility for procurements above £5,000 sits with Corporate Procurement Team (other than Public Health/Social Care Contracts)	Responsibility for procurement activity below £50,000 moved to Service Areas.
	£100,000 and above 4 Tenders to be obtained.	£100,000 and above 3 Tenders to be obtained.
	Cabinet Member for Core Services would approve minimal quotes/tenders exemption.	Chief Officers to approve where two quotes/tenders received up to contracts of £250,000. Where one quote/tender received, an Exemption is required as in Section 15 below.
10: Provisions Applicable to All Procurement Activity	Provision for Pre-market Engagement and consultation included.	Expanded to include the requirement for an options appraisal to be undertaken to ensure that full consideration is given to Vision 2030, Social Value and working with partners through co-design or co-production. Also, the addition of Allocation of Resources and Authority to Act. Specification clause expanded to include requirement to ensure that Social Value is linked to requirements. Reference to Corporate Procurement Annual Plan. Inclusion of clause to cover General Data Protection Regulation.
11: Contract Award Criteria	60% Price / 40% Quality as standard, with ability to flex to meet needs of the market with approval from Procurement Services Manager	60% Price/40% Quality remains as current Rules. However, officers to consider setting aside 5-30% of the quality score for Social Value (unless SV is included within specification). The Council's Social Value Policy is being updated to align to Vision 2030, but it is anticipated that it will reflect the West Midlands Combined Authority Social Value Policy.
15: Exemptions to Procurement &	Currently need for approval by Cabinet Member for Core Services.	Amendments to responsibilities made to fall in

Section Heading	Current Rules	Proposed Changes
Contract Procedure Rules		line with council's Scheme of Delegations. Chief Finance Officer (or Chief Executive when services fall within Chief Financial Officer remit) to approve exemptions for contracts up to £250,000. Quarterly report to Cabinet Member for Core Services
20: Children / Young People Care, Adult Care and Public Health Contracts	Currently includes reference to one off and specialist providers.	Clauses removed where activity transfers to the approved Exceptions List – removes requirement for exemption for known sole providers included in the list
Appendix B - Exceptions	Not in current Rules	Approved Exceptions List which will be approved quarterly by Chief Finance Officer and Monitoring Officer then reported to Member for Core Services.

- 3.5 The proposed changes represent a change in practice for commissioning services, taking on responsibility for non-contract purchases up to £250 and quotation activity up to £50,000. In order to ensure a smooth transition to these new arrangements, a transition management plan has been established. This includes the development of clear templates, guidance and training for commissioners, as well as support offered by the Corporate Procurement Service. This will include training on the council's e-tendering portal to ensure that advertising, evaluation and selection is carried out in compliance with the Rules.
- 3.6 A key change is the introduction of the requirement for commissioning officers to conduct an options appraisal prior to commencing procurement activity. This will ensure that officers consider all routes to achieving the desired outcomes, such as co-production or co-design. It will also ensure that appropriate levels of pre-market engagement take place to determine what and how the market can deliver – this will not only ensure that specifications are more realistic, but also that discussions can take place with providers around the delivery of added Social Value on contracts
- 3.7 The updated Rules will require commissioning officers to consider allocating between 5% and 30% of the total evaluation score to the added Social Value that the contract will bring. This increased emphasis on driving added Social Value from contracts will contribute to the achievement of the Vision 2030 ambitions.

The council's Social Value Policy is currently being reviewed to give commissioning officers and providers greater clarity on the desired outcomes to be achieved (linked to Vision 2030) and how to build this into procurement and contract management activity.

4 CONSULTATION (CUSTOMERS AND OTHER STAKEHOLDERS)

- 4.1 The Lean Review engaged with stakeholders on their experience as customers of the service. Their feedback informed the development of the policy changes referred to in this report. Senior management and members have been consulted with on the proposed policy changes to ensure their needs will be met and they are prepared for the changes.

5 ALTERNATIVE OPTIONS

- 5.1 This report sets out proposals to change the Rules to enable a more streamlined procurement and purchasing service. The alternative to these changes would be to continue with the existing version of the Rules. To do this would mean retained the current inefficient practices across the council, and reduce the capacity in the Corporate Procurement Service to drive improved procurement activity across the council.

6 STRATEGIC RESOURCE IMPLICATIONS

- 6.1 There are no cost implications arising directly from the revised Procurement and Contract Procedure Rules; however, they do provide the framework to ensure that procurement activity is undertaken in compliance with Public Procurement Regulations. They apply to every Member and employee of the Council and anyone acting on its behalf.

7 LEGAL AND GOVERNANCE CONSIDERATIONS

- 7.1 All procurement activity carried out by Sandwell Council is governed by the council's Procurement and Contract Procedure Rules, which must be read in conjunction with the Financial Regulations. These set out the procedures that members and officers must follow in order to ensure statutory requirements are met in terms of UK and EU law and the Council's financial affairs are managed prudently and properly controlled.
- 7.2 Council procurement is governed by the Public Procurement Regulations 2015 and the Public Services (Social Value) Act 2010. The updated Procurement and Contract Procedure Rules remain compliant with this legislation.

8 EQUALITY IMPACT ASSESSMENT

- 8.1 An initial Equality Impact screening was carried out on these proposals, which determined that a full Equality Impact Assessment was not required.

9 DATA PROTECTION IMPACT ASSESSMENT

- 9.1 The proposals in this report do not relate to changes in the management of personal data, and therefore have no impact on data protection.

10 CRIME AND DISORDER AND RISK ASSESSMENT

- 10.1 There is no specific impact on crime and disorder as a result of these proposals.

11 SUSTAINABILITY OF PROPOSALS

- 11.1 These proposals have been developed to deliver a strategically focused procurement service that will enable the council to achieve its Vision 2030 over the medium term.

12 HEALTH AND WELLBEING IMPLICATIONS (INCLUDING SOCIAL VALUE)

- 12.1 Social Value is currently considered as part of every procurement activity to ensure that the council seeks added benefit to the community through its relationships with suppliers. The updated Procurement & Contract Procedure Rules places greater emphasis on commissioning services conducting pre-market engagement and considering the best route to achieving desired outcomes before commencing a procurement exercise, to build Social Value into what and how we buy.

13 IMPACT ON ANY COUNCIL MANAGED PROPERTY OR LAND

- 13.1 This proposal does not have any impact on council managed property or land.

14 CONCLUSIONS AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

- 14.1 The proposed changes to the Procurement & Contract Procedure Rules have been developed following feedback from key stakeholders, as well as redesigning the processes to focus on value added activity within the Corporate Procurement Service and across the council.

14.2 The introduction of a pre-procurement options appraisal as a requirement will ensure that commissioning services consider the most appropriate route to achieve the desired outcomes. This may result in co-design of services rather than traditional procurements. Combined with an increased emphasis on driving Social Value from procurement activity, these proposed changes will enable the council to maximise opportunities to achieve Vision 2030.

15 **BACKGROUND PAPERS**

15.1 None

16 **APPENDICES:**

1 – Procurement & Contract Procedure Rules



Sandwell
Metropolitan Borough Council

**PROCUREMENT
and
CONTRACT
PROCEDURE RULES
2018-2019**

Reviewed: Spring 2018

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1. Introduction

- 1.1. As a public body using public resources, Sandwell Council must set and follow the highest possible standards of financial control and stewardship. The council's Procurement and Contract Procedure Rules give elected members and employees procedures to follow which ensure the council's expected standards are met in terms of managing public money and assets.
- 1.2. These rules ensure that value for money is obtained, statutory requirements are met in terms of United Kingdom (UK) and European Union (EU) procurement law, and that the council's affairs are managed prudently and in an appropriately controlled manner. These rules will be subject to any relevant EU directives at the time being in force in the UK.
- 1.3. The council must ensure that all procurement activity is transparent and proportionate, and that all bidders are treated equally and without discrimination throughout its processes.
- 1.4. Non-compliance with these rules could result in a legal challenge to the council. Therefore, any incidence of non-compliance with these rules could constitute a disciplinary offence.
- 1.5. These rules should be read in conjunction with the following:
 - Financial Regulations
 - Scheme of Delegations
 - Member Code of Conduct
 - Officer Code of Conduct
 - Voluntary and Community Sector Grant Funding Guidance and Procedures
 - Social Value Act Policy and Guidance
- 1.6. All procurement activity and sales of council assets, excluding land and buildings, shall comply with these rules unless an exemption is approved under Rule 15. This includes where a partner or consultant has been instructed to invite tenders on behalf of the council.
- 1.7. Advice on any matter within these rules can be obtained from the Procurement Services Manager or the Legal Services Manager.
- 1.8. A glossary of terms is included at the end of this document.

2. Scope

- 2.1. These rules apply to all contracts with outside organisations or people, including agreements with or on behalf of other public sector organisations and partner agencies, where there is an agreement to supply materials, goods, services or works, in return for money or payments in kind, whether that agreement is formal or informal. This includes:
 - a) purchasing of all materials, goods, services or works; and
 - b) instruction of outside experts or consultants under contracts for services.
- 2.2. Where the council enters into a contract as an agent for another authority the agency agreement should specify which rules apply. Where other public bodies are acting as

the lead or contracting body for a procurement that the council will be participating in, then their own Contract Procedure Rules or Contract Standing Orders will apply.

