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**Standing Orders for Contracts  
and  
Financial Procedure Rules**

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# YORKSHIRE PURCHASING ORGANISATION

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## 1. DEFINITIONS

- 1.1 “**Organisation**” means the consortium of local authorities known as the Yorkshire Purchasing Organisation.
- 1.2 “**Managing Director**” means the current Managing Director of the Yorkshire Purchasing Organisation or an officer designated by him/her.
- 1.3 “**Monitoring Officer** ” means an officer designated by Lead Authority responsible to the Management Committee of the Organisation who will secure legal and administrative services for the Organisation (other than the administrative services performed by the Managing Director or other officer designated by him/her)
- 1.5 “**Chief Financial Officer**” means the current Director of Finance of the Lead Authority responsible to the Management Committee of the Organisation for providing financial advice to the Organisation (other than the financial services performed by the Managing Director or other officers designated by him/her). In fulfilling this role the Chief Financial Officer will be able to rely on the Managing Director of the Organisation to keep him/her informed on all aspects of his/her role relating to the Organisation under Section 151 of the Local Government Act 1972, including compliance with the rules forming the Financial Procedure Rules and Standing Orders relating to Contracts of the Organisation.
- 1.6 “**Management Committee**” means the elected members of the Organisation constituting its Management Committee and any of its Sub Committees.
- 1.7 “**Lead Authority**” is the member authority chosen by the Management Committee to provide support services to the Organisation.
- 1.8 “**Chairperson**” means the current Chairperson of the Management Committee.
- 1.9 “**Framework**” means an agreement between one or more contracting authorities and one or more economic operators, the purpose of which is to establish the terms governing contracts to be awarded during a given period, in particular with regard to price, quality and where appropriate the quantity envisaged.
- 1.10 “**Contract**” means an agreement made by the Organisation with another party creating a legal relationship enforceable by law.
- 1.11 “**Goods**” includes all supplies and materials that the Organisation purchases or obtains.
- 1.12 “**Services**” includes all services, which the Organisation purchases or obtains including but not limited to advice, consultancy, agency staff, third party logistics etc.
- 1.13 “**Works**” includes the construction of new buildings and works, restoring and

common repairs.

**1.14** “**Whole Life Costs**” means the whole costs of the provision of the works, goods and/or services **from inception to disposal** including any annual maintenance costs or annual fees (i.e. software licences)

**1.15** “**OJEU**” means the Official Journal of the European Union.

## **2. INTRODUCTION**

2.1 YPO’s Standing Orders for Contracts aim to promote the highest standards in procurement activity ensuring probity, integrity, accountability and impartiality in making a clear, understandable, transparent and fair selection of suppliers by the Organisation, and form a part of the governance arrangements of the Organisation.

2.2 YPO’s Standing Orders for Contracts also promote the delivery of value for money and the required levels of quality and performance in all contracts that are let. The Organisation is committed to the overall principles that:

- a) All purchases will be based on the most economically advantageous tender. Unless agreed by the Managing Director.
- b) Goods and services will be acquired by fair, objective and transparent competition.

2.3 YPO’s Standing Orders for Contracts also aim to deliver competitive procedures and the avoidance of practices which may restrict, prevent or distort competition.

2.4 Procurement will be carried out in compliance with the legal and ethical requirements referred to in these Standing Orders for Contracts, and taking into account the Organisation’s commitment to continuous improvement, quality and environmental issues.

2.5 These Standing Orders for Contracts apply to all contracts for Goods, Services and Works.

2.6 All values referred to in these Standing Orders for Contracts are exclusive of VAT.

2.7 Any dispute regarding interpretation of these Standing Orders for Contracts shall be referred to the Managing Director or his/her nominated officer.

2.8 The Managing Director or his/her nominated officer shall undertake a formal review of these Standing Orders for Contracts on an annual basis.

## **3. Responsibility for Observance**

3.1 The Management Committee is responsible for regulating and controlling the contractual arrangements of the Organisation.

3.2 The Managing Director shall operate in accordance with these Standing Orders

for Contracts, the Organisation's Financial Procedure Rules and the Managing Director's Scheme of Delegation and the law of the land with respect to all matters relating to contracts.

#### **4. Conduct of Members and Employees**

- 4.1 In dealing with matters referred to in these Standing Orders for Contracts employees shall abide by the provisions of the Organisation's Code of Conduct Policy (particularly Sections: (7) Outside Commitments; (8) Personal Interests; (10) Separation of Roles During Tendering and (11) Corruption, Fraud, Bribery and Theft) and the rules contained in these Standing Orders for Contracts and the Organisation's Financial Procedure Rules.
- 4.2 So far as possible, the election to the Management Committee of anyone with a significant involvement in any way with any firm likely to be employed by the Organisation, or the employment of any officer with a similar involvement, should be avoided.
- 4.3 Members and employees of the Organisation shall not sell any goods or services to the Organisation.
- 4.4 No contractor, supplier or service provider in which a member or officer has a pecuniary interest may be chosen or appointed, other than by following the procedures laid down in these Standing Orders for Contracts, the Organisation's Code of Conduct Policy and without having disclosed his/her interest by completing a Declaration of Interest Form in accordance with statutory requirements and the Organisations Register of Employee Interests Policy.

#### **5. Propriety**

- 5.1 The Organisation shall conduct all its operations with the utmost propriety. With this in mind the Managing Director shall have direct access to the Secretary, the Chief Financial Officer or the Chairman of the Organisation, in matters touching on the propriety of purchasing arrangements. The Managing Director shall provide information and advice as necessary, but where circumstances clearly require a completely impartial approach, initial decisions shall be taken by the Secretary, the Chief Financial Officer or the Chairman, as appropriate. All such matters must be referred to the Management Committee either for decision or, where action has already been taken, for confirmation.

