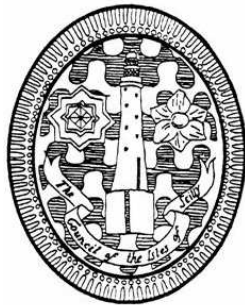


Council of the Isles of Scilly

Dec 2009

Financial Regulations



In this Section;

- Financial Management
- Financial Administration
- Contracts and Tendering
- National Code of Practice

Financial Administration

51 Objectives

51.1 These Financial Regulations, made by the Policy and Resources Committee, prescribe the procedures and arrangements to be followed and adopted in the proper management of the finances, assets, accounts, income and expenditure of the Council.

52 Roles and Responsibilities, Powers and Duties

52.1 The Director of Finance and Resources shall, for the purposes of Section 151 of the Local Government Act 1972 and of Section 113 of the Local Government Finance Act 1988, be the Council's financial adviser and be responsible for the proper administration of the Council's financial affairs.

52.2 Committees and Officers shall conduct the financial affairs of the Council in accordance with these Regulations.

52.3 Committees of the Council shall refer any requests for additional funding for that Committee for consideration and recommendation by the Policy and Resources Committee to Full Council, except where such matters have been provided for in the Capital or Revenue Estimates for the year and approved by Council.

52.4 Chief Officers shall be accountable to their Committees for the operational control and management of service budgets and shall have due regard for the achievement of economy, efficiency and effectiveness in the discharge of their responsibilities.

52.5 Each Chief Officer shall consult with the Director of Finance and Resources with respect to any matter within his purview which is liable to have a material effect on the finances of the Council before any commitment is incurred, or before reporting to Committees on matters having a financial effect or involving a financial statement.

Financial Administration

53 The Annual Estimates

- 53.1 In the autumn of each year, and in accordance with any statutory requirements, the Director of Finance and Resources shall issue to Chief Officers guide-lines on the criteria, form and timetable to be applied in the preparation of Annual Estimates and the setting of the Council's Tax Base.
- 53.2 Chief Officers shall prepare detailed Estimates, in accordance with the guide-lines issued by the Director of Finance and Resources, of income and expenditure for the next financial year in respect of the Capital Account and of the Revenue Account.
- 53.3 Outline Estimates shall also be prepared for the next following four financial years in respect of the Capital Account, and for the next following two years in respect of the Revenue Account.
- 53.4 Capital schemes which have not previously been included in the Capital Programme shall be submitted to Committee with as much supporting detail as possible, together with projected revenue consequences.
- 53.5 The Estimates prepared as above shall distinguish between expenditure for carrying out approved policies, projects and schemes, and expenditure in respect of new or extensions to services, together with any non-recurring items of expenditure and contingency provisions.
- 53.6 Each spending Committee shall consider its own Estimates. The Policy and Resources Committee shall consider the consolidated Estimates and make a recommendation to Council, in respect of the following year, of (1) the proposed Budget and (2) the rate of Council Tax and other charges to be levied. In arriving at these recommendations, the Policy and Resources Committee shall consider the Director of Finance and Resources's proposals for financing the total Capital and Revenue expenditure of the

Financial Administration

Council.

- 53.7 That any grant up to £100,000, funded to 100% be accepted by the Director of Finance in conjunction with the relevant Chief Officer and that he/she be permitted to set up the grant within the relevant budget, and not bring a request to the relevant Committee for acceptance of the grant, nor to Policy & Resources Committee to set up the grant; and that:
- Any grant of £100,000 and over that is 100% funded be approved by the Committee within whose budget it falls to be managed and the Committee be permitted to set up the grant within its budget and not bring a request to the Policy & Resources Committee to set up the grant.
- 53.8 That the Council, at a meeting before the statutorily prescribed date in March of each year shall consider the recommendation of the Policy and Resources Committee and shall determine the level of Council Tax and other charges to be levied in the ensuing year.
- 54 Budgetary Management and Control
- 54.1 The inclusion of items in the Estimates approved by the Council shall constitute authority to incur such expenditure, except where the Policy and Resources Committee have placed a specific reservation on any item or items. Expenditure on those items may only be incurred when the specific reservation has been removed either by the Policy and Resources Committee in respect of such items that are in excess of £5,000 or by the appropriate spending Committee for such items that are £5,000 or less.
- 54.2 Committees shall not plan to overspend their revenue or capital budgets in any financial year.
- 54.3 The appropriate Chief Officer, subject to compliance with these Standing Orders and any limits prescribed by the appropriate

Financial Administration

spending Committee, shall be authorised to take all necessary action for the implementation of the Capital Programme approved for the year, but subject also to such action being in compliance with any Central Government expenditure controls.

- 54.4 No preliminary design work on any scheme shall be undertaken, and no tenders shall be invited or contract entered into in respect of capital works or services unless the scheme is included in the approved capital programme of the Committee.
- 54.5 The appropriate Chief Officer, in consultation with the Director of Finance and Resources, shall be responsible for the control of Capital and Revenue expenditure under the several heads of the annual Estimate
- 54.6 No tenders shall be invited or contract entered into in respect of any Capital or Revenue project unless the scheme is included in the approved estimates.
- 54.7 Where the cost of an item, scheme or project is to be partly or fully financed by way of grant or other contribution from external sources, no tender shall be accepted nor contract shall be entered into where any reasonable uncertainty exists regarding the receipt of the grant or contribution, and the circumstances reported to the Policy and Resources Committee.
- 55 Variation of Approved Estimates
- 55.1 Except as provided for by these Regulations, the amounts of Capital and Revenue expenditure in the year is restricted to the approved Estimates.
- 55.2 A Committee proposing to vary its approved programme of Capital expenditure shall submit details to the next following Policy and Resources Committee. Where the value of a variation or combination of variations on a single Capital scheme exceeds 5% of the Contract sum, the circumstances shall be reported to the

Financial Administration

next following Policy and Resources Committee for report to the Council. It shall be the duty of Chief Officers to monitor the expenditure of the several Capital schemes and report at intervals to the appropriate Committee the anticipated final expenditure based upon all factors then known.