2.3. However, these rules do not apply to the following areas:

- a) Expenditure funded by EU grants – European Procurement Rules must be complied with. Where use of the council's centrally arranged contracts is made then compliance with the European Procurement Rules will be achieved.
- b) Grants that are made by the council to external organisations that do not constitute a contract for services – this expenditure is covered by the Third Sector Grant Funding Guidance and Procedures.
- c) Locally maintained school expenditure operating under the scheme of the delegated budget.
- d) Treasury management transactions, including leasing, exercising borrowing consents, cash management, investments and other transactions in accordance with the Treasury Management Policy.
- e) Disposal, including sale, of council owned land and buildings – this is dealt with under the Sale of Land and Buildings Appendix to the Financial Regulations.

2.4. It should be noted that depending upon the terms and conditions, a Development Agreement entered in to by the council may need to follow the Public Procurement Regulations. Prior advice must be sought from the Monitoring Officer/Chief Legal Officer before steps are taken to negotiate any Development Agreement.

2.5. Advice should be sought from the Procurement Services Manager or Legal Services Manager as to whether proposed activity is covered by the scope of these rules.

3. Roles and Responsibilities

3.1. All officers of the council must adhere to these Rules. The Rules also apply where consultants or third parties are employed to act on behalf of the council.

3.2. Before commencing any procurement activity, officers must ensure that they have appropriate authority and delegated approval to act. It is the responsibility of individual officers leading on a contract/procurement exercise to ensure appropriate authority to act has been obtained and that any necessary budget is available. The officer should consult with Legal Services at the earliest opportunity regarding the proposed form of authority to ensure it is sufficient, but the ultimate responsibility for obtaining appropriate authority rests with the officer. Failure to obtain appropriate authority will cause delay to procurement activity and/or the award of a contract.

3.3. Roles and responsibilities of members and officers across the council are set out below. Definitions of officers are as in the Scheme of Delegations.

Members

- a) Set the strategic direction of services, which informs the requirements from the market.
- b) Are not involved in the evaluation of quotations or tenders.
- c) Cabinet awards all contracts with total value above the key decision threshold (£250,000).

- d) Cabinet approves exemptions from any part of these rules for contracts with a total value above the key decision threshold (£250,000).

Cabinet Member for Core Council Services

- a) Sets the procurement policy framework across the council.

Chief Executive

- a) Approves any exemption to these rules for contracts up to a total value of £250,000 which relate to service areas that are the responsibility of the Chief Finance Officer.
- b) Endorses any exemption to these rules for contracts with a total value above £250,000 which relate to service areas that are the responsibility of the Chief Finance Officer.

Chief Finance Officer

- a) Act as a compulsory consultee on procurement activity above £100,000 in value to ensure appropriate resources are in place and compliant processes have been followed.
- b) Review all monetary limits shown in these Rules annually and report any resulting amendments to the relevant Cabinet Member.
- c) Act as escalation point for any appeals or reviews made by bidders with regard to these Rules.
- d) Approve any exemptions to these Rules for contracts up to a total value of £250,000 relating to services outside of their area of responsibility
- e) Endorse any exemption to these Rules for contracts above a total value of £250,000 relating to services outside of their area of responsibility.

Chief Officer

- a) Ensure compliance with these Rules across their service areas.
- b) Ensure all strategic procurement projects are properly resourced, and have financial, procurement, legal and (where necessary) HR input from the start.
- c) Ensure delegated authority is obtained as required.
- d) Ensure appropriate cabinet members are briefed on appropriate levels of procurement activity within their portfolios.
- e) Ensure officers are sufficiently trained, experienced and knowledgeable about these Rules and commissioning/procurement activity.
- f) Ensure resources are available to allow compliance with these Rules.
- g) Ensure that the Service Manager – Procurement is notified of all planned procurement activities to include in the Corporate Procurement Plan
- h) Approve the award of contracts relating to their service areas up to a total value of £100,000.
- i) In conjunction with the Chief Finance Officer, approves the award of contracts relating to their services up to a total value of £250,000.
- j) Endorses any exemption to these Rules for contracts relating to their service areas

Monitoring Officer / Chief Legal Officer

- a) Authorise the commissioning/procurement of legal services for all aspects of council business.
- b) Act as a compulsory consultee on procurement activity above £100,000 in value to protect the council's interests and ensure onerous terms and conditions are not entered into.
- c) Act as a compulsory consultee on any Development Agreement.
- d) Enter into contracts on behalf of the authority with delegated authority.
- e) Endorses any exemptions to these rules for expenditure above £100,000 in value

Director of Regeneration & Growth

- a) Authorise the commissioning/procurement of advice relating to the valuation, sale or acquisition of land or property.

Service Manager – Procurement

- a) Review these rules on an annual basis to ensure they are fit for purpose and meet all relevant legislative and policy requirements
- b) Provide advice and guidance on all procurement activity across the council
- c) Endorses any exemptions to these rules, other than those for Minimal Quotes/Tenders.
- d) Ensures that all procurement activity above £50,000 is compliant with these Rules.

Service Manager – ICT

- a) Authorise the commissioning/procurement of ICT systems and support across the council.

All Officers of the council

- a) Comply with these rules, Financial Regulations, Employee Code of Conduct and with all relevant UK and EU legislation.
- b) Make use of council-wide contracts and internal suppliers where available.
- c) Ensure they and any team members they are responsible for are suitably trained to carry out procurement activities.
- d) Ensure that appropriate resources and authorities are in place before commencing procurement activity.
- e) Undertake procurement activity for all requirements below £50,000.
- f) Consult with Legal Services in relation to obtaining authority to award a contract at the earliest opportunity, including obtaining advice from the lawyer who is assigned to the matter on the form and content of the authority (i.e. either in the form of a Cabinet report or delegated authority).
- g) Ensure procurement procedures are commenced as early as possible to ensure compliance with these rules and sufficient pre-market engagement to develop requirements and attract suitable suppliers.

- h) Ensure any agents, consultants and contractual partners acting on their behalf comply with these rules. Legal advice must be obtained by officers where any conflict of interest has potential to impact on a contractual relationship.
- i) Maintain an audit trail of all authorities given and decisions made to show how these rules have been complied with.
- j) Involve Procurement, Finance, Legal Services and (where necessary) HR at the earliest opportunity, and at all stages of a project.
- k) Store all documents electronically and in compliance with any corporate or service specific document management and retention policies.
- l) Ensure that all opportunities are advertised as per procedures set out in this document to achieve value for money.
- m) Monitor contracts for which they are responsible, and manage issues arising to ensure optimum contract performance.

Third Parties commissioned to act on behalf of the council

- a) Must comply with these rules
- b) Must not carry out any procurement activity without prior consultation with the Procurement Services Manager
- c) Ensure any conflict of interest is avoided in the first instance, or declared to the appropriate Chief Officer/Service Manager as soon as possible. Legal advice must be obtained by officers where any conflict has potential to impact on a contractual relationship.

4. Conduct of Officers, Members and Suppliers

- 4.1. The council will adopt the necessary processes and procedures to be able to demonstrate a fair and transparent procurement process, providing auditable justification for all decisions made.
- 4.2. Where bidders attempt to influence the outcome of a procurement process other than through proper participation (e.g. by canvassing members), they will be excluded from the procurement process to which such canvassing or approaches relate.
- 4.3. Every elected member and officer of the council shall declare any personal or prejudicial interest in any contract in accordance with the council's Code of Conduct for Councillors and Code of Conduct for Officers. Such interests should be recorded in the Members' or Employee's Registers of Interest.
- 4.4. Any potential conflict of interest in relation to a procurement e.g. a relationship with a bidder or a company operating in the market, or a personal interest in the matter, must be identified and recorded at the earliest opportunity to ensure equal treatment of bidders and a fair and transparent procurement process. Advice should be sought from the Procurement Services Manager and such action should be taken to remove the conflict e.g. employee not taking part in the evaluation of the bid.
- 4.5. No elected member or officer of the council shall in a personal capacity enter into any contract on behalf of the council.

5. Use of Internal Providers and Council-Wide Contracts

- 5.1. Where an internal service can provide the goods or service, this must be used in the first instance.
- 5.2. Where the council has corporately procured a contract or framework agreement, these contracts should be used as the council will be obtaining value for money by procuring corporately. The requirements of these rules will have been addressed, value for money ensured, and standard terms and conditions used.
- 5.3. A list of all corporately procured contracts will be maintained by the Corporate Procurement Service and made available on the council's intranet.
- 5.4. As per the Financial Regulations, purchase orders must be raised via the Oracle Financials system (SBS). Where possible, council-wide contracts should be available through catalogues via the Oracle Financials system (SBS).
- 5.5. Subject to any pre-existing exclusivity arrangements which oblige the council to use a pre-existing contract, where the appropriate Chief Officer (in consultation with the Procurement Services Manager) considers that there are specific advantages to be obtained by negotiating a separate contract for corporately procured goods or services, then written approval must be sought from the Procurement Services Manager and retained on the appropriate contract file.
- 5.6. Failure to use existing corporately procured contracts where available can be viewed as a disciplinary offence, unless approval is given as per paragraph 5.5 above.
- 5.7. Where there are no internal suppliers or existing contracts in place, officers must follow the procedures set out in this document to identify external suppliers.