#### **6. Compliance**

- 6.1 Contracts entered into on behalf of the Organisation shall be made in accordance with these Standing Orders for Contracts, all relevant EU and UK legislation requirements and timescales, including case law.
- 6.2 Where an appropriate standard or code of practice issued by the European Union is current at the date of the tender, every contract subject to these Standing Orders for Contracts shall require that all goods and materials, used or supplied, and all workmanship provided shall be in accordance with that standard.

- 6.3 The Procurement Operations Team and all other officers with budget responsibilities within the Yorkshire Purchasing Organisation are responsible for ensuring that processes adopted are compliant with these Standing Orders for Contracts.
- 6.4 The Procurement route should take into account instances where Goods, Services and Works can be obtained via appropriate, existing, approved and enabled arrangements.

These include:

- 6.4.1 The use of a Member Authority's in-house services such as payroll, legal, vehicle maintenance etc.
- 6.4.2 Nationally negotiated contracts such as those arranged by any Public Sector Body or Public Buying Organisations such as Eastern Shires Purchasing Organisation and the Crown Commercial Service.

## **7. Exceptions**

- 7.1 Exceptions from any of the provisions of these Standing Orders for Contracts shall only be made by decision of the Management Committee or in compliance with the terms of the Managing Director's Scheme of Delegation and a written record signed by the Managing Director in the form of an Exception Report will be kept centrally in an electronic file held by the Procurement Operations Team
- 7.2 Subject to statutory requirements tenders need not be invited in accordance with these Standing Orders for Contracts in the following cases:
- a) Goods and Services which are obtainable from one contractor only and for which there is clear recorded evidence that no satisfactory alternative is available.
  - b) The execution of Works of a specialised nature where there is clear recorded evidence that they may only be carried out by one contractor.
  - c) Goods of a nature entrusted to a particular public utility, local authority (or similar) or other statutory undertaker.
  - d) The purchase of Goods and Services from a central or local government purchasing organisation where YPO is satisfied that the procurement has been undertaken in accordance with legislation and any specific Call Off procedure is followed.
  - e) The purchase of Goods and Services where prices of the goods are wholly controlled by trade organisations or government order and no reasonably satisfactory alternative is available.
  - f) The purchase of Goods and Services in response to emergency.

## **8. Freedom of Information**

- 8.1 The Freedom of Information Act 2000 (FOIA) & Environmental Information Regulations 2004 provide the right of public access to information held by public authorities such as YPO.
- 8.2 All requests received by the Organisation under FOIA in respect of tenders and contracts should be channelled through YPO's Risk, Audit and Assurance Officer immediately upon receipt to enable the Organisation to comply with its Access to Information Policy.
- 8.3 The FOIA includes potential exemptions on the basis of commercially confidential information. However, tenderers will be made aware of the implications of the Act at the tender stage.

## **9. Equality and Diversity**

- 9.1 Contractors, suppliers and service providers will not unlawfully discriminate within the meaning and scope of any law, enactment, order or regulation relating to discrimination (whether in race, gender, religion, disability, sexual orientation, age or otherwise) in employment.
- 9.2 Contractors, suppliers and service provider's will be required to take all reasonable steps to secure the observance of YPO's framework agreement / Contract by all servants, employees or agents of their organisations or those of their suppliers and sub-contractors employed in the execution of the Framework Agreement / Contract.

## **10. Terms and Conditions**

- 10.1 Contracts and Framework Agreements will use YPO's standard terms and conditions. Variations from the standard format must be approved by YPO's Contracting Manager and if necessary legal advice sought. Terms and conditions will be included with tender documents and issued to suppliers as part of the invitation to tender.
- 10.2 Tenderers are expected to accept YPO's Terms and Conditions held within the Framework Agreement or Contract without qualification. Acceptance of qualified terms and conditions will only be made at the Contracting Manager's discretion and written assessment should be made of its implications and held on a central file within the Procurement Operations Team. YPO is not obliged to accept any variation to terms and conditions and in general, any such relaxation will only be granted if it is considered reasonable under the circumstances, provides a commercial advantage to YPO, the level of risk is assessed as acceptable and it does not distort competition between the tenderers
- 10.3 The tender documents should give tenderers the opportunity to raise any queries in relation to the terms and conditions during the "Clarification Question" stage of the process to allow for all queries to be addressed and a response (if required) can be circulated to all tenderers. Any legal queries raised during the tender process should be referred to the Contracting Manager.
- 10.4 The tender documents should also state that any legal queries raised after the

deadline for submission of tenders or any included in a tenderers bid submission will not be considered.

- 10.5 Contracts for the execution of Works or the purchase of Goods or Services where urgency is too great to permit the making of a contract in writing will be confirmed in writing at the earliest opportunity.

## **11. Tendering Process**

- 11.1 Yorkshire Purchasing Organisation's preferred route is to utilise an electronic tendering system (ETS) for all tendering activity. Any exception to this process must be agreed on a case by case basis with the Procurement Operations Team with full details of the reason for change retained in writing on file.
- 11.2 The ETS provider is sourced, administered and managed by the Procurement Operations Team.
- 11.3 User training is provided by the Procurement Operations Team
- 11.4 Cost may be evaluated through an e-auction where appropriate.
- 11.5 When commencing the procurement of Goods, Services or Works for contracts within each band the procurer must complete and return to the Procurement Operations Team the New Business Detail Requirement Form which will form the basis of the initial ETS set up for the procurement.
- 11.6 Gateway sign off stages for contracts within each band will be dependent on the monetary, complexity and risk value of the contract and will be confirmed by the Procurement Operations Team at the time of tendering.
- 11.7 Any exception to the procurement processes detailed in this document will be at the Managing Director's discretion as detailed above at point 7. A written record documenting the reasons for the exception authorised and signed by the Managing Director, will be retained on an electronic central file held by the Procurement Operations Team.