- 55.3 Additional Revenue expenditure, for which there is no approved estimate or diversion between approved estimates, shall be submitted for approval to the Policy and Resources Committee as a supplementary estimate before such expenditure is incurred; but if such items are in excess of £2,500 (or such other amount as may be approved at the annual meeting of the Council), then approval must be given by the Council before the expenditure is incurred.
- 55.4 Exceptionally, where an urgent decision on Revenue or Capital expenditure is required, the Director of Finance and Resources, the Chief Executive or in the absence of the Chief Executive, the Deputy Chief Executive are empowered to authorise the proposed action after consultation with the Chairmen of Council, the Vice Chairman of Council and the Chairman and Vice Chairman of the appropriate spending Committee (In the absence of any of these key Members, the Vice Chairman of the Policy and Resources Committee can substitute for any one of the above), subject to:
- 1 That a minimum of three signatures are obtained before a decision can go forward for action.
 - 2 That the action is reported to the next meeting of the relevant Committees.
 - 3 That the consultation with Members will contain a period of twenty four hours between the request for support and signature in order to provide time for Members' reflection, questioning and an explanation by the Chief Officer.
- 55.5 In circumstances when an emergency response is implemented in line with the Council's Emergency Procedures Guide; that is for the preservation of life and health, the protection of property and

Financial Administration

the environment or the prevention of terrorism:

The Chief Executive, or in his absence, the Deputy Chief Executive or the Chief Executive's nominated Officer has powers to commit Council resources with immediate effect and to notify the key Members identified in Standing Order 44.2 as circumstances permit in retrospect; the counter signatory responsibility being subsumed within the functioning of the Emergency Crisis Management Team.

56 Treasury Management

56.1 This Council adopts CIPFA's "Code for Treasury Management in Local Authorities".

56.2 A Treasury Policy Statement setting out its strategy and procedures shall be adopted by the Council, and thereafter its implementation and monitoring shall be delegated to the Policy and Resources Committee.

56.3 All money in the hands of the Council shall be aggregated for the purposes of treasury management and shall be under the control of the officer designated for the purposes of Section 151 of the Local Government Act 1972, referred to in the Code as the Chief Financial Officer (or Director of Finance and Resources).

56.4 All executive decisions on borrowing, investment or financing shall be delegated to the Director of Finance and Resources or through him to his staff, who shall all be required to act in accordance with CIPFA's "Code for Treasury Management in Local Authorities".

56.5 The Director of Finance and Resources shall report to the Policy and Resources Committee not less than twice in each financial year on the activities of the treasury management operation and on the exercise of treasury management powers delegated to him. One such report shall comprise an Annual Report on treasury management for presentation by 30th June of the succeeding financial year.

Ends

Financial Management

57 General

57.1 It shall be the duty of the Director of Finance and Resources to inform the Policy and Resources Committee when, after proper representations, these Financial Regulations have not been, or are not being, complied with in any respect.

57.2 The Director of Finance and Resources shall fully report to the next meeting of the Policy and Resources Committee if there is reason to believe that the Council or any Committee or sub-Committee of the Council, or any Officer of the Council

- (a) is about to make, or has made, a decision which involves or would involve the Council incurring expenditure which is unlawful;
- (b) is about to take, or has taken, a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency
- (c) is about to enter an item of account, the entry of which is unlawful, he shall immediately inform the Chairmen of the Council and of the Policy and Resources Committee and the Council's Auditor.

57.3 It shall be the duty of all employees of the Council to notify their Chief Officer of any irregularities or suspected irregularities concerning income, expenditure, cash, stores or any property of the Council, and the Chief Officer shall forthwith inform the Director of Finance and Resources and the Chief Executive who shall cause an investigation to be carried out.

58 Audit

58.1 The Director of Finance and Resources shall undertake a programme of continuous internal audit involving the examination of the accounting and financial operations of the Council.

58.2 The Director of Finance and Resources or his authorised repre-

Financial Management

representative shall have authority to have access to all Council premises or land and, for the purpose of maintaining current supervision of all accounting transactions,

- (a) to have access to all records, documents, correspondence and computer held data relating to any financial and other transaction of the Council, or transactions undertaken by its employees in connection with their official duties;
- (b) to require any employee or any person accountable to the Council to produce cash or any other assets under their control in connection with their official duties;
- (c) to require and receive such explanations as are necessary from any employee of the Council.

58.3 The Director of Finance and Resources shall be responsible for ensuring that all accounts are available and complete for submission to and examination by the District Auditor appointed by the Audit Commission or such other Professional Auditor as the Council may determine by Resolution.

59 Accounting Systems

59.1 The Director of Finance and Resources shall be responsible for the supervision of all accounts and financial records, and for the organisation of all accounting systems, and shall discharge such responsibility in co-operation with the Chief Officers of the Council.

59.2 Chief Officers and all staff shall comply with such directions as the Director of Finance and Resources may issue regarding the use and operation of financial information and accounting systems.

59.3 All Chief Officers shall consult with the Director of Finance and Resources before introducing, amending or discontinuing any record or procedure related to accounting for cash, stores or equipment, or dealing with income, expenditure or any other financial

Financial Management

transaction under their control.

59.4 The Director of Finance and Resources shall ensure that, so far as is possible, there is a proper separation of duties to enable an adequate and secure accounting system to operate.