6. Contracts Relating to Assets

- 6.1. These Rules do not apply to the sale or disposal of council owned land or buildings. Transactions of this nature must adhere to the Sale of Land and Buildings Protocol within the Financial Regulations.
- 6.2. Where the sale of land also specifies works or services to be carried out by the developer then advice should be sought from Legal Services as the land sale could constitute a public works contract or public services contract which would be subject to these Rules as well as the Sale of Land and Buildings Protocol.
- 6.3. These Rules do apply to the acquisitions, leases, licenses, agreements and other matters relating to land or property, except where they have been expressly varied. Any arrangements must adhere to the Financial Regulations.

7. Procurement Cards

- 7.1. Procurement cards should be used in the following circumstances:
 - a) For all requirements below £250 where there is no contract in place;
 - b) Where purchase orders cannot be used;
 - c) Where there is a requirement to respond to service users' requirements in an emergency or out of normal working hours;
 - d) In place of petty cash as far as possible; or
 - e) Where online procurement routes offer the only or the most value for money option.

- 7.2. Procurement cards will be issued subject to the Procurement Card Policy (Appendix C to these rules). Before a procurement card will be granted to a card holder, Internal Audit must confirm that there are no significant issues that would identify a high risk of inappropriate use by that individual or that service area.
- 7.3. Procurement cards will not be used where an internal provider or a corporately procured contract exists, unless this is in the form of an embedded/virtual procurement card.
- 7.4. Use of procurement cards must be in accordance with the Procurement Card Policy and these Rules, including the use of internal suppliers and corporate contracts (Rule 5) and advertising thresholds (Rule 8). Procurement cards can be used for higher value purchases in emergency situations only.
- 7.5. Failure to adhere to these procedures will constitute a disciplinary offence.
- 7.6. Where a procurement card is used, it is the responsibility of the card holder and their budget manager to ensure that value for money is obtained at all times and spend is in line with business need.

8. Values and Advertising Thresholds

- 8.1. Values (or genuine pre-estimated values) used in the operation of these Rules will normally be the total value of the contract over the whole of the contract term including any extension. The value will be net of VAT.
- 8.2. Where a series of purchases is made for the same or similar purposes, then the value will be the aggregated value of purchases made within any single contract or period of 12 consecutive months. Where a contract is required over a multiple year period, then the total value of that contract must be considered.
- 8.3. Orders or requirements should not be artificially divided to make two or more orders of a lower value to avoid the requirement to obtain quotations or tenders.
- 8.4. Advice should be sought from the Service Manager – Procurement on calculating the estimated value. It may be appropriate to obtain an independently verified estimated before commencing the procurement activity. If an external expert is required, the appointment of that expert must be in line with these rules.
- 8.5. The value (or genuine pre-estimated value) will determine the procurement method used, as set out in Table 1 below. The value of the contract will depend upon the specification of the goods, services or works required. Details of how estimated figures have been calculated must be kept on the relevant contract file.
- 8.6. Should the lowest quotation/bid received be above the estimated cost and the value dictates that an alternative procurement method should have been used, Chief Officer approval is required to accept the bids and award the contract after evaluation. Should the lowest tender received be above £250,000 in total value then Cabinet approval will be required to award the contract after evaluation.
- 8.7. Table 1 below sets out the procurement thresholds, minimum number of bids required and the responsibility for obtaining those bids:

Table 1: Advertising Procurement Thresholds

Estimated value of goods, services or works (Including Aggregation)	Minimum number of bid/s required	Method of obtaining bids	Responsibility for obtaining bids	Written Records required
£0-£250	No bids required All non-contractual purchases to be made via procurement card	n/a	n/a Purchaser must ensure value for money is being obtained	n/a
£250-£5,000 To be treated as a one-off non-recurring requirement.	One quotation	Verbal enquiries, email confirmation required	Council officers; purchaser must ensure value for money is being obtained	Written quotation from supplier(s) – email acceptable
£5,000-£50,000	Three quotations to be obtained	Advertisement is required via e-Tendering portal. Specification and selection/award criteria to be included in the invitation to quote (Rule 11).	Council Officers within services;	Invitation to Quote, specification documents, quotations and communications from suppliers
£50,001-£100,000	Three quotations to be obtained	Advertisement is required via e-Tendering portal. Specification and selection/award criteria to be included in the invitation to quote (Rule 11).	Corporate Procurement Team (excluding Social Care and Public Health Requirements)	Invitation to Quote, specification documents, quotations and communications from suppliers
£100,000 and above	Three tenders to be obtained Where restricted procedures under the Public Contract	Advertisement required via e-Tendering portal and Contracts Finder.	Corporate Procurement Team (excluding Social Care and Public Health Requirements)	Invitation to Tender, tender schedules, bids and communications from suppliers

Estimated value of goods, services or works (Including Aggregation)	Minimum number of bid/s required	Method of obtaining bids	Responsibility for obtaining bids	Written Records required
	<p>Regulations 2015 are used at least 5 bids to be invited</p> <p>Where competitive procedure with negotiation, or the competitive dialogue procedure or the innovation partnership procedure is used under the Public Contract Regulations 2015 the minimum number of candidates shall be 3.</p>	Sealed or electronic bids		

- 8.8. The thresholds set out in Table 1 apply to all procurement activities carried out by Sandwell Council, including those for construction and works.
- 8.9. Where the value determines that a tender is required, advice must be sought from the Procurement Services Manager or Legal Services Manager on the most appropriate tendering procedure. Where requirements relate to social care or public health services, then advice must be sought from the delegated teams in those areas.
- 8.10. If the minimum number of bids required as set out in Table 1 has not been obtained, but at least two bids have been received, approval of the Chief Officer will be required to enable the process to proceed. Cabinet approval will be required for all contracts above £250,000. Approval must include details on why the bids received represent value for money and any information on process carried out to attract sufficient bids. Details of correspondence must be kept on the relevant contract file to evidence that value for money has still been obtained.
- 8.11. If only one bid is received for requirements over £5,000, an exemption will be required to award the contract as per Rule 15. The report must set out how the received bid represents value for money.
- 8.12. If a Framework is used, then the requirements of the mini competition clauses within that agreement must be met.

9. Advertising Requirements and Timescales

- 9.1. Unless making a call-off from a properly procured Framework Agreement to a single supplier or a direct award, all requirements above £5,000 in total value must be advertised on the council's agreed portal. This ensures compliance with the government's Transparency Agenda.
- 9.2. All adverts for council requirements will be placed on the council's e-Tendering portal, which will ensure that the advert is also placed on Contracts Finder. Responsibility for placing the advert will depend on the value and nature of the requirement:
- a) £5,000-£50,000 – adverts to be placed by council officer responsible for procurement;
 - b) £50,001 and above – adverts to be placed by Procurement Services;
 - c) Social care and public health – adverts to be placed by designated procurement teams.
- 9.3. As a minimum, adverts must include the following:
- a) Specification
 - b) Selection and award criteria
 - c) Closing date and time for responses
 - d) Total contract period, including any optional extension period
 - e) Whether variant bids will be accepted as part of tender submissions
 - f) If the requirements have been divided into lots and if it is the intention to appoint a single supplier or multiple suppliers (Rule10.3).
- 9.4. Time limits for the return of quotations/tenders will vary dependent upon the value and complexity of the requirements and the process in question. It is the responsibility of the procuring officer, following advice from the Procurement Services Manager, to decide the most appropriate timescale for the return of quotations/tenders. However, this must be set to attract the minimum number of quotations/tenders to ensure that suppliers have a sufficient but not disproportionate period to respond and that value for money has been achieved.
- 9.5. In all cases, opportunities must be advertised for a minimum of five working days via the council's e-Tendering Portal. In order to demonstrate value for money, a longer advertising period should be considered. Where the OJEU procedure is to be followed, there are prescribed timescales that must be adhered to.
- 9.6. No quotation/tender/bid received after the closing date/time shall be accepted or considered under any circumstances. Details of the closing date/time must be clearly stated within all invitation to quote/tender documentation.

10. Provisions Applicable to All Procurement Activity and Contracts

- 10.1. Pre-Market Research, Engagement and Consultation
- a) Officers should ensure that the Borough of Sandwell receives the maximum benefits possible from the expenditure made by Sandwell Council. While procurement has been traditionally used as a mechanism to achieve desired outcomes, this may not be the most advantageous route to achieve the ambitions of Vision 2030.