## **12 Sample Process**

- 12.1 Where samples are requested they must be provided in accordance with the instructions in the tender document by the set deadline.
- 12.2 They should be sent to the front reception of YPO site 41 FAO The Procurement Operations Team.
- 12.3 Samples are then required to be held in the sample room until the tender deadline has passed when they will then be passed to the relevant buyer in order to be evaluated.
- 12.4 Samples from successful suppliers shall be stored in the warehouse for the life of the contract.

12.5 Samples from unsuccessful suppliers are to be returned to the supplier wherever possible

12.6 If the unsuccessful supplier is unable to arrange collection, or does not require the samples to be returned. A list of these products should be submitted to the Asset Management Team who will log this on their "Unsalable Items" Spread Sheet. Items will be used internally, donated to charity or disposed of.

12.6 Samples from unsuccessful suppliers should be returned or passed to the Asset Management Team within one (1) month of the award of the contract

### 13 **Tender Information Obligation**

13.1 As part of the Local Government Transparency Code the Organisation have an obligation to publish information on a monthly/quarterly basis in relation to invitations to quote and invitation to tender for all contracts to provide goods and/or services that exceed £5,000.

13.2 The information to be published is reference number; title; description of goods/services; start, end and review dates; title of agreement; supplier name and details; sum to be paid over the length of the contract; the process used; whether or not the supplier is a small/medium enterprise and/or a voluntary or community sector organisation and the department responsible for the procurement.

### 14. **Contracts / Frameworks under £5,000**

14.1 This includes any procurement activity (internal or trading spend) involving an estimated aggregate Whole Life Costs value up to £5,000

14.2 The procurer may use any reasonable means to source supplier options but the tendering procedure and outcome must be managed by the ETS.

### 15. **Contracts / Frameworks between £5,000 and £75,000**

15.1 This includes any procurement activity (internal or trading spend) involving an estimated aggregate Whole Life Costs value between £5,000 and £75,000

15.2 The procurement must be advertised.

15.3 There must be a minimum of three written quotes from selected suppliers unless agreed otherwise by the Procurement Operations Team in exceptional circumstances.

15.4 The procedure must be carried out electronically via the ETS with a written record of the specification, the quotations, the evaluation process and notification of award and rejection. This written record must be retained.

### 16. **Contracts / Frameworks between £75,000 and EU Thresholds for Goods, Services & Works**

16.1 This includes any procurement activity (internal or trading spend) involving an

estimated aggregate Whole Life Costs value between £75,000 and the EU Threshold for Goods, Services and Works.

- 16.2 The procurement activity must be advertised and awarded by the Procurement Operations Team unless agreed otherwise by the Contracting Manager.
  - 16.3 The entire process will be overseen and signed off by the Contracting Manager.
  - 16.4 The procedure must be carried out electronically via the ETS with a written record of the specification, the quotations, the evaluation process and notification of award and rejection. This written record must be retained.
- 17. Contracts / Frameworks above EU Thresholds for Goods, Services & Works**
- 17.1 Procurement activity with an estimated aggregated Whole Life Costs value above EU Thresholds for Goods, Services and Works will be conducted by the Procurement Operations Team or Procurement Services Department. To ensure compliance with EU rules and regulations the Procurement Operations Team will oversee all tendering processes, ensuring a segregation of duties and a consistent approach.
  - 17.2 All tenders must be advertised and Awarded in the OJEU.
  - 17.3 Procurements must be processed via the ETS unless otherwise agreed by the Procurement Operations Team. In the case of tenders for Goods or Services, the relevant officers should consider whether the contract will be of benefit to other public sector bodies.
  - 17.4 The selection and award criteria, sub-criteria and weightings to be used in the evaluation process must be clearly communicated to all tenderers in the OJEU entry, in the Invitation to tender and on the ETS. These criteria must be followed during the evaluation process. Under no circumstances may any of the criteria be changed or new criteria introduced from those published.
  - 17.5 Before commencing any tendering exercise an assessment of risk pertaining to the specific tender exercise will be undertaken. This will allocate the required sign off levels / stages which must be adhered to.
  - 17.6 All legally required time limits must be followed as minimum
  - 17.7 Sustainability considerations must be included in the criteria for award in the OJEU notice and tender documentation when pertinent to the contract.
  - 17.8 The Social Value Act/added value must be considered within the tender plan and documentation if found to be pertinent to the services contract/framework.
  - 17.9 In every instance detailed records will be held (electronically) of all stages of the process.

**18. Receipt and Opening of Tenders**

- 18.1 The receipt and opening of tenders will be undertaken using the ETS unless otherwise agreed by the Procurement Operations Team.
- 18.2 The Procurement Operations Team are responsible for receipting and opening all tenders unless otherwise agreed by the Contracting Manager.
- 18.7 Late tenders may be considered at the discretion of the Contracting Manager, if the Contracting Manager is satisfied that there was reasonable cause for the delay and fair competition has not been compromised. A record of this decision will be held centrally by the Procurement Operations Team.
- 18.8 Using the ETS the Procurement Operations Team will confirm the submissions received are against the correct tender.