59.5 All Officers of the Council liable to account for any cash or any funds of the Council shall submit their accounts to the Director of Finance and Resources or his authorised representative as soon as possible after the close of the financial year, by a date specified by the Director of Finance and Resources.

59.6 The Director of Finance and Resources shall, as soon as possible after the close of the financial year, submit the Final Accounts and Balance Sheet in respect of the year, for adoption by the Council. If the Accounts are not completed by the due Statutory date, the Director of Finance and Resources shall report on the circumstances to the Policy and Resources Committee.

60 Orders and Requisitions for goods, works and services

60.1 Chief Officers shall ensure that all purchases of goods, works and services comply with these Regulations and, where appropriate, the Council's Standing Orders relating to Contracts, and are effected through the most economically advantageous and practical means, making use of central purchasing and contracting arrangements where these are available.

60.2 Before entering into purchasing commitments, Chief Officers shall ensure that the estimated cost is covered by financial provision in the appropriate Committee budget.

60.3 All orders for goods, works and services, except where a formal Contract is made, shall be issued only on printed and numbered official order forms according to a design and system approved by the Director of Finance and Resources, provided that exception-

Financial Management

ally the Director of Finance and Resources may waive this requirement in relation to particular orders where the use of official forms would be inappropriate.

- 60.4 Oral orders (to be given only in exceptional circumstances) shall be confirmed in writing on the printed form, reference paragraph 60.3 above, on the same day.
- 60.5 The Director of Finance and Resources shall obtain and issue all order forms to be used by Departments, the Chief Officers of which shall be responsible for their safe custody and use. No Chief Officer shall obtain order forms except from the Director of Finance and Resources or his authorised representative.
- 60.6 The Chief Executive / Director of Childrens Services, Director of Finance and Resources, Chief Technical Officer, Chief Planning and Development Officer, Chief Fire Officer, Director of Community Services and the Deputy Director of Children's Services, shall each be authorised to sign orders for goods, works and services, provided the expenditure is covered by an approved financial estimate, a supplementary estimate or by special financial provision.
- 60.7 Additionally, where the value of such expenditure exceeds £33,000, the order shall be approved in consultation with one of the following - Chairman of the Council, the Chairman or Vice-Chairman of the Policy and Resources Committee or the Chairman or Vice-Chairman of the appropriate Committee.
- 60.8 Authority to sign orders for goods, works or services, up to the value of £7,000, shall be controlled by the appropriate Chief Officer after consultation with the Director of Finance and Resources.
- 60.9 All orders shall, as far as practicable, be issued in sufficient detail to identify completely and accurately the purchase, work or service required, and shall specify where applicable the amount of financial commitment involved. Orders shall be signed by the

Financial Management

appropriate Chief Officer or other officer authorised to sign on the Chief Officer's behalf, provided that officers authorised to sign orders shall sign in their own names.

- 60.10 Any item within these Standing Orders are assumed to be within the Council's powers.
- 61 Payment of Creditors
- 61.1 Each Chief Officer or such officer designated by him shall be responsible for examining, verifying and certifying all invoices, claims and accounts arising to be dealt with in his Department.
- 61.2 The signature of the officer shall imply that -
- (a) the signing officer has authority to certify to that level of expenditure
 - (b) goods have been received, examined and approved as to quality and quantity, or work done or services rendered satisfactorily;
 - (c) goods conform with the order (or, if not, reasons why there is disparity);
 - (d) expenditure is legal and has been duly authorised and is within the estimates;
 - (e) the price is in accordance with any quotation, tender or contract and/or is reasonable, and that any appropriate discounts have been deducted;
 - (f) the account has not previously been passed for payment;
 - (g) the account is arithmetically correct;
 - (h) the expenditure has been correctly allocated and coded by a

Financial Management

member of his department; and

(i) any appropriate entries have been made in relevant records.

61.3 The accounts so certified shall be sent to the Director of Finance and Resources for payment to arrive in his Department by noon on Friday of each week in order that they may be processed by computer for payment the following week.

61.4 The Director of Finance and Resources, or such Officer designated by him, shall be responsible for all payments as they become due, and he shall satisfy himself before payment that the liabilities represented have been properly incurred and have not been previously discharged and ensure that all payments are properly authorised.

61.5 Any amendments to an account (other than one which includes Value Added Tax) shall be made in ink and initialled by the officer making it, stating briefly on the account the reason, if not self-evident. Invoices which include Value Added Tax shall not be amended, an additional debit or credit invoice to correct the change being obtained from the creditor

61.6 Each Chief Officer shall submit in sufficient time for the discount to be secured, all certified and checked invoices, claims and accounts which are subject to discounts for early payment.

61.7 The Director of Finance and Resources shall examine invoices, claims and accounts to the extent considered to be necessary, for which purpose he shall be entitled to make such enquiries and to receive such explanations as he may require.

61.8 Members may inspect certificates, invoices, claims and accounts which have been paid by the Director of Finance and Resources.

62 Direct Labour Force

Financial Management

62.1 The Chief Technical Officer shall prepare a manpower statement at the commencement of each financial year, showing the projected expenditure of the direct labour force.

62.2 A detailed control of the direct labour force shall be effected by the Chief Technical Officer to ensure efficient operation.

62.3 The direct labour force shall undertake all day-to-day repairs and maintenance to Council property and other works connected with the functions of the Council unless, with the approval of the Policy and Resource Committee, such work has been specifically allocated to a private contractor due to insufficient direct labour being available.

62.4 The direct labour force shall undertake such major works as may be allocated, provided that it is within their capabilities and that there is sufficient labour available for the expeditious completion of such work.