- b) Therefore, an options appraisal should be undertaken by the relevant Service Manager to ascertain what is the most appropriate route to achieving the desired outcomes of the service or project. The appraisal must be approved by the Chief Officer responsible for the service in consultation with the Chief Finance and Monitoring Officer (Cabinet approval is required for requirements above £250k).
- c) When carrying out this options appraisal full consideration should be given to:
 - o Vision 2030;
 - o Public Services (Social Value) Act 2012;
 - o Working with partners and/or service users through co-design or co-production.
- d) To achieve this, market consultations may be conducted while producing the options appraisal and prior to commencing any procurement exercise, in order to ensure that the best possible outcomes are achieved and benefits to the local community are maximised. Findings from this consultation may be used in the planning and conduct of a procurement procedure, provided that this adheres to the council's procurement principles of transparency, equal treatment and non-discrimination of all bidders.
- e) Independent external organisations may be appointed to assist with market consultations. However, it remains the council's responsibility to ensure that this does not result in distorted competition (e.g. through the sharing of all relevant information or the setting of adequate timescales for submission of bids).

10.2. Allocation of Resources and Authority to Act

- a) Prior to commencing procurement activity, council officers must ensure that sufficient resources are in place to cover the life of the contract/requirement. Should additional resources be required, these must be sought in line with Financial Regulations.
- b) Prior to commencing procurement activity, council officers must ensure that they have sufficient authority to act. This will be dependent upon the value of the requirement, and whether it has been included in the Corporate Procurement Plan. Advice should be sought from the Service Manager – Procurement and Legal Services on the necessary authority required.

10.3. Specification

- a) Officers within the service area must develop a specification for the goods, services or works required prior to commencement of a procurement activity. The level of detail will depend upon the (estimated) value of goods, services or works required.
- b) Specification must include as a minimum:
 - i. Details of the goods, services or works required, including outcomes to be achieved;
 - ii. Timescale for delivery/completion;
 - iii. Expected levels of performance or quality, including links to Social Value that are a requirement; and
 - iv. Additional desired outcomes to be achieved through Social Value on top of the requirements.

10.4. Division into Lots

- a) To make procurement opportunities more accessible to small and medium sized enterprises or to voluntary/community sector organisations, consideration should be made to dividing contracts into separate lots where appropriate.
- b) Advice must be sought from the Procurement Services Manager where consideration is made to dividing contracts into separate lots, especially where the contract value is above the OJEU Threshold.
- c) Records of all discussions and decisions must be kept on the relevant contract file.
- d) The intention to award lots or to award to a single contractor must be specified in the advertisement and all procurement documentation.

10.5. Period of Contract

- a) No contract for the supply of goods, materials, services or works shall exceed four years, including any extension, without prior written approval from Cabinet or from the Procurement Services Manager. This also applies to a framework agreement unless in exceptional circumstances.
- b) Details of the total contract period, including any potential extensions, must be included in the initial advertisement and quotation/tender documentation. Allowance for extension of times to projects with defined Completion Dates must be included in the documentation.
- c) Prior to the extension of any contract, officers must ensure that the requirements of Rule 13 have been met.
- d) If an additional extension is required, advice must be sought from the Procurement Services Manager and Legal Services Manager, prior to the submission of an exemption request as per Rule 15.

10.6. Electronic Quotation, Tendering, Communications and Opening of Tenders

- a) All quotation and tendering activity must be via the council's e-Tendering portal to ensure a fully compliant and auditable quotation and tendering process. This includes the opening of quotations and tenders submitted through the e-Tendering portal, which ensures sufficient reporting mechanisms and audit trails are in place.
- b) Any communication relating to procurement will be via the e-Tendering portal.
- c) This process will be managed by Corporate Procurement Services, with the exception of:
 - i. Requirements up to a value of £50,000 which will be managed by officers within services; and
 - ii. social care or public health requirements, which will be managed by those dedicated procurement teams.
- d) Where the council's e-Tendering portal is not used (i.e. for sale of land, assets or property), then tenders for contracts above £100,000 must be opened in the presence of a minimum of two officers, including a nominated officer of the Democratic Services Unit and an officer of the service area requesting the tender opening delegated this task by the relevant Chief Officer.
- e) A record shall be completed at the time of opening tenders detailing:
 - i. Nature of the goods/materials/services to be supplied or work to be executed, or the title of the land/asset to be disposed of;
 - ii. Name of each person by on whose behalf the tender was submitted

- iii. Date and time of receipt of tender recorded on the envelope/electronic tender system;
- iv. Date and time of opening the tenders;
- v. Names of all persons present at the opening of the tenders; and
- vi. Tender or offer figure (if practicable).

10.7. Risk Assessment

- a) Where a contract is awarded with a value in excess of £100,000 or relates to a business critical activity, a risk register should be drawn up for the letting, award and management of the contract in accordance with the [Corporate Risk Management Strategy](#).
- b) Further advice should be sought from the Procurement Services Manager, Risk & Insurance Manager and Legal Services Manager.

10.8. Business Continuity:

- a) Evidence of compliant business continuity plans are required for:
 - i. Any contract in excess of £100,000; or
 - ii. For any contract identified by the relevant service manager as relating to a business critical activity.
- b) Specifications and contracts must include clauses requiring evidence of the contractor's business continuity plans and the council's right of an independent audit on any or all business continuity.

10.9. Freedom of Information Act 2000:

- a) All tender documents shall set out the council's statement, in a form approved by the Monitoring Officer, concerning the supplier's participating in the tender process and the council's intention to comply with the Freedom of Information Act 2000.

10.10. Public Services (Social Value) Act 2012:

- a) All procurement activity carried out under these rules must consider the inclusion of appropriate social value award criteria, taking into account where social value is incorporated into the requirements of the specification
- b) The Act requires these criteria to be relevant to the subject matter of the contract and proportionate to the value and potential impact that could be achieved.
- c) Further guidance: [Public Services \(Social Value\) Act Guidance Document](#).
- d) Any procurement activity undertaken on behalf of the Combined Authority should follow the approved Policy.

10.11 General Data Protection Regulation:

- a) All tender documents shall set out the requirements, in a form approved by the Monitoring Officer, concerning the expectations relating to the General Data Protection Regulation (GDPR).

11 Selection, Contract Award Criteria and Evaluation

11.1 Use of Selection Questionnaires / Selection Criteria

- a) Selection Questionnaires must not be used for procurements below the OJEU Threshold for supplies and services, other than where deemed appropriate for construction related procurements.
- b) Reasonable and proportionate questions should be asked as part of the tender process to assess the requirements or minimum standards of suitability, capability, legal status or financial standing. of a potential supplier
- c) Where a Selection Questionnaire is required, this must use the Cabinet Office standard documentation,
- d) Selection criteria must be considered prior to publication of quotation/tender and included in the documentation.

11.2 Contract Award Criteria

- a) Where a framework is used, any further competition procedures must adhere to the selection and award criteria set by the framework.
- b) All invitations for quotations or tenders must be in writing and specify whether a contract or offer is to be awarded on the basis of an offer which either:
 - i. Offers the lower price when purchasing goods/services/works, or the highest price when disposing of council assets/land/property; or
 - ii. Is the most advantageous by reference to price and quality criteria. The criteria could include price, running costs, profitability, period for completion or delivery, technical merit, aesthetic and functional characteristics, after sales service, technical assistance, outcomes for service users, social value impact, etc.
- c) Where bids are evaluated on price and quality, the quality element of the Award Criteria must not exceed 40%, Social Value should account for 5%-30% of this as per Public Services (Social Value) Act Guidance Document (unless the requirement has been included within the specification).
- d) Where the quality element of the Award Criteria needs to be higher, agreement must be sought from the Procurement Service Manager and records kept on the relevant contract file.
- e) Details justifying all elements of the Award Criteria must be kept on the relevant contract file.
- f) Award Criteria must be set out in the quotation/tender documentation in descending order and must be adhered to without alteration throughout the process.

11.3 Evaluation of Quotations and Tenders

- a) All quotations or tenders submitted in response to an advertisement under Rule 9 must be evaluated in accordance with the principles of transparency equal treatment and non-discrimination, as well as the selection and award criteria disclosed in the invitation as per Rule 11 (Selection Criteria and Award Criteria). Advice must be sought from the Procurement Services Manager on the evaluation and moderation process.
- b) Officers must ensure that all evaluations are undertaken in compliance with the Public Contracts Regulations and EU Procurement Directives.
- c) Variable bids will not be accepted unless stated within the advertisement and invitation to tender documents.

- d) Where examination of quotations/tender submissions reveals an error or omission, the bidder shall be notified only that the submission contains an error or omission. The bidder shall be given the opportunity of either confirming or withdrawing the submission.

12 Construction and Engineering Contracts

- 12.2 Construction and engineering works valued below the OJEU threshold for Works must make use of Constructionline and contractors approved for health and safety by organisations list by Safety Schemes in Procurement (SSIP).
- 12.3 Instructions on how to access details of the lists of contractors contained within these databases can be obtained from Corporate Procurement Services.
- 12.4 Advertisements for these contracts must include:
 - a) Scope of contract;
 - b) Registration requirements with Constructionline and SSIP; and
 - c) How shortlisting will take place
- 12.5 If the successful company does not meet the required standard, then a suitable time period should be given to ensure compliance during the contract period.