## **19. Examination of Tenders**

- 19.1 Tenders submitted in competition shall not be considered if:
- a) The tender is in some way uncertain in its terms and it is unclear what the submission is offering,
  - b) There is evidence that the tender document has been altered without consent.
- 19.2 If a tender requires clarification on a technical or contractual matter all necessary communication must be properly recorded and remain confidential. Such clarification may only be undertaken when the process remains fair to all Tenderers and does not distort competition in any way.
- 19.3 During the period between the closing for the receipt of a tender and award, Tenderers may not seek to amend prices in any way, other than a genuine and obvious error. Such circumstances must be properly recorded on file and competition must not be distorted in any way. Evidence should always be provided that can be tracked back to the original quote.
- 19.4 If variations to specifications are to be examined and considered, tenderers must have been made aware in the invitation to tender document.

## **20. Acceptance of Tenders**

- 20.1 The designated Procurement Officer(s) shall evaluate the tenders and make a recommended contract award based on the most economically advantageous tender to the sign off panel.
- 20.2 In the case of 2 or more tenders being equal, environmental considerations (transport, packaging and the company's environmental standing and performance) may be used to determine the successful bid. If all aspects are still equal the Managing Director shall decide and record the decision.
- 20.3 The proposed award would then be signed off by the tender team.
- 20.4 The relevant company credit checks and any other necessary checks will be

carried out by an agreed member of the tender team prior to contract award and copies of any searches and documents retained.

- 20.5 Signed letters of proposed acceptance and rejection shall be sent to Tenderers in the format provided by the Procurement Operations Team initiating a mandatory standstill period before final contract award.
- 20.5 In the event of a request for a de-brief by an unsuccessful tenderer during the standstill period, the debrief will be organised by a member of the Procurement Operations Team in line with YPO's internal best practice. A full record must be kept on file. Meetings will always involve a minimum of two members of YPO's staff including a member of the Procurement Operations Team. The Procurement Operations Team will advise on how to debrief organisations for under threshold tenders.
- 20.6 If the debrief is not carried out to the satisfaction of the unsuccessful tenderer who then initiates a legal challenge, or if a legal challenge is received without debrief and during the standstill period, the Contracts Officer shall meet with the tender team and the Contracting Manager will be informed and legal advice will be sought.
- 20.7 The acceptance of tenders and related communication will be undertaken using YPO's preferred route of the e-tendering system.

## **21. Claims from Contractors, Suppliers and/or Service Providers**

- 21.1 Any claim from a contractor, supplier or service provider shall be referred to the Contracting Manager, Managing Director, Secretary and to the Chief Financial Officer for advice before any settlement is made.

## **22 Purchasing**

- 22.1 After the award of the Contract / Framework to the successful providers the Contract / Framework agreement must be signed and returned to YPO immediately (subject to point 10.1).
- 22.2 Upon receipt of the above the Managing Director or his/her nominated officer must sign the framework agreement on behalf of YPO in accordance with the levels set out in appendix 1.
- 22.3 Contained within the framework agreement is the Call off Order Form. Before any procurement of the Goods, Services or Works can commence the call off order form must be filled in and issued to the supplier. This activates the Call off Terms and Conditions
- 22.4 If included within the Invitation to Tender documents the Supply Chain Agreement must be signed and returned to YPO.
- 22.5 Any variations to the framework agreement including any specification amendments must be discussed with the Procurement Operations Team to ensure that the variation is not a material change to the contract scope.

- 22.6 Once agreed between the parties the variation form must be completed by either side and signed off by both YPO and the successful supplier. A variation to the framework must be assessed for risk and verified by the Procurement Operations Team before YPO enter into negotiation to vary the framework agreement/ contract.
- 22.7 The Management Information must be provided to YPO by all successful suppliers as part of the framework agreement.
- 22.8 Signatures are required on the Retrospective Payment Certificate to be returned to YPO.
- 22.9 Orders, despatched electronically or on official stationery, should state the quantity (where applicable), an adequate description, the price or the basis of the price, an official purchase order number, delivery date and place and all other relevant conditions.
- 22.10 Verbal orders shall be kept to a minimum and shall be confirmed with an official order marked appropriately as soon as practicable, but in a period of no longer than two (2) working days.
- 22.11 Orders shall be individually identified, sequentially numbered, initiated and issued by the Managing Director or a member of staff specifically authorised for that purpose.
- 22.12 The authorisation of an order will indicate the following:-
- a) That the Goods or Services are necessary for the discharge of the policies and responsibilities of the Organisation.
  - b) That where the Goods or Services are for direct use by the Organisation there is a provision for the cost within the estimates or it is covered by special financial provision.
  - c) Compliance with the Organisation's Financial Procedure Rules and Standing Orders for Contracts.

## **23 Further Competition**

- 23.1 All further competitions should be carried out via the ETS with all Users contacting the Procurement Operations Team prior to commencing any further competition.
- 23.2 The Procurement Operations Team will advise as to the appropriate process.

## **24. Post Contract Award**

- 24.1 Following Contract award the Buyer/Category Manager will be responsible for monitoring delivery of the Framework / Contract including any and all reviews to take place between YPO and the contractor, supplier or service provider. All reviews should be carried out on a regular basis, documented and a copy of the

Review undertaken retained for YPO's records.

24.2 If any problems are experienced and the contractor, supplier or service provider are failing to comply with the Framework / Contract terms and conditions then the following steps should be taken with the assistance of the Procurement Operations Team:-

- (a) Written records must be kept of all correspondence between both parties, the Buyer/Category Manager shall liaise with the contractor, supplier or service provider to ascertain the root cause of the problem.
- (b) The contractor, supplier or service provider should be invited to attend a performance review. At the performance review a list of actions should be agreed between the parties to monitor the future provision of the goods/services. A copy of the minutes of this meeting should be agreed by both parties and a date set for a follow up meeting.
- (c) If contract performance has failed to improve then the Buyer/Category Manager should seek advice from the Procurement Operations Team who will provide advice as to the best remedy and action to be taken.