63 Salaries and Pensions

63.1 The payment of all salaries, wages, pensions, compensation or other emoluments to employees, former employees or other persons approved by the Council, shall be under the supervision and control of the Director of Finance and Resources.

63.2 The Director of Finance and Resources shall be responsible for the preparation of the monthly, or other payroll of all officers, employees and pensioners, and for the maintenance of all necessary salary, service, superannuation, income tax, national insurance and other records and returns in connection therewith.

63.3 Each Chief Officer shall keep such records and provide such information in regard to salaries, wages and emoluments as the Director of Finance and Resources may require, and shall be responsible for the accuracy and authenticity of such records and

Financial Management

information.

- 63.4 Each Chief Officer, as appropriate, shall notify the Director of Finance and Resources in such form as he may require, and as soon as possible, of all appointments, transfers, dismissals, resignations, periods of sickness and other circumstances affecting remuneration of employees.
- 63.5 In applying scales of pay and conditions of service, the Director of Finance and Resources shall consult the appropriate Chief Officer and the Human Resources Officer.
- 63.6 All time records and other pay documents shall be in a form approved by the Director of Finance and Resources and shall be certified in manuscript by or on behalf of the Chief Officer. Chief Officers shall maintain an up-to-date list of authorised officers, supported by specimen signatures, and this list shall be made available to the Director of Finance and Resources, on request, for information.
- 63.7 The Director of Finance and Resources shall make six-monthly reports to the Policy and Resources Committee of the aggregate amounts paid by way of overtime and of sickness payments to the officers and employees of each department of the Council.
- 64 Travelling and Subsistence Allowances
- 64.1 All claims for payment of car allowances, subsistence allowances, travelling and incidental expenses shall be made in a form approved by the Director of Finance and Resources and submitted to the Director of Finance and Resources for payment as soon as possible.
- 64.2 Claims from employees shall be certified by the appropriate Chief Officer or authorised such Officer designated by him, and such signature shall be taken to mean confirmation that the journeys

Financial Management

were authorised and necessary, and the expenses and allowances were properly incurred and are payable by the Council.

- 65 Petty Cash Imprest and Cash Advances
- 65.1 The Director of Finance and Resources shall decide, in consultation with the appropriate Chief Officer, what imprest accounts shall be operated, to what value, and what arrangements are to be made for advancing money to and accounting for expenditure from such accounts.
- 65.2 The Director of Finance and Resources may make cash advances to Members and officers for the purpose of defraying certain expenses, who shall observe such procedures and maintain such records as the Director of Finance and Resources shall determine.
- 65.3 A Member of Officer to whom a cash advance is made under paragraph 65.1 or 65.2 above shall be responsible for ensuring the proper use and safe custody of money advanced, and shall keep such records as the Director of Finance and Resources may specify. The imprest account shall be open to the inspection of the Director of Finance and Resources.
- 65.4 The following conditions shall apply in relation to cash advances and imprests made to officers:
- (a) full records of expenditure shall be kept;
 - (b) payments should be limited to minor items of expenditure not otherwise able to be met by cheque payments in the normal way;
 - (c) cash receipts must not be paid into an imprest account but must be paid over to the cashier;
 - (d) for the purpose of audit, annual certificates acknowledging the

Financial Management

amount held on imprest account shall be given to the Director of Finance and Resources.

66 Income

- 66.1 The Director of Finance and Resources shall be responsible for arrangements for the collection, safe custody, control, disposal and prompt and proper accounting for all cash and remittances in all departments of the Council, and for the system of accounting for all sums due to the Council.
- 66.2 All receipt forms, tickets and documents of a similar nature shall be under the control of the Director of Finance and Resources, and all income shall be paid into, and receipts issued from, the Director of Finance and Resources's department, except for approved direct bank transfers. No Officer shall, so far as may be practicable, give a receipt for money received on behalf of the Council on any form other than an official receipt form.
- 66.3 The Director of Finance and Resources shall be supplied with a copy of any account raised outside the Director of Finance and Resources's department (exceptionally). Each Chief Officer shall be responsible for notifying the Director of Finance and Resources of all information necessary to raise accounts in respect of charges for work done or goods or services supplied in relation to his department. The Director of Finance and Resources shall be responsible for action to recover debt in the event of non-payment.
- 66.4 Every Officer who receives money representing income of the Council shall comply with any requirements of the Director of Finance and Resources with regard to the safe custody of such money.
- 66.5 No new charges or variation of existing charges shall be made except upon a joint report of the appropriate Chief Officer and the

Financial Management

Director of Finance and Resources; such report to be considered in the first instance by the appropriate Committee and submitted to the Policy and Resources Committee.

- 66.6 Debts not exceeding £150 (or such other sum as might from time to time be approved by the Policy and Resources Committee) may be written off on the authority of the Director of Finance and Resources, subject to his certificate that the debt is irrecoverable, or is not worth attempting further to recover in view of the cost involved.
- 66.7 Debts not exceeding £1,000 (or such other sum as might from time to time be approved by the Policy and Resources Committee) may be written off on the authority of the Director of Finance and Resources in consultation with the Chairman and Vice-Chairman of the Policy and Resources Committee, if they are satisfied that all practicable steps have been taken to recover the debt over a period of not less than six months and that the debt is irrecoverable and not attributable to fraud, theft or culpability of an officer, subject to a report being made to the next Policy and Resources Committee.
- 66.8 The writing-off of debts exceeding £1,000, or not falling to be dealt with under paragraphs 66.6 and 66.7 above, shall require the authorization of the Policy and Resources Committee. All such debts, which the Director of Finance and Resources has attempted to recover without success for a period of not less than six months and which he proposes should be written off, shall be submitted to the Policy and Resources Committee for approval for writing-off.
- 66.9 No debt shall be discharged in whole or in part except under the provisions of these Orders.
- 67 Banking and cheques