13 Contract Extensions

- 13.2 Following compliance with instructions on permitted contracting periods for goods, services and works specified in Rule 10, negotiations may only be undertaken to extend contracts provided that the following requirements are met:
 - a) provision was made in the original advertisement and documentation that it may be subject to an extension – this includes where more than one extension of the contract has been included in the original advertisement;
 - b) benchmarking with similar organizations has been undertaken to prove that the contract continues to provide value for money;
 - c) the contract has been monitored and no concerns have been raised with regard to the level of service/quality of goods supplied or sufficient mechanisms, such as a robust improvement plan, are in place that ensure that any identified issues will be resolved;
 - d) any price increases are in accordance with the relevant contractual provision (e.g. in line with an appropriate published index) and as permitted under EU Procurement Regulations;
 - e) The appropriate Chief Officer and the Procurement Services Manager are satisfied that no better terms could be obtained by competitive tendering or that the nature or urgency of the work makes it desirable that the same Contractor is employed. Comments of the Chief Officer and the Procurement Services Manager are to be kept on the contract file;
 - f) The Legal Services Manager has been consulted to ensure that the extension does not result in a material change to the Contract; and
 - g) No variations are being made.
 - h) Evidence of these requirements being met must be recorded
- 13.3 The approval to extend any contract should be confirmed in writing by the appropriate Chief Officer and Procurement Services Manager. If provision to extend the contract

was not included in the original advertisement and documentation, and the extension to the contract means that the total contract value is over £250,000, then Cabinet authority is required to extend the contract.

14 Contract Variations

- 14.2 Any changes to an existing contract that materially affects the original requirements (whether financial and/or services, goods etc.) may effectively amount to the award of a new contract and so should be subject to a fresh procurement exercise.
- 14.3 There are six permitted circumstances where variations are permitted to existing contracts and frameworks. Advice should be sought from Legal Services on whether these circumstances apply:
- a) Amendments that are clearly provided for in the original procurement and contract documents.
 - b) Necessary amendments where a change of contractor cannot be made.
 - c) Unforeseen circumstances have arisen which the authority acting “diligently” could not have foreseen.
 - d) Amendments to deal with a new contractor replacing the original contractor and this is permitted in the contract or procurement documents.
 - e) The amendments are “not substantial”.
 - f) Low value amendments:
 - i. Falls below the procurement threshold for works and services; and
 - ii. Is less than 10% of the original contract value for supplies or services and 15% for a works contract; and
 - iii. The amendment does not alter the overall nature of the contract.
- 14.4 The advice of the Legal Services Manager should be sought at an early stage and in any event prior to the submission of any report for an exemption to these rules when any changes to an existing contract are being considered.
- 14.5 For construction related contracts, paragraph 12 applies unless the terms and conditions of the contract entered into allows for Contract Variations.
- 14.6 Records of all decisions and supporting evidence must be kept on the contract file.
- 14.7 Where a variation to a contract increases the total value to £250,000 or above, Cabinet approval is required.

15 Exemptions to the Procurement and Contract Procedure Rules

- 15.2 An exemption to these rules are not an exemption from the legislative requirements and cannot be granted where a breach of any UK or EU legislation would be incurred.
- 15.3 The following table sets out the authority to grant exemptions to the Procurement and Contract Procedure Rules and the records required:

Value of Exemption	Authority to Grant Exemption	Records Required
Up to £50,000	Chief Officer following endorsement from	The request for an exemption must be made in writing setting out the special

Value of Exemption	Authority to Grant Exemption	Records Required
	Procurement Service Manager	<p>circumstances justifying the exemption, demonstrate how the action achieves best value for money, and indicate any remedial action that may be required.</p> <p>Approval via email acceptable.</p>
£50,001 to £250,000	<p>Chief Officer and Chief Finance Officer (S151), following endorsement from Procurement Services Manager</p> <p>Where an exemption is for a contract above £100,000, the endorsement of Legal Services is required</p>	<p>The request for an exemption must be made and approved in report format, signed by the Chief Officer and Chief Financial Officer. The request must specify the special circumstances justifying the exemption, demonstrate how the action achieves best value for money, and indicate any remedial action that may be required.</p> <p>Advice must be sought from Procurement and Legal Services at the earliest opportunity. The comments of the Service Manager – Procurement and Legal Services must be included in the report.</p>
Above £250,000 (KEY DECISION)	Cabinet	<p>Report to Cabinet including content above.</p> <p>Notice must be included in the Forward Plan within sufficient time to ensure necessary public notice of the decision.</p>

- 15.4 Any exemption relating to ICT requirements must include comments from the ICT Service Manager.
- 15.5 An exemption request can only be endorsed / approved by the Chief Finance Officer (S151) where they are independent from the original decision making process. Where the exemption applies to a service that is the responsibility of the Chief Finance Officer (S151), the exemption must be approved by the Chief Executive.
- 15.6 Any exemption must be sought within a timescale to allow for the possibility that the request may not be approved. The Service Manager – Procurement will arrange for the exemption request to be presented to the Chief Finance Officer for approval.
- 15.7 A record of all exemptions approved by the Chief Financial Officer shall be provided to the Cabinet Member for Core Council Services on a quarterly basis for their information.
- 15.8 Any exceptions to this rule are included in Appendix B, which lists the type of contract/activity where an automatic exemption is given. This list will be updated and approved by the Chief Finance Officer and Monitoring Officer on a quarterly basis and reported to the Cabinet Member for Core Council Services. In general terms, the list includes:
- a) 'genuine sole suppliers' for certain goods, service or works where it can be evidenced that there is no benefit in undertaking a procurement exercise,
 - b) Certain social care contracts;
 - c) Public health contracts linked to care pathways or patient choice.

Inclusion within this list does not remove the need to ensure that a suitable contract is in place with these suppliers and value for money evidenced (Benchmarking can be undertaken).

16 Contract Award and Contracting Procedures

16.2 Contract Award

- a) It is imperative to ensure that the appropriate council authority exists to enter into a contract. This may be formal authority granted by the Cabinet or other delegated authority given to Chief Officers as set out in the Scheme of Delegations to Officers
- b) Table 2 sets out the authority to award contracts and the records required:

Table 2: Contract Award Thresholds

Contract Value	Authority to Award Contract	Records Required
Under £50,000	Chief Officer or delegated budget holder in accordance with Financial Regulations (especially 4.12 and 4.13).	Award of contract in email or report format. Under Raising of Purchase Order via SBS will constitute approval to award contract. A record of all contracts awarded must be sent to the Service Manager – Procurement for inclusion in the Contracts Register.
£50,000 - £100,000	Chief Officer or delegated budget holder in accordance with Financial Regulations (especially 4.12 and 4.13).	Award of contract in email or report format. A record of all contracts awarded must be sent to the Service Manager – Procurement for inclusion in the Contracts Register.
£100,000 - £250,000	Chief Officer, in consultation with the Chief Finance Officer (S151)	Awarding of a contract must be in report format, setting out the procurement process followed, details of quotations/tenders received, the evaluation methodology and naming the supplier(s) who have made the most economic advantageous offer. Report must be signed by both the Chief Officer(s) set out in this table. Report will also be required in the event that prior authority has been given by Cabinet to a Chief Officer to award a contract above a total value of £250,000.
Above £250,000 (KEY DECISION)	Cabinet	Report to Cabinet including content above, including where any exemptions to these rules are required. Notice must be included in the Forward Plan within sufficient time to ensure necessary public notice of the decision.

16.3 Signing of Contracts

- a) The signing of contracts will be carried out as per the Article 14 of the council's Constitution (Finance, Contracts and Legal Matters).
- b) Contracts up to the value of £100,000 can be signed by the appropriate Chief Officer.
- c) Contracts of £100,000 or above must be in writing and be signed by the Chief Legal Officer or by the Chief Executive and a Legal Services Manager, or sealed with the common seal of the council.

16.4 Notification to Tenders

- a) Notifications to successful and unsuccessful tendered, including debriefing, must be in writing and adhere to the Public Contracts Regulations and EU Public Procurement Directive. Advice should be sought from the Procurement Services Manager.
- b) Notification of acceptance of a tender which requires a formal contract must be given in writing clearly marked 'subject to contract' and should advise that contract documents are to follow.
- c) All unsuccessful tenderers are to be notified in writing that they have been unsuccessful.

16.5 Standstill Period

- a) For above OJEU threshold procurements, no formal contract or framework agreement shall be entered into before the end of the standstill period of a minimum of 10 days from the date of notification.

17 Contents of Contracts

17.2 Standard terms and conditions of contracts are available; however, each contract should be considered on its own merit. Advice from the Chief Legal Officer should be sought as to the terms and conditions that should be used.