24.3 **UNDER NO CIRCUMSTANCES** should a Framework Agreement / Contract be terminated without advice from the Procurement Operations Team and the Contracting Manager.

## **Section 2            Financial Procedure Rules**

### **1. DEFINITIONS**

- 1.1. Many definitions in the Financial Procedure rules are as those of the Standing Order for Contracts, therefore the reader should refer to the definitions in Section 1 Standing Orders for Contracts

### **2. INTRODUCTION**

- 2.1. The Financial Procedure Rules aim to promote the highest standards in the financial management of the organisation and activity ensuring probity, integrity, accountability and impartiality in making a clear, understandable, transparent statement by which the Organisation will manage, and form a part of the governance arrangements of the Organisation

### **3. RESPONSIBILITY FOR OBSERVANCE**

- 3.1. The Management Committee is responsible for regulating and controlling the finances of the Organisation. These Financial Procedure Rules apply to all members of the Management Committee and Officers acting on behalf of the Organisation. The Management Committee is empowered to delegate any of its responsibilities in these procedure rules to a Sub-Committee of not less than one third of its membership, subject to an annual report to the Management Committee on the operation of these rules
- 3.2. The Chief Financial Officer shall for the purpose S.151 of the Local Government Act 1972 and S.114 of the Local Government Finance Act 1988 be responsible for the proper administration of the Organisation's financial affairs. The Chief Financial Officer shall also be responsible for ensuring, where appropriate, that any breaches of these Financial Procedure Rules are reported to the Management Committee.
- 3.3. The Managing Director shall operate in accordance with these Financial Procedure Rules and Contract Standing Orders and the Managing Director's Scheme of Delegation with respect to any matter liable to affect the finances of the Organisation. He/she shall provide the Management Committee and/or Chief Financial Officer with such information as may reasonably be required in connection with the financial and administrative affairs of the Organisation.
- 3.4. The Managing Director shall meet regularly with the Chief Financial Officer or his/her nominee to discuss financial matters relating to YPO and shall provide to her/him any information that (s)he reasonably requires to enable her/him to have oversight of the financial position of YPO. The Management Director shall inform the Chief Financial Officer of all relevant matters of financial management and stewardship in accordance with professional standards and codes of practice.
- 3.5. The Managing Director will report to the Chief Financial Officer and Internal Audit any actual or suspected financial impropriety and should follow the Organisations Anti-Fraud and Bribery Policy and Fraud Response Plan. The Managing Director must also

report to the Chief Financial Officer any occasions where he/she believes that the actual or predicted annual outturn is not/may not be in line with the budget or there are any significant changes in predicted income or expenditure for the year or any significant risk of such changes.

3.6. The Managing Director shall also be responsible for ensuring that all staff are aware of the existence and content of these Financial Procedure Rules and in particular those which apply to individual members of staff and that they comply with them at all times.

#### **4. BUDGETS**

4.1. The Managing Director shall prepare and submit budgets, which support the Organisation's operational plans, covering revenue, people costs and investment requests (including capital and revenue type expenditure) for the approval of the Management Committee at intervals of not more than one year, and shall seek the comments of the Chief Finance Officer before presenting the report to Management Committee.

4.2. The inclusion of any item in the approved budgets shall, unless specifically indicated otherwise by the Management Committee, give authority for the Managing Director to incur such expenditure. Such authority is subject to compliance with Standing Orders for Contracts.

4.3. It shall be the responsibility of the Managing Director to ensure that overspends on approved budgets are reasonable and necessary in the light of business volumes and are matched or exceeded by corresponding increases in income. The Managing Director shall also ensure that adequate controls and budget monitoring procedures are in place to identify, analyse and report any significant overspends.

4.4. It shall be the responsibility of the Managing Director to ensure that overspending by budget holders not directly related to business volumes does not occur. In the event of such an occurrence it should be reported to the Chief Financial Officer immediately and a report presented to the next meeting of the Management Committee along with a detailed recovery plan.

4.5. Any proposal by the Managing Director, which would materially affect the surplus/deficit of the Organisation or affect an existing business policy, must be approved by the Management Committee prior to any commitment being made. If action needs to be taken urgently the Managing Director will consult with the Chairman and or Vice Chairman of the Management Committee and the Chief Financial Officer and will present a report to the next available meeting of the Management Committee.

4.6. The Managing Director shall provide the Management Committee with an annual statement of account detailing actual results against budget for the financial period, along with an explanation of any significant variances. In addition, the Managing Director shall report the financial position of the Organisation, in the context of the budget, to each meeting of the Management Committee. The Managing Director shall produce monthly a report on income and expenditure. Such to be provided to the Chief Financial Officer and the member authorities on request.

#### **Virements / Transfer of budgets.**

4.7. Transfers between budgets shall be allowed to a maximum of the amount stated in appendix 1, providing no change of policy or commitment to further or ongoing expenditure is involved. Transfers in excess of thresholds or where a change in policy is involved must be approved by the Management Committee.

## **5. INCOME**

5.1. All documents relating to income will be in a format approved by the Managing Director in consultation where necessary with the Chief Financial Officer.

5.2. Whenever practical and possible, at least two members of staff will be present when post is opened, so that money received is properly identified and recorded. All funds received on behalf of the Organisation shall be properly safeguarded and paid daily or at such intervals the Managing Director may approve directly into the Organisation's bank account.

5.3. Refunds of overpayments must be made through the payments system and not out of income.

5.4. All accounts for income due to the Organisation shall be prepared and despatched in a manner approved by the Managing Director. The means of collection of money due to the Organisation will be determined by the Managing Director, in consultation where necessary with the Chief Financial Officer.