Financial Management

- 67.1 The Director of Finance and Resources shall be responsible for the operation of all bank accounts as approved by the Council, and the issue of all cheques in the name of the Council.
- 67.2 No account shall be opened on behalf of or in the name of the Council at any bank except on a specific resolution of the Policy and Resources Committee and after a certified copy of such resolution and any relevant resolution of the Council shall have been forwarded by the Director of Finance and Resources to the bank nominated by the Policy and Resources Committee.
- 67.3 The Director of Finance and Resources shall be authorised to incur, on behalf of the Council, an overdraft at the Council's bank of an appropriate amount in order to finance properly authorised transactions in anticipation of the receipt of revenues. If it is necessary for the overdraft to exceed ,100,000 at any time it shall be reported immediately to any two of the following Members - Chairman or Vice-Chairman of Council or Chairman or Vice-Chairman of Policy and Resources Committee and then reported to the next meeting of the Policy and Resources Committee.
- 67.4 Cheques shall be ordered only on the authority of the Director of Finance and Resources who will be responsible for the control of all unused cheques and the issue of cheques as required for meeting duly authorised orders for payment.
- 67.5 The Director of Finance and Resources, Assistant Director of Finance and Resources, Chief Executive, Chief Technical Officer, Chief Planning and Development Officer or Director of Community Services shall be authorised to sign cheques or payment authorizations up to the amount of £25,000 or such other sum as may be agreed by the Policy and Resources Committee. Cheques or payment authorizations exceeding £25,000 shall require the signatures of two of the authorised officers.
- 67.6 In the absence of any three of the authorised officers in paragraph

Financial Management

- 67.5 above, then the Chairman or Vice-Chairman of the Council is hereby authorised to be the second signatory to cheques exceeding ,10,000.
- 68 Loans
- 68.1 The Director of Finance and Resources shall, subject to the general direction of the Policy and Resources Committee and, in the case of the issue of stocks or bonds, to the general direction of the Council, raise and manage all loans for purposes and amounts for which the Council is authorised to borrow money.
- 68.2 The Chief Executive shall, at the request of the Director of Finance and Resources, sign, seal, issue, transfer and re-assign, as appropriate, any mortgage, bond or other security for money advanced to the Council, always provided that the Director of Finance and Resources shall have produced to the satisfaction of the Chief Executive documentary evidence of the receipt of value for the securities given.
- 69 Investments, Securities and Control of Assets
- 69.1 The Director of Finance and Resources shall, under the general direction of the Policy and Resources Committee, arrange for the investment of available funds and the management of investments. At all times, the Director of Finance and Resources shall follow the principles laid down in CIPFA's Code of Guidance on Treasury Management in Local Authorities.
- 69.2 All investments shall be made in the name of the Council of the Isles of Scilly, and all securities for such investments shall be retained by the Chief Executive in a fireproof safe within the Town Hall strongroom until sold or otherwise disposed of. The Chief Executive shall be responsible for maintaining a record of all investments.

Financial Management

- 69.3 No realisation, destruction or writing-off of any Council land or buildings, investment, securities or other valuable assets shall be effected without the consent of the Council.
- 70 Assets, Stocks, Stores and Inventories
- 70.1 Each Chief Officer shall be responsible for the receipt, care, safe custody, issue and return of stocks and stores in the department under his charge, including wherever applicable the fixing of re-order levels, quantities and maximum stock levels to be held in store.
- 70.2 Chief Officers shall also be responsible for the care and safe custody of all Council assets within their departments, and shall maintain proper security for all buildings, vehicles, plant, machinery, furniture, equipment and other property under their charge.
- 70.3 Each Chief Officer shall maintain an inventory, in a form approved by the Director of Finance and Resources, of all vehicles, plant, machinery, equipment, tools, furniture and other valuable moveable property under his control, provided that an inventory record may be restricted in scope by agreement with the Director of Finance and Resources.
- 70.4 Each Chief Officer shall arrange a periodic check of items on the inventory records of the department so that all items are checked once in a year. Any deficiency shall be reported to the Director of Finance and Resources who may authorise the adjustment of the inventory to take account of the deficiency if he is satisfied that the item or items identified as deficient cannot be found or recovered, and provided the estimated value of the deficiency does not exceed £400 or such other amount as shall be determined. In the event of the deficiency being in excess of this sum, the facts of the deficiency shall be reported to the Policy and Resources Committee for approval to amend the records

Financial Management

- 70.5 The Director of Finance and Resources shall have access and authority for audit of stores and shall, with the appropriate Chief Officer, make arrangements for regular and periodical physical checks of all such property against the relevant records. Any significant surplus or deficiency revealed as a result of such checks shall be reported to the appropriate Chief Officer in order that the circumstances may be investigated and reported to the Policy and Resources Committee for approval to the necessary adjustment in records.
- 70.6 Each Chief Officer shall supply to the Director of Finance and Resources such information as he may require for his financial and accounting records in respect of all such assets, stocks and stores.
- 70.7 Each Chief Officer shall, with the approval of the Director of Finance and Resources, have authority to dispose of all materials, plant, machinery or equipment which are surplus to requirements or which, by reason of damage, obsolescence or wear, are no longer serviceable for the purposes for which they are held, provided that -
- (a) they are disposed of in the best available market and at the best price reasonably to be obtained;
 - (b) at least two written quotations shall be invited and a subsequent report shall be made to the Policy and Resources Committee with a recommendation from the service committee if the estimated value of all such materials or equipment, etc. to be disposed of at one time exceeds £700 or such other amount as shall be determined;
 - (c) at least three tenders shall be invited by public advertisement if the estimated value of all such property to be disposed of at one time exceeds ,5,000 or such other amount as shall be determined.