17.3 The council shall avoid entering into contracts under a tenderer's/contractor's terms and conditions. However, contractor's own terms may be included in contracts where they are acceptable to the council

17.4 Contracts must include the following as a minimum:

- a) Specification of goods/services to be supplied or works to be executed or land/asset being disposed of, and the conditions that will apply.
- b) Price to be paid or the rates on which price is calculated, milestones for payments and a statement of discounts or other deductions. If the contract term exceeds 12 months, future pricing structure must be included. If a price fluctuation clause is to be included, then it must make reference to a published index.
- c) Contract period, delivery date or times within which outputs of the contract must be completed.
- d) Details of any extension period and basis upon which this will be agreed.
- e) Required performance levels and details of monitoring/governance arrangements, including those relating to Social Value outcomes.
- f) Details of any indemnities required and how any claims arising will be dealt with and by whom

- g) Provision for audit inspection
- h) Clauses requiring evidence of the contractor's business continuity plans and the council's right of an independent audit on any or all business continuity
- i) Compliance with Data Protection Act, Freedom of Information Act, Modern Slavery Act and General Data Protection Regulation.
- j) Contractor to comply with council's Confidential Reporting Code
- k) Termination of contract, other than through the expiration of the contract term.
- l) Insurance cover requirements

18 Reporting

- 18.2 Records of all activity and decisions must be retained by the client officer.
- 18.3 Details of all planned tendering activity must be forwarded to the Procurement Services Manager for inclusion in the Corporate Procurement Plan.
- 18.4 Details of all contracts awarded over £5,000 in value must be forwarded to Procurement Services Manager for inclusion in the contracts register.
- 18.5 All contracts awarded over £5,000 in value, and all spend via procurement cards, must be published on the council's internet. Publishing this information will be the responsibility of the Corporate Procurement Service.

19 Employment of Agency Staff, Consultants and Interim Managers and Use of Personal Service Companies

- 19.1 All temporary or agency workers must be engaged through the [HR Resourcing](#) team.
- 19.2 Any agency workers engaged with must be from agencies included on the approved framework used by the council; failure to comply with this requirement, without approval from the Chief Executive, will be treated as a disciplinary matter.
- 19.3 All temporary or agency worker engagements, or extensions / redeployments of existing workers, must be approved by the appropriate Executive Director (as delegated by the Chief Executive) before being submitted to HR.
- 19.4 The likelihood of temporary or agency worker engagements being approved will be greatly increased where the following business case is provided, covering:
 - a rational explanation as to why the engagement is required;
 - an explanation in regard of why a permanent appointment has not been made; and
 - what steps will be taken to ensure that the temporary or agency worker engagement is kept to a limited time period.
- 19.5 Prior to seeking approval to engage temporary or agency workers, managers should liaise with HR Business Partners in regard of identifying/investigating alternative approaches that may be taken to address any resourcing gaps, thus negating the need to engage temporary or agency workers. Contact details for HR Business Partners are as follows:
 - **Resources** – Louise Lawrence 0121 569 3845

- **Adults Services and Public Health** - Jacquie Sergent 0121 569 5494
- **Neighbourhoods** – Manjit Gill 0121 569 5422

- 19.6 Where the approved framework (as referred to in 19.2) is exhausted, as advised by the HR Resourcing team, the procurement method used for the engagement of agency staff, consultants, interim managers and personal service companies shall comply with the procurement rules as detailed in this document.
- 19.7 All individual temporary or agency worker engagements will be limited to a period of three months at a time. Periods of longer than three months are only allowed in exceptional circumstances that must be included in the business case provided to HR.
- 19.8 Any agency staff, consultants, interim managers and personal service companies engaged by the council shall comply with these rules as though he/she were an officer of the council.

20 Social Care and Public Health Contracts

- 20.1 Officers procuring care and public health contracts should follow these rules. The nature of the adult and children's social care and public health services market and commissioning arrangements may require exceptions, as per Appendix A. However, in all instances the procuring/commissioning officer should always ensure that value for money is obtained for both the council and clients.
- 20.2 Any Social Services and Public Health related contract, with the total value above the EU threshold for these contracts for must be procured using a procedure that is at least sufficient to ensure compliance with the principles of transparency, equal treatment and non-discrimination. An OJEU Notice (or a PIN) must be published.
- 20.3 Residential and nursing care
- a) Where there is no standard fee then the service needs to ensure that value for money is provided.
 - b) Where clients select accommodation costing in excess of the standard fee, placements can be made provided a third party is willing to pay the difference where the service is one where a third party contribution applies. Suitable records must be maintained demonstrating that the client was given a choice and that it was the client or their authorised representative who exercised that right.
 - c) Where a placement is to be made where it is not subject to a standard fee, it will not be necessary to obtain competitive quotations provided that the client or his/her representative has chosen the home and/or the social work budget holder (or panel where it exists) has approved the placement. To ensure that value for money is obtained, the council's approved fee calculating mechanism will be used to determine the cost of the placement. If the fee is more than the fee calculated using the approved mechanism, then this must be justified and approved by an Operations Manager (or equivalent) independent from the original decision making process. Records must be kept of the circumstances justifying the placement.
 - d) Where residential placements are made for Public Health services, placement selection must be based on client needs and risk factors. Consideration of market rates for similar provision must also be made to ensure value for money.
- 20.4 Domiciliary Care

- a) It will be necessary to obtain competitive quotations for domiciliary care or non-residential services where there is no standard rate set by the council. Three quotations should be sought and the cheapest provider should be used. Where the cheapest provider is not used, the package request must be approved by an Operations Manager (or equivalent) independent from the original decision making process confirming the package is justified by special circumstances. A record should be kept of the circumstances justifying the package of care.
- b) Where the client does not wish to receive a service from the provider deemed the cheapest through the competitive exercise, a direct payment should be offered to the client who will be able to procure the service directly his/herself subject to all of the identified needs being met.

20.5 Specialist Services

- a) In some cases, the specialist nature of the assessed service or temporary limitations in the availability of providers will limit the range of alternative suppliers. Where there are no alternative providers such services will be treated as an exception to these rules (Appendix A).
- b) It will be the responsibility of the appropriate Chief Officer and Commissioning Manager (or equivalent) to maintain suitable records to demonstrate the appropriateness of this approach and the involvement of more than one officer in the process.
- c) Where it is possible to obtain the service from more than one provider, quotations/tenders must be obtained in accordance with Rule 11 and the service commissioned in accordance with Rule 16.

20.6 Public Health Contracts

- a) Where the public health service is subject to patient choice from NHS providers and the selection of provider is determined by where patients elect to receive treatment records must be kept to evidence that patients have chosen their healthcare provider. If the expectation is that the provider will deliver services over £100,000 the council will aim to enter into a contract. Suitable evidence will be kept to substantiate this expectation. Where the council enters into a contract Rule 16.2 shall apply.
- b) Officers should ensure that, where national tariffs are not utilised, that negotiation has been undertaken with healthcare providers to ensure that value for money is achieved. As a minimum, officers should benchmark to give assurances that best value is obtained.

20.7 Sole Provider, Emergency Placements or Emergency Care

- a) Where an Exception (Appendix A) has been identified It shall, be the responsibility of the appropriate Chief Officer and Commissioning Manager to regularly review the situation and, should any of the circumstances change, communicate any changes of placement or policy to all appropriate parties.
- b) In such cases it shall not be necessary to obtain tenders but the appropriate authorization shall be obtained in accordance with Rule 15.
- c) The decision process concerning where the adult or child is to be placed should involve more than one person and this process together with the names of the officers concerned should be evidenced in relevant directorate records.

- d) Specifications and agreements should include for exit clauses when it is assessed that the care requirements are no longer required.
- e) Agreements should be reviewed on a regular basis and reports placed on the contract file detailing the findings and required action.

21 Appendix A – Definitions

- Council - means the Sandwell Metropolitan Borough Council, the Executive, a Standing Body or person(s) acting in accordance with authority delegated by the council.
- Contract - means any agreement (Including Framework Agreements) between the council and a third party for the provision of any goods, materials, services or works for whatever value. All contract documentation shall be worded and in such form so as to protect the council's interests, in accordance with advice from the Chief Legal Officer and standard contract documentation.
- Contract price in relation to all contracts - means the aggregated cost (including fees) for the whole of the period of the contract. Where a Chief Officer knows that a similar service, supply or type of work is to be ordered during a twelve-month period, this should be taken into account and used for the purposes of the estimated contract price.
- Any transaction for the supply or disposal of goods or materials; provision of services or the execution of works which forms part of a larger transaction shall not be regarded as a separate contract but shall be included in the calculation of the contract price.
- Chief Officer - is defined as a Director and above as per the Scheme of Delegations.
- Chief Officer and appropriate Chief Officer – means a Chief Officer or any subordinate officer nominated by their Chief Officer, but the Chief Officer is at all times responsible for the actions undertaken by the subordinate officer.
- Chief Financial Officer - the title is used as a generic term for the officer with Section 151 responsibilities and is included in recognition that Section 151 responsibility may be undertaken by another Chief Officer who is a qualified accountant.
- Budget - means revenue budgets, capital budgets and other spending programmes approved by the council.
- Grant – Is the payment of money or some other thing, without the expectation of goods or services in return (this could include making a financial contribution to the independent work of the Voluntary or Community Organisation). A grant is usually provided subject to conditions that state how the grant can be used. The grant aided organisation may use or offer to use the grant to provide goods or services that meet their objectives.
- Programme - A set of component projects/work streams which have been brought together under one management process to achieve an overall strategic objective/beneficial change and ensure robust governance.
- Project - a component of a programme which has a predetermined outcome or result at a pre-specified time using predetermined resources.