5.5. All cash surpluses shall be paid in and reported to the Managing Director who will maintain a written register of all cash surpluses and shortages. The Managing Director shall have the discretion as to the making good or otherwise of cash shortages. (S)he shall ensure that the written register is available for inspection by the Chief Financial Officer or his/her representative.

5.6. Every transfer of official money, from one member of staff to another, shall be subject to adequate controls and safeguards as prescribed by the Managing Director in consultation where necessary with the Chief Financial Officer.

5.7. The Managing Director may approve the write off of irrecoverable invoice debts, and the annual provision for these write-offs will be identifiable in the financial accounts. Any individual write-off exceeding the amount stated in appendix 1 will be reported to the Management Committee.

## **6. STOCKS AND INVENTORIES**

6.1. The Managing Director shall be responsible for the care and custody of all stocks under his control.

6.2. All goods ordered will be received into the warehouse, recorded adequately and subject to adequate controls as agreed by the Managing Director, in consultation where necessary with the Chief Financial Officer.

6.3. All stores accounts and records should be subject to adequate controls as agreed by the Managing Director, in consultation where necessary with the Chief Financial Officer. The Managing Director shall arrange for continuous independent checking of all stores items at least once each year.

- 6.4. The Managing Director shall maintain a record of all stores deficiencies/surpluses and arrange for the stores records to be adjusted accordingly in the prescribed manner. The record of stock adjustments made in each section of supply will be made available to the Chief Financial Officer on request and reported to the Management Committee annually
- 6.5. Surplus and obsolete stock shall be disposed of in accordance with the policies of the Organisation as agreed by the Management Committee.
- 6.6. Sales of Assets (excluding land and Buildings) not bought for resale, in excess of the agreed threshold (as stated in appendix 1), shall not be made unless at least three tenders are first obtained, except where the Management Committee has approved other arrangements for a particular sale or type of sale. The sale of assets should not be made to members or officers of the Organisation without prior consultation with the Management Committee and a written record of the transaction.
- 6.7. The Managing Director shall be responsible for ensuring that secure arrangements are made for the safe custody of the assets of the Organisation. Assets shall not be removed or used other than for the Organisation's purposes except in accordance with specific directions issued by the Managing Director.
- 6.8. For the purposes of the Organisation's Annual Accounts, stores will be valued using a recognised Accounting Standard.
- 6.9. The Managing Director shall arrange that senior members of his staff shall be responsible for the keys of all stores and safes. Such officers shall keep the keys personally and shall not leave them on the premises. The Managing Director shall keep duplicate keys.
- 6.10. The Lead Authority shall maintain a register of all land and properties held on trust for or owned by the Organisation, recording (inter alia) the location, the extent and plan references, the purchase details, particulars of any tenancies granted and the purpose for which the property is held, and shall have the custody of all title deeds under secure arrangements.
- 6.11. The Managing Director will maintain inventories of items of furniture, fittings, equipment plant and machinery with a value greater than £500, in line with the Organisation's agreed procedures. The Managing Director will ensure an annual check takes place of these inventories.
- 6.12. The Managing Director may approve the write off of obsolete stock and the annual provision for these write-offs will be identifiable in the financial accounts. Any individual write-off exceeding the amount stated in appendix 1 will be reported to the Management Committee.

## **7. DISBURSEMENTS**

### **7.1. Payroll**

The Chief Financial Officer shall approve the method of payroll preparation, payment, the documents to be kept and the certificates to be given for payment of wages

- 7.2. The Managing Director shall notify the lead authority on the date and in the manner agreed, of all appointments, dismissals, resignations, absences from duty, suspension, transfers and changes in remuneration (other than normal increments) of employees.
- 7.3. The Managing Director shall be responsible for the correct completion and certification of time and incentive bonus payment records. All payroll data shall be forwarded to the lead authority on the date and in the manner agreed.
- 7.4. Appointments of all employees shall be made in accordance with the regulations of the Organisation and the approved establishment grades and rates of pay.
- 7.5 No officer of the Organisation shall, under cover of their office, accept any fee or reward other than their proper remuneration.

### **Imprest Accounts / Petty Cash**

- 7.6 The Chief Financial Officer shall arrange for the Lead Authority's bankers to provide such cash imprest accounts as are deemed necessary. The Managing Director will ensure that these accounts are controlled in line with the Organisation's agreed procedures for imprest accounts and the limits contained in appendix 1. Individuals will be delegated the responsibility to ensure that imprest accounts are not in an overdraft position at any time.

### **Orders**

- 7.7 All goods and services shall be procured using an official order. Official orders need to be placed at the same time that verbal orders are placed, if applicable.

### **Creditor Payments**

- 7.8 Directors or a member of their team (not the same officer as the one issuing the order or incurring the expenditure) authorised by him/her shall be responsible for certifying invoices for payment.
- 7.9 The certification of an invoice shall be deemed to cover: -
- a) That the goods or services have been properly ordered;
  - b) That arrangements have been made to ensure that the goods have been received, examined and approved as to quality and quantity;
  - c) That arrangements have been made to ensure that the work done or service rendered has been satisfactorily carried out and, where applicable, the materials used were to the requisite standard;
  - d) That the prices are in accordance with the contract/quotation or in the absences of either are otherwise reasonable;
  - e) That the invoice is arithmetically correct;
  - f) That the appropriate deductions for discounts will be made and the appropriate terms applied;

- g) That, where applicable, the goods have or will be recorded on the Organisation's inventory, stores record or any other appropriate record;
- h) That the payment has been processed in the appropriate manner and that no part of the invoice has been previously passed for payment;
- i) That the expenditure has been properly coded;
- j) That where the goods or services are for direct use by the Organisation the expenditure is within the estimates or is covered by special financial provision;
- k) That, where applicable, the order to which the invoice relates has been marked as paid.
- l) That Standing Orders for the Organisation have been complied with

7.10 All copy invoices authorised for payment must be accompanied by a special authority. The authority must be signed by an officer authorised to certify invoices for payment. Any amendment to an account shall be made in ink and initialled by the officer making it, stating briefly the reasons, where they are not self-evident. The officer authorised to certify invoices for payment shall not be the same officer responsible for issuing the order or incurring the expenditure.