Financial Management

71 Insurances

- 71.1 The Director of Finance and Resources shall effect all insurances and ensure that all insurable risks of the Council are promptly and prudently covered, and shall from time to time report to the Policy and Resources Committee on the adequacy of the insurance arrangements made.
- 71.2 Each Chief Officer shall give prompt notification to the Director of Finance and Resources of all new risks, properties or vehicles for which insurance is required, of any alterations affecting existing risks, and of any properties or vehicles which have passed out of the Council's possession.
- 71.3 The Director of Finance and Resources shall be the responsible officer in negotiation of any claim with the Council's insurers.
- 71.4 Chief Officers shall notify the Director of Finance and Resources in writing without delay of any loss, liability or damage or any event likely to lead to a claim, and shall provide such information and explanations required by either of them or the Council's insurers.
- 71.5 The Director of Finance and Resources shall periodically review all insurances in consultation with other Chief Officers as appropriate.
- 71.6 All officers and employees of the Council shall be included in a Fidelity Guarantee Policy.

72 Security

- 72.1 Each Chief Officer is responsible for maintaining proper security at all times for all buildings, stocks, stores, furniture, equipment, cash etc. under his control. Each Officer shall consult with the Director of Finance and Resources in any case where security is

Financial Management

thought to be defective or where special arrangements may be necessary.

- 72.2 The Director of Finance and Resources shall be responsible for maintaining proper confidentiality of documents relating to all salaries and wages.
- 72.3 The Chief Executive shall have custody of all contracts, leases, deeds, agreements and similar legal documents made under seal.

ends

Contracts and tenders

73 Compliance

73.1 Every contract made by the Council, or by a Committee, sub-Committee or an officer acting on their behalf and to whom the power of making contracts shall have been delegated, shall comply with the EC Treaty and with any relevant EU Directives in force in the United Kingdom at the time and with these Standing Orders, and no exception shall be made otherwise than by the direction of the Council or the Policy and Resources Committee.

73.2 Every architect, engineer or other consultant appointed and engaged for the purpose of any formal contract shall, on engagement, be placed under an obligation to conform to the requirements of these Regulations, and shall for those purposes be responsible as if he were a Chief Officer of the Council.

73.3 Express note of any exception made under these Standing Orders and of the circumstances by which the exception shall have been justified shall be recorded in the report of the Policy and Resources Committee, which is laid before the Council.

73.4 In respect of every contract made and entered into by the Council, the appropriate Chief Officer, in consultation with the Director of Finance and Resources, shall have power to decide matters on behalf of the Employer within the terms of that contract, subject to report to the next following appropriate Committee.

74 Requirement to Advertise the Invitation to Tender

74.1 Except as provided in these Standing Orders, no contract which exceeds £13,500 or such other amount as shall be determined in value or amount for the supply of goods, materials or services, or £33,000 or such other amount as shall be determined for the execution of any work shall be made unless at least 14 days public notice (except where paragraph 74.3 applies) has been given in such newspapers and journals as the Chief Officer

Contracts and tenders

concerned deems appropriate, expressing the nature and purpose thereof, inviting expressions of interest to tender or tenders for its execution stating the last date and time by which submissions will be received.

74.2 Only in exceptional circumstances, where a building or civil engineering contract is estimated to be less than £33,000 in value, shall a detailed specification and offer, together with the Council's written acceptance, be a sufficient contract.

74.3 Where Standing Order paragraph 74.1 applies, but the estimated cost of the contract exceeds the current EU Directives thresholds, public notices shall also be advertised in the Official Journal of the European Union (OJEU) and adhere to the minimum times given in the EU Directives regulations.

74.4 In exceptional circumstances, and under the express direction of the Policy and Resources Committee in consultation with the Chief Executive, competitive tendering under paragraph 74.1, but excepting paragraph 74.3 may be justified as not the appropriate approach where:

- (a) there is clear evidence that there is not an adequate number of suppliers in the market or adequately qualified against specification criteria or interested in the contract
- (b) justified emergency circumstances necessary to protect life and property, or to comply with the statutory obligations of the Council dictates there is insufficient time available to allow the tender process to be fulfilled
- (c) the supply of proprietary or other goods, materials or services are of a special character for which it is not possible or desirable to obtain competitive prices
- (d) the cost of supplying the goods and services is impossible to

Contracts and tenders

estimate with certainty

- (e) the specification and/or scope are likely to change radically or cannot be clearly defined
- (f) as a contracting authority entitled to call off under the terms of a framework agreement of another organisation, a supplier has been selected to provide goods, works or services providing that supplier is the only supplier under the agreement deemed suitable to provide the specified goods, works or services

75 Limitation of Invitation to Tender

- 75.1 The Policy and Resource Committee shall be authorised to limit invitation for tenders to persons included in an approved supplier list compiled by that Committee. The approved supplier list shall comprise the names of persons approved by the Committee for the supply of goods, materials or services of specified categories, values or amounts, or for the execution of specified categories of work, or persons indicating a wish to tender under any future Selective Tendering procedure.
- 75.2 The Policy and Resource Committee shall be authorised to restrict invitation to tender to those companies which, having expressed an interest following an open notice, have been appraised and selected to tender for the supply of goods, materials or services of specified categories, values or amounts, or for the execution of specified categories of work under a Restricted tendering procedure.
- 75.3 For Information Technology contracts use of the GCAT and SCAT and BECTA schemes shall be considered to comply with Financial Regulations for Tendering Purposes. For other pre-approved schemes, contracts shall be considered to comply with Standing Orders