22 Appendix B - Exceptions

As per paragraph 15.8 of these Rules, an automatic exemption is given to the following types of contract or activity:

- A. Social Care and Public Health Contracts where a Care Pathway is in place. Where associated clinical services are already provided by an NHS provider, records must be maintained, demonstrating the connection between the public health service and the associated clinical service(s) within the care pathway.
- B. ICT Licenses and support costs (where systems are already in place)
- C. Patient or Pupil choice
- D. Sole Suppliers/Providers
- E. Emergency Requirements (when a contract cannot be utilized)
- F. Residential, Nursing and Domiciliary and Nursing Care (where the Council pays a standard fee)
- G. Specialist Social/Public Health Services where alternate providers cannot be identified



Procurement Card Policy

May 2018

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Introduction

The Procurement Service continues to streamline processes for procuring goods and services and paying suppliers. Procurement cards provide flexibility in service delivery whilst ensuring value for money is achieved. Cabinet approval was given in May 2016 to obtain procurement cards from Royal Bank of Scotland (RBS) via a national framework agreement managed by the Crown Commercial Service (Key Decision reference FR048).

There are no fees for the use of Council procurement cards. Their use will generate an income from transaction charges between banks that will contribute corporately to savings targets.

This Procurement Card Policy provides background details of the reasons for using procurement cards, how and where procurement cards can be used together with details of responsibilities placed on cardholders and approvers.

All prospective cardholders must read and understand this policy and any related documents. It is the cardholder's responsibility to clarify any areas that they do not understand with the Council's Procurement Card Administrators. Cardholders will be required to confirm that they have understood the requirements and responsibilities of procurement card use before they are issued with a card.

Cardholders, approvers and budget holders should be aware that failure to meet the requirements and responsibilities outlined within this policy will be regarded as a disciplinary matter.

This document must be read in conjunction with the Council's Procurement and Contract Procedure Rules, which set out the principles for all procurement activity across the Council. This includes the responsibility of all officers to ensure value for money is achieved in all procurement and purchasing activities.

What is a Procurement Card?

The procurement card looks like any normal debit or credit card. However, it is a charge card, which means the total balance within a monthly transaction period will always be settled in full.

The use of procurement cards is done without compromising the control of the Council's expenditure and, delivers high quality management information provided by RBS/Natwest direct to the Council's card administrators and card users.

Embossed on the card is the following:

- ✓ Your Name
- ✓ The Council's title
- ✓ Card Number
- ✓ Expiry Date

Benefits of Procurement Cards

The benefits of widening the use of procurement cards across the authority include:

- More responsive and flexible service delivery at the front end;
- Ability to source a wider choice of goods at the best price (e.g. via online providers);
- Generating a culture of trust and accountability amongst staff;
- Less time spent raising and processing orders/invoices at both front end and back office;
- Faster payment to suppliers making the Council more attractive to do business with;
- Reducing delays through suppliers putting the Council 'on stop' where invoices have not been paid on time;
- Reducing need for one off suppliers to be set up on SBS, which can cause delays in services receiving goods;
- Clearer reporting on spend that can inform future contracts/procurement activity;
- Reducing the need for cash floats across the Council, reducing processing time and increasing security for employees and the organisation;
- Better integration with back office systems;
- Easier to reclaim VAT; and
- Saving on transaction costs by paying fewer invoices via BACS.

Suppliers will also receive the benefits of the Council's use of procurement cards by:

- Being paid within three to four days of the transaction, thereby improving their cashflow; and
- Reducing late payments and bad debt.

Who Can Use a Procurement Card?

The Council's card scheme is open to Council officers only.

Acceptable Use of Cards

All spend via procurement cards must adhere to the Council's Procurement and Contract Procedure Rules. These set out the roles and responsibilities for all officers when procuring goods and services, including the requirement to ensure value for money can be demonstrated at all times.

Procurement cards should be used in the following circumstances:

- For any purchase up to the value of £250 where there is no contract in place;
- For business travel and accommodation purposes
- Where there is a high volume of low value, one-off spend
- Where purchase orders cannot be used, such as online procurement routes;
- Where there is a requirement to respond to service users' requirements in an emergency where normal suppliers are not available (e.g. within a short time frame or out of hours); or
- Procurement cards can replace the need for petty cash.

Procurement cards must not be used where a contract exists for the supply of the goods or services required. It is the Cardholder's responsibility to check whether a corporate contract is in place. Information can be found in the [Contracts A-Z Listing](#) or by contacting Procurement Services via sourcing_smbc@sandwell.gov.uk.

Where the goods or services required are more than £5,000 in value then the opportunity must be advertised in order to comply with the Council's Procurement and Contract Procedure Rules. Opportunities must be advertised via the Council's online procurement portal InTend. Contact sourcing_smbc@sandwell.gov.uk for more information and assistance.

In an emergency situation, a procurement card can be used to make purchases of any value in order to meet the needs of customers/service users, subject to the single and monthly transaction limits of the individual card. All spend must be fully justified, receipts retained and approved by budget approvers.

Procurement cards **cannot** be used to:

- Pay for staff/agency workers – all staff payments must go through HR
- Withdrawing cash – this facility is blocked from all cards with the exception of the card in the name of the S.151 Officer for use in emergencies
- Make purchases for personal use.

Any misuse of your procurement card may be treated as gross misconduct and subject to normal disciplinary procedures.

How Can I Get A Procurement Card?

To access a procurement card, officers must complete an application form confirming they have read and understood this policy and their responsibilities.

Applications for procurement cards are through the [MySandwell internal dashboard](#).

The application process will ask for the following:

- Cardholder name, address and date of birth – person who the card is in the name of and who is responsible for spend on the card
- Cost centres that card spend can be allocated to
- Single and monthly Transaction limits
- Spend Approver - person who is responsible approving the Cardholder's spend retrospectively via the bank's Smart Data Online (SDOL) system
- Budget Holder – person who is responsible for the budget against which the card spend is allocated

All new applications will need to be approved by the following via the [MySandwell internal dashboard](#):

- Budget Holder – to approve that the cardholder can spend against their cost codes to the transaction limits, and that the named approver can approve spend on the card via SDOL
- Senior Accountant – to confirm that the cost centres on the application form fall under the Budget Approver’s remit and that transaction limits are within budget approval limits
- Internal Audit - where Internal Audit does not identify any significant issues that would lead to a high risk of inappropriate use of procurement cards in that area, applications will be approved. Details of any high risk will not be shared with the Council’s Procurement Card Administrators.

Approved applications will be workflowed to Procurement Services via the MySandwell internal dashboard. Cardholder name, address and date of birth will be issued to Natwest application services via a secure email. Cards will be issued by Natwest 10-15 working days from the receipt of the approved application.

Cardholders and approvers must attend training on the SDOL system, to be booked via OLM. Cards will be issued upon completion of this training.

Amendments to Procurement Cards

Where changes to transaction limits, cost centres or approvers are required, these must be submitted via an amendment form available on the [MySandwell internal dashboard](#). All amendments require approval from the Senior Accountant.

Where the approver or budget holder is changed, the application will also be reviewed by Internal Audit.

How and Where Can Procurement Cards Be Used?

Your procurement card can be used to purchase items or services in the following ways:

- Over the phone – have your card at hand; you will have to quote your card number, expiry date, cardholder information and possibly some security details. You must provide a contact name and delivery address.
- Over the counter, face-to-face – just as you would use a personal debit or credit card.
- Over the Internet – as an extra security feature the card provider guarantees internet transactions, meaning the Council is not liable for any Internet transactions you did not make.

Note: every effort must be made to obtain a receipt for the transaction. This includes email confirmation for online orders.

Recording and Approval of Spend

All spend on procurement cards is held on the RBS/NatWest Smart Data Online (SDOL) system. This records all transactions, enables Cardholders to input details of the spend and allocate against code codes, and allows Approvers to approve the transactions. Cardholders and their Approvers will be set up on SDOL upon receipt of the completed application form.

Information on transactions can be uploaded as soon as they appear on SDOL (usually within 1-3 working days of the transaction) – Cardholders do not need to wait for a monthly statement.

Approval by Approvers can be done at any time following recording by the Cardholder, but all transactions must be approved by the 7th of each month. This is to ensure that all spend is approved and allocated to appropriate cost centres before the monthly Direct Debit payment is made.

It is the Cardholder's responsibility to upload the following information to SDOL against each transaction before sending it for approval:

- Purpose of transaction (including any case reference numbers/details);
- Scanned/electronic copy of a receipt;
- Amount of VAT included in spend (for Level 1 and 2 suppliers only);
- Cost centre to allocate the spend against; and
- Category of spend/Subjective code.

It is the Approver's responsibility to carry out the following actions on SDOL against each transaction:

- Check that the purpose of the transaction meets the business requirements;
- Ensure cost code and category of spend has been allocated correctly;
- Mark transactions as approved or return transactions to the Cardholder for any additional details or amendments.