7.11 The Managing Director shall authorise and examine, so far as he considers necessary, accounts certified for payment, he shall be entitled to receive such information and explanations as he may require.

7.12 Payment by Procurement Card will be made only by Officers authorised by the Managing Director to do so. In line with the procedures detailed in the Payment Card Manual. The Managing Director will ensure that all expenditure incurred is compliant with all policies and procedures of the Organisation including Contract Standing orders and Financial Procedure rules. V.A.T receipts will be required for taxation purposes.

7.13 Apart from payments from imprest accounts and procurement cards, the normal method of payment of money due from the Organisation shall be by BACS or other instrument drawn by the Chief Financial Officer on the appropriate bank account.

## **8 CAPITAL AND INVESTMENT REQUIREMENTS**

8.1 The Managing Director in consultation with the Chief Financial Officer shall prepare and submit an investment requirement statement for the approval of the Management Committee. The statement must state clearly the purpose of the investment expenditure, how it is to be funded, and any ongoing revenue implications. The Managing Director in accordance with the general directions of the Management Committee shall determine the detailed form of the statement and the preparation timetable. Any borrowing requirement must be prepared in liaison with the Treasury Management section of the Lead authority and be agreed with the Chief Financial Officer.

8.2 The inclusion of items in the approved statement shall give authority for the Managing Director to incur expenditure without further reference to the Management Committee.

- 8.3 Expenditure may only be incurred in respect of any material investment project not included in the approved investment requirement statement if the Managing Director, as specified in the Managing Director's Scheme of Delegation, consults with the Chairman and/or the Vice Chairman of the Management Committee and the Chief Financial Officer and subsequently submits a report to the Management Committee at the earliest opportunity.
- 8.4 Overspends in excess of the threshold (as stated in appendix 1) may only be incurred in respect of any material investment project included in the statement for the current or succeeding financial year subject to the rules stated in paragraph 8.3 of these Financial Procedure Rules.
- 8.5 Progress reports on individual investment programmes or projects shall be made to the Management Committee at least annually and shall include both physical and financial progress. In any event a full statement of progress and completion will form part of the annual business planning update.
- 8.6 The financing of investments will need to be considered at the inception of any related business case, as well as a determination of whether it is revenue or capital expenditure.
- 8.7 Further information about funding investments can be found in the Capital Policy, which includes definitions of capital expenditure.

## **9 RESERVES**

- 9.1 The Managing Director in consultation with the Chief Financial Officer shall prepare and submit a Reserve creation statement for the approval of the Management Committee. The statement must state clearly the purpose of the reserve. The Managing Director in accordance with the general directions of the Management Committee shall determine the detailed form of the statement and the preparation timetable.
- 9.2 The inclusion of items in the approved statement will give authority for the Managing Director to incur expenditure without further reference to the Management Committee
- 9.3 Any changes to the use of reserves will be subject to consultation by the Managing Director, as specified in the Managing Director's Scheme of Delegation, with the Chairman and/or the Vice Chairman of the Management Committee and the Chief Financial Officer. A report will subsequently be submitted to the Management Committee at the earliest opportunity

## **10 ACCOUNTING/TAXATION AND STATISTICAL RETURNS**

- 10.1 All financial records and systems and any changes thereto shall be subject to the approval of the Managing Director in consultation with the Chief Financial Officer and in accordance with relevant legislation and best practice. The Managing Director shall be responsible for ensuring that such records and systems are properly maintained.
- 10.2 The allocation of accounting duties amongst accounting staff shall segregate the processes of checking balances and handling cash receipts/disbursements.

10.3 Financial records shall not be disposed of other than in accordance with arrangements approved by the Managing Director in compliance with legislation).

10.4 All matters relating to the taxation of the Organisation shall be the responsibility of the Managing Director (other than those relating to pay which is the responsibility of the Chief Financial Officer).

10.5 The publication of financial data and statistical information is the responsibility of the Managing Director in consultation with the Chief Financial Officer and the external auditor where necessary. The Chief Financial Officer has the authority to request such statistical and financial information he/she deems necessary to fulfil his/her statutory responsibilities.

10.6 The Managing Director will be responsible for all procedures concerning Value Added Tax and other H.M. Revenue and Customs matters, and for ensuring that appropriate staff are provided with up to date guidance on these matters.

## 11 INTERNAL AUDIT

11.1 The Chief Financial Officer shall carry out an independent and continuous appraisal of accounting, financial and other processes, with the following objectives:

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- a) To ensure the installation of soundly based systems of control within each area of responsibility within the Organisation
- b) To review and, where necessary, make recommendations for the improvement of systems, controls and procedures in order to ensure that they are both efficient and effective, that they remain adequate in the light of changing circumstances and are adhered to in practice;
- c) To assist in protecting the assets and interests of the Organisation by carrying out a continuous examination of activities in order to test the arrangements in place to detect fraud, misappropriation, irregular expenditure and losses due to waste, extravagance and maladministration.
- d) To monitor compliance with the Anti-Fraud and Bribery Policy.
- e) To monitor the use of resources in the pursuit of defined objectives of the Organisation;
- f) To ensure the suitability and reliability of financial and other management data used by the Organisation;
- g) To report to and advise the Managing Director of appropriate actions to be taken in relation to Financial Procedure Rules, Standing Orders and Standing Orders for contracts.