Contracts and tenders

76 Maintenance of Approved Supplier List

- 76.1 Notices inviting applications for inclusion in the list compiled under Standing Order 75.1 shall be published in such newspapers and journals as the Chief Officer or Officers concerned deem appropriate, not less than four weeks before the approved list is compiled or two weeks in the case of notices published under the Selective Tendering procedure.
- 76.2 The Policy and Resources Committee shall examine applications made pursuant to Standing Order 75.1 and 75.2 as to their suitability, excepting in the case of applicants wishing to be considered under the Selective Tendering procedure where the selection shall be authorised by the appropriate Chief Officer in consultation with the Chief Executive.
- 76.3 It shall be a requirement that successful contractors shall present their Health and Safety policies for inspection at pre-contract meetings, on request with a submission or as the Supervising Officer directs.
- 76.4 The approved supplier list shall be amended as required from time to time and shall be reviewed at intervals of two years. At each review, the Policy and Resources Committee shall consider the desirability of publishing notices in the manner provided by Order 75.1 inviting applications for inclusion in the list or any part thereof.
- ### 77 Disqualification of Tenderers
- 77.1 The Policy and Resources Committee shall have power to disqualify tenderers from submitting further tenders to the Council who in the opinion of that Committee have withdrawn tenders unreasonably, or who have been in breach of any contract with the Council, or who have been in breach of Standing Orders, or, on a review of performance of an earlier contract, the standard of

Contracts and tenders

work was considered to be less than satisfactory.

78 Invitation to Tender

78.1 This Standing Order shall have effect where the value or amounts are as stated in Standing Order 74.1 above, and where by virtue of a decision of the Policy and Resources Committee, invitation to tender is limited to persons whose names appear on the list maintained under Standing Order 75.1 or Contractors indicating a wish to tender under the Selective or Restricted Tendering procedures.

78.2 Invitations to tender shall be sent to at least four suppliers on the list approved for a contract of that amount, value or category, or Contractors included on the list of suppliers who have indicated a wish to tender under the Selective or Restricted Tendering procedure.

- (i) Where fewer than four suppliers are approved for a contract of the relevant amount, value or category, invitations to tender shall be sent to all suppliers, except where paragraph 74.4 shall apply.

79 Nominated Sub-contractors or Suppliers

79.1 Where the sub-contractor or a supplier is to be nominated to a main contractor, the following provisions shall have effect:

- (i) Where the estimated amount of the sub-contract for works does not exceed £33,000 or such other amount as shall be determined, or the estimated value of the goods or services to be supplied by nominated suppliers does not exceed £13,500 or such other amount as shall be determined, then paragraph 82 shall apply and:

- (a) the appropriate Chief Officer or other duly authorised person

Contracts and tenders

concerned shall invite not fewer than three quotations for the nomination. The terms of the invitation shall require an undertaking by the supplier submitting a quotation that, if selected, that supplier will be willing to enter into a contract with the main contractor on terms which indemnify the main contractor against his own obligations under the main contract in relation to the work, goods or services included in the sub-contract.

- (b) the appropriate Chief Officer or other duly authorised person concerned shall nominate to the main contractor the supplier whose quotation is the most satisfactory.

- (ii) Where the estimated amount of the sub-contract exceeds £33,000 for works or such other amount as shall be determined, or the estimated value of the goods and services to be supplied by a nominated supplier exceeds £13,500 or such other amount as shall be determined, and paragraph 74.4 applies, then tenders for the nomination shall be invited and dealt with in accordance with Standing Orders as if the tenders were for a contract with the Council. The terms of invitation shall require an undertaking by the tenderer that if selected, that tenderer will be willing to enter into a contract with the main contractor on terms which indemnify the main contractor against their own obligations under the main contract in relation to the work, services or goods included in the sub-contract.

80 Submission of Tenders

80.1 Where, in pursuance of these Standing Orders, invitation to tender is made, every invitation shall state that no tender will be received unless it is addressed to the Chief Executive and is enclosed in a plain sealed envelope which shall bear the word "Tender" followed by the subject to which it relates, and shall not bear any name or mark indicating the sender.

Contracts and tenders

- 80.2 The tenders shall be kept in the custody of the Chief Executive or such other officer of the Council as may be duly authorised in that behalf until the date and time specified for their opening.
- 80.3 No tender received after the date and time specified in the invitation shall be accepted or considered, unless there is clear evidence of it having been posted by first class post at least two days before tenders were due to be returned.
- 80.4 All invitations to tender shall clearly state that the Council will not be bound to accept the lowest or any tender.
- 81 Opening of Tenders
- 81.1 Tenders received under these Standing Orders shall be opened at one time and only in the presence of such member or members and officer or officers as the Council or appropriate Committee may determine.
- 81.2 The Chief Executive shall prepare and maintain a Register of Tenders received and shall record therein particulars of all tenders, the last date for the receipt thereof, the date when each were received, the date when they were opened, the signature of those present when the tenders were opened, and the signature of the officer to whom the tenders were handed after opening.
- 81.3 Where appropriate, an arithmetic check of all tenders received shall be carried out by the Director of Finance and Resources before acceptance of any tender.
- 81.4 A register of all contracts placed by the Council shall be kept and maintained by such officer or officers as the Council may determine. Such register shall for each contract specify the name of the contractor, the works to be executed or the goods to be supplied, and the contract value. The register shall be open to inspection by any member of the Council.