It is the responsibility of the Financial Systems Team to extract spend data from SDOL on a monthly basis and enter it into the General Ledger to ensure the spend is allocated against correct budgets.

Inappropriate Spend

If an Approver identifies that a Cardholder has carried out a transaction on their procurement card that is not in line with this policy, then the Approver must discuss this with the Cardholder before approving any transaction.

If the card has been accidentally used for personal use, the Cardholder may repay the value to the Council through the Cashiers Service. If this is agreed, the Approver

must approve the transaction on the procurement card, and the repayment must be made against the same cost centre and category.

If the inappropriate transaction is not justified by the Cardholder or repaid in the manner above, then the Approver must raise this with their Budget Holder, their Senior Accountant and HR. Any disciplinary action must comply with the Council's Disciplinary policies and procedures.

Use of Personal Loyalty Cards

Cardholders are not permitted to make use of personal loyalty cards for transactions using a council procurement card.

All employees are bound by the Officer Code of Conduct which states that "Employees should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends" (Section 3.1). Failure to comply with the Officer Code of Conduct may result in disciplinary action.

Governance/Procurement Card Compliance

It is imperative that transactions are reviewed by cardholders (justified, coded, receipts attached) and approved by budget holders by the 7th of each month. This is to counteract the risk of fraud to the council and to ensure the accounting entries within the general ledger are accurate and complete. If cardholders are on leave, arrangements should be made for the approver to submit the necessary review data to the administrators (via the agreed form that also captures the authorisation for the administrator to approve) so that the transactions can be processed on their behalf. Should users not comply the following conditions will apply:

- **Non-compliance trigger 1 (9th of the month – 1 working day past deadline)**
Users (both cardholder & approver) will be issued with a reminder and summary of outstanding transactions.
- **Non-compliance trigger 2 (5 working days past deadline)**
Users (both cardholder & approver) will be issued with a final reminder and summary of outstanding transactions. Users will be advised that if the transactions are not dealt with, the cards will be disabled.
- **Non-compliance trigger 3 (10 working days past deadline)**
Users (both cardholder & approver) will be advised that the cardholder's card has been disabled until the outstanding transactions are both reviewed by cardholders and approved by budget holders.
- **3rd Non-compliance**

If users are non-compliant on three occurrences the cards will be removed from the cardholders.

Exceptions

If a justified reason as to why SDOL transactions cannot be reviewed and approved by the monthly deadline, users should provide an email justification to proc_perform@sandwell.gov.uk received by the deadline (7th of the month) as to why the transactions cannot be both reviewed and approved and will be exempt from non-compliance escalation. Justified reasons may be that an employee is absent due to sickness or annual leave or that the user is awaiting VAT receipts from suppliers.

Controls

Expenditure Limits

Each card has a maximum monthly expenditure limit and individual transaction limit.

- Monthly expenditure limit – the total amount you can spend on your card each month
- Single transaction limit – the total amount you can spend on your card in any single purchase.

Both of these limits are inclusive of VAT and are established by the Council's Procurement Card Administrators following receipt of a completed and approved application.

Please make a note of these limits.

If you try to make a purchase that are outside of these limits, your transaction will be declined and could lead to embarrassment.

Named Card Holders

Procurement cards under this scheme will be issued to a named cardholder. The cardholder will be responsible for:

- transactions made using that procurement card;
- allocating transactions to correct costs codes and financial categories via the SDOL tool; and
- reporting any fraudulent activity or lost/stolen/damaged cards as soon as possible.

Approvers

Approvers are responsible for:

- approving all procurement card transactions for their cardholders by 7th of each month via the SDOL online tool;
- ensuring procurement card transactions are in line with this policy; and
- raising concerns regarding inappropriate activity with the relevant budget holder.

Budget Holders

Budget Holders are responsible for:

- ensuring any cardholders in their area are fully trained in the use and acceptable usage of procurement cards,
- ensuring any cardholders in their area have signed the acceptable use policy; and
- addressing any incidences of inappropriate activity.

In some circumstances, an individual may be both a cardholder and an approver. Under no circumstances should a cardholder approve the transactions on their own card. Where an individual is both a cardholder and a budget approver, they will be given different profiles on SDOL to differentiate between the two roles.

Receipts

Every effort must be made to obtain a receipt for the transaction. This includes email confirmation for online orders. Receipts are required for audit purposes and to reclaim the correct amount of VAT.

If a receipt cannot be obtained, the purchase must be agreed by the approver and the reason for the absence of a receipt included on SDOL. Consistent failure to provide receipts will be treated as a breach of this policy and may result in the procurement card being withdrawn and further disciplinary action.

Review of Procurement Card Activity

Procurement card activity will be reviewed on a regular basis by Procurement Services and Finance via access to SDOL. This will be to ensure that transactions are made in a manner compliant with this policy and to inform future contracting requirements.

Internal Audit will also have access to all transaction records within SDOL in order to comply with any necessary internal or external audit requirements.

Problems with the Quality of Goods/Services Supplied

If there is a problem with the quality of goods/services supplied, you should contact the supplier immediately to request replacements or a refund.

If agreement cannot be reached with the supplier, you must contact the Procurement Card Administrators giving full details of the dispute so that a refund can be pursued via the bank.

General Procurement Card Administration

Procurement Card Administrators

The Council's Procurement Card Administrators are Emma Bailey, Rachel Hunt and Gill Shaw based within the Corporate Procurement Service.

They are responsible for maintaining a register of all cardholders and their locations, together with relevant Transaction Limits, Monthly Expenditure limits, supplier limitations and department/cost centre references (if applicable).

The Procurement Card Administrators will liaise on all matters relating to the above with Royal Bank of Scotland.

Security

Upon receiving your procurement card, you must immediately sign it.

It is your responsibility as a cardholder to ensure that your card is kept in a secure place. If the office has a safe, we recommend that your procurement card be kept there until required.

Your procurement card MUST only used by you, the named cardholder, to make purchases of goods and services on behalf of the Council.

Your Procurement card must not be used by anyone else in your absence.

Lost/Stolen cards

As the cardholder, you are responsible for ensuring that your card is kept secure at all times.

If you have lost your procurement card or had it stolen, you must contact Royal Bank of Scotland immediately on the following number:

0370 0101152

After contacting Royal Bank of Scotland, you must also inform the Council's Procurement Card Administrators immediately who will liaise with the bank.

If your procurement card has been lost and is then subsequently found after you have notified the bank and the Council's Procurement Card Administrators, it must not be used.

You should destroy the card immediately as a new card will already be on its way to you.

Damaged Cards

If your procurement card becomes damaged, you should contact NatWest Customer Services on the following number;

0370 0101152

A new card will be issued immediately.

The remains of your damaged procurement card should be destroyed immediately.

Replacement Cards

A new procurement card will be re-issued automatically a few weeks before the expiry date of your current card. When your new card becomes valid, your old one should be destroyed.

Disputed/Queried Transactions

If your statements ever show a transaction that you know you did not make, you should contact the named supplier direct. Where a credit is due the supplier should be asked to generate a refund. This will then be processed back onto your account, and will appear on your next month's statement.

If you cannot resolve your query with the supplier, then you should contact and give full details of the problem to NatWest Customer Services on **0370 0101152**. The Council's Procurement Card Administrators should also be notified of such issues.

Fraudulent Transactions

The same procedures as outlined in the above lost/stolen section must be followed:

In the event of fraudulent use on your procurement card, you should contact NatWest Customer Services immediately on the following number:

To help prevent card fraud the following advice is recommended to cardholders:

- Never leave your procurement card unattended – for example, in a car or your office where thieves can easily find it
- Try not to let your Procurement card out of your sight when paying for goods and services at the point of sale
- Never discard transaction slips that display the card number - always tear them up when you have completed the reconciliation process
- Never write down your procurement card number
- If you suspect your card has been stolen or lost, always report it
- It is useful to programme the lost and stolen number into your mobile – **0370 0101152** if you are away from the office regularly.
- Your three-digit security code proves you have the physical card and should only ever be quoted to a supplier. The bank would never ask for this number if you are in any doubt always check before giving out any personal information out.

Change of Situation

Change of details

If there are any changes in your details – for example if change your name, you move to different job role that will affect your cost centre - you must contact the Council's Procurement Card Administrators immediately. They will liaise with the bank to effect the necessary changes.

Leaving

If as a procurement cardholder you are going to leave the Council, it is your responsibility to contact the Council's Procurement Card Administrators and inform them that you have given notice and return your procurement card to them immediately upon notice of resignation.

The Procurement Card Administrators will then arrange for your card to be cancelled.

Useful Contacts

Procurement Card Administrators

For general enquiries on procurement cards or assistance with applications:

Emma Bailey

0121 569 5006

Rachel Hunt

0121 569 2443

Gill Shaw

0121 569 2877

Email: proc_perform@sandwell.gov.uk

Sourcing

For queries and assistance on contracted suppliers and advertising opportunities above £50,000 in value:

Email: Sourcing_smbc@sandwell.gov.uk

NatWest Customer Services

To report any fraudulent activity or lost/stolen cards: **0370 0101152**