11.2 The Chief Financial Officer or his/her authorised representative shall have authority to: -

- a) Enter at all reasonable times on any premises or land held on behalf of the Organisation;
- b) Have access on demand to all records, documents and correspondence relating to any financial and other transactions of the Organisation;
- c) Require and receive such explanations as are necessary concerning any matter under examination,
- d) Require any employee of the Organisation to produce Organisation stocks or assets under his/her control or to provide information/explanation of matters within his/her area of responsibility.

11.3 Whenever any matter arises which involves, or is thought to involve irregularities concerning the finances, stocks or assets of the Organisation or in the exercise of the functions of the authority, the Managing Director shall ensure that this is dealt with in accordance with the Anti-Fraud and Bribery Policy and shall forthwith notify the Chief Financial Officer and Internal Audit of all steps taken and planned and shall take any additional steps required by the Chief Financial Officer.

## **12 EXTERNAL AUDIT**

12.1 The Managing Director shall ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets that the external auditors consider necessary for the purpose of their work.

12.2 The Managing Director shall ensure that there is effective liaison between External and Internal Audit.

12.3 The Managing Director and Chief Financial Officer shall be the first point of contact with the external auditors and inspectors as they undertake the annual audit and inspection programmes.

## **13 BANKING ARRANGEMENTS**

13.1 The Chief Financial Officer shall make all arrangements regarding the opening and operation of any bank accounts relative to the Organisation and shall be responsible for the negotiation of any banking terms.

13.2 The Managing Director shall control the ordering and issuing of cheques, and on issue, they shall bear the printed facsimile signature of the Chief Financial Officer or be signed by the Managing Director or other officer authorised by him/her.

13.3 All treasury management transactions will be undertaken on behalf of the Organisation by the Chief Financial Officer, in line with the Service Level Agreement (Financial Services) between the Organisation and the Lead Authority.

## **14 INSURANCE**

14.1 .The Managing Director shall ensure the Organisation has proper insurance cover to meet its needs.

- 14.2 The Managing Director shall effect all insurance cover and negotiate settlement of all claims against such insurance in consultation with the Chief Financial Officer.
- 14.3 Senior Managers shall give prompt notification to the Head of Finance of all new risks, properties or vehicles for which insurance may be appropriate and of any alterations affecting existing insurance arrangements.
- 14.4 Senior Managers shall notify the Head of Finance in writing of any loss, liability or damage incurred which may lead to a claim against the Organisation and inform the Police in cases of loss or malicious damage to Organisation property.
- 14.5 The Managing Director will instruct all employees, or anyone covered by the organisations insurance arrangements, that under any circumstances, they do not admit liability or make any offer to pay compensation.
- 14.6 The Managing Director shall ensure that all appropriate employees of the Council are included in fidelity guarantee insurance.
- 14.7 The Chief Financial Officer shall annually, or at such other period as he/she may consider necessary, review all insurance arrangements.
- 14.8 Senior Managers shall consult the Chief Financial Officer respecting the terms of any indemnity, which the Council is requested to provide

## **15 RISK MANAGEMENT**

- 15.1 The Managing Director is responsible for ensuring strategic and operational risks, including relevant financial risks, are identified, evaluated, monitored and controlled in accordance with the Risk Management Policy and Strategy approved by the Management Committee.

## **16 GENERAL**

- 16.1 The Managing Director shall produce a Performance Report, in a format that is satisfactory to the Management Committee and the Chief Financial Officer. This will be provided quarterly to the Management committee and on request to members and the Chief Financial Officer.
- 16.2 All reports presented to Management Committee and any sub-committees shall include a paragraph headed 'Financial Implications', which shall provide detailed information on the financial and other resource implications of the course of action proposed. This shall have been provided to the Head of Finance for his/her comments. The paragraph shall be agreed between the Managing Director and the Head of Finance or shall include the views of both
- 16.2 The Managing Director and such Members of his Board of Directors as he may nominate shall provide annual assurance statements regarding YPO's system of internal control prior to preparation of the Annual Governance Statement.

## **17 INTERPRETATION**

17.1 The Management Committee, in consultation with the Lead Authorities Monitoring Officer and the Chief Financial Officer, shall settle any difference which arises from the interpretation of these Financial Procedure Rules.

## YPO

These appendices set out the limits to be used in conjunction with the *Financial Procedure Rules and Standing Orders for Contracts*.

## Standing Orders for Contracts

*Section 21.2*

Delegated officer	Maximum limit for signing off a contract	Maximum limit for signing off a framework agreement
Assistant Buyer	up to £0.5 million	
Buyer / category manager	up to £1 million	
Contracting Manager/SMT member*	up to £2 million	up to £10 million
Managing Director*	greater than £2 million	greater than £10 million

\*The authorities listed in this table should not be delegated below the specified levels.

## Financial Procedure Rules

*Section 4.7* Limit on transfers between heads of expenditure £50,000

*Section 5.7* Limit for the writing off of individual customer debt £5,000  
Up to £500 Sales Ledger Manager  
£500 - £5000 Head of Finance or Financial Controller

*Section 6.12* Limit for writing off stock  
Up to £500 Asset Management Supervisor  
£500 - £5000 Head of Finance or Financial Controller

*Section 6.4* Limit on the sale of Assets not bought for resale £10,000

*Section 7.9* Limit on overspends on investment projects 10% or £50,000 whichever is the lesser

*Section 7.11* Limit on cash payments from imprest accounts £100