Contracts and tenders

- 82 Requirement to invite quotations
- 82.1 Where the estimated expenditure exceeds £4,000 or unless tenders are invited or subject to the provisions of Standing Order 74, at least three written competitive quotations shall be requested for each contract for the supply of goods, materials or services or for the execution of works.
- 83 Receipt of Quotations
- 83.1 Any invitation to submit quotations shall require such quotations to be addressed to the Chief Executive in a plain sealed envelope marked only to identify the subject of the quotation
- 83.2 Quotations shall be opened by the Chief Executive or by such other officer designated by him for the purpose, and particulars of each quotation received shall be entered by the Chief Executive in a register maintained for the purpose in the same form as that required for the register of tenders.
- 84 When Tenders and Quotations are Not required
- 84.1 Subject to the provisions of Standing Order 74, neither tenders nor quotations need be obtained in respect of -
- (a) individual items estimated to cost £4,000 or less;
 - (b) the supply of materials, equipment and services where effective competition is prevented by Government control, and the execution of works which must be entrusted to the appropriate utility undertaking or local authority;
 - (c) the supply of goods, materials or services or the execution of any works for which either no tenders or quotations, or no satisfactory tender or quotations, have been received after tenders or quotations have been invited in the normal way, and for which, in the opinion of Chief Executive and the

Contracts and tenders

appropriate Chief Officer in consultation with the Chairman of the Policy and Resources Committee, it is not possible or desirable to obtain further tenders or quotations;

- (d) the supply of materials, equipment and services for building works to be undertaken by the direct labour force where such supply is certified by the Chief Technical Officer or other appropriate officer to be urgent and where the total expenditure does not exceed £13,500;

84.2 It is required that every Chief Officer or other appropriate officer issuing orders and entering into contracts under the provisions of Standing Order 84.1 shall bear in mind the need to obtain the best terms for the satisfactory supply of goods, equipment, materials and services and the execution of works.

84.3 It is further provided that any action in pursuance of items (d) of Standing Order 84.1 shall be reported to the next following meeting of the Policy and Resources Committee by the Chief Officer concerned.

85 Acceptance of tenders and quotations

85.1 Subject to Standing Orders, Financial Regulations and any direction of the Council, the Policy and Resources Committee, and subject to such consultation as shall be necessary with the Chief Executive on the form and provisions of contract documents, every Chief Officer shall, in relation to the work of his department, have power to issue orders and enter into contracts on behalf of the Council for the supply of goods, materials and services and for the execution of works; and subject to these Standing Orders, shall be authorised to select for acceptance and select tenders and quotations and to sign contracts for the supply of goods, materials or services where the amount or value of the contract does not exceed £13,500 or such other amount as shall be determined, and for the execution of works where the amount

Contracts and tenders

or value of the contract does not exceed £33,000.

85.2 Subject to full consultation with the Chairmen of the Policy and Resources Committee and of the appropriate Committee, the appropriate Chief Officer shall be authorised to accept tenders and quotations that are within the already approved estimated expenditure for the work or service. Where the tender or quotation is not within the approved estimated expenditure, the Policy and Resources Committee shall be authorised to select for acceptance and to accept tenders and quotations not exceeding £135,000 or such other amount as shall be determined in value or amount, and shall be required to formulate and submit to Council recommendations as to the acceptance of tenders exceeding £135,000 or such other amount as shall be determined for the supply of goods, materials or services and the execution of works.

85.3 A tender other than the lowest or most economically advantageous, if payment is to be made by the Council, or the highest tender if payment is to be received by the Council, shall not be accepted except as authorised by the Policy and Resources Committee, having considered a report by the appropriate Chief Officer or other authorised person.

86 Form and Conditions of Contract

- 86.1 (i) Every contract which exceeds £4,000 in value or amount shall be in writing, and shall -
- (a) specify the goods, materials or services to be supplied and the work to be executed; the price to be paid together with a statement as to the amount of any discount(s) or other deductions(s); the period(s) within which the contract is to be performed; and such other conditions and terms as may be agreed between the parties, and
 - (b) in appropriate cases, where a contract exceeds £25,000 in

Contracts and tenders

amount or value, provide for the payment of liquidated damages by the contractor where he fails to complete the contract within the time specified (in exceptional circumstances, this amount may be set lower than £25,000)

- (c) be signed by the Chief Executive, Director of Finance and Resources, Chief Technical Officer, Chief Planning and Development Officer, Director of Community Services and Chief Fire Officer, and
 - (d) where the contract value exceeds £33,000, be approved by the Chief Executive or his nominated Deputy, and appropriate Chairman of Committee or of the Council.
 - (e) where the contract value exceeds £70,000 (or any other value specifically authorised by resolution of the Council) be sealed in the presence of the Chief Executive or his nominated Deputy.
- (ii) The Council may also require a contractor to give sufficient security for the due performance of any contract.

- 86.2 Where an appropriate British Standard Specification or British Standard Code of Practice, issued by the British Standards Institution, is current at the date of the tender, every contract shall require that all goods and materials used or supplied, and all workmanship, shall be at least of the standard required by the appropriate British Standards Specification or Code of Practice.
- 86.3 Except as provided by Order 74.2, all building or civil engineering contracts shall be made in accordance with the standard forms of contract published by the JCT, Institution of Civil Engineers or other appropriate form of contract.
- 86.4 There shall be inserted in every written contract a clause empowering the Council to cancel the contract and to recover

Contracts and tenders

from the contractor the amount of any loss resulting from such cancellation,

- (a) if the contractor shall have offered or given or agreed to give to any person any gift or consideration of any kind as an inducement or reward for doing or forbearing to do or for having done or forborne to do any action in relation to the obtaining or execution of the contract or any other contract with the Council, or
- (b) for showing or forbearing to show favour or disfavour to any person in relation to the contract or any other contract with the Council, or if the like acts shall have been done by any person employed by him or acting on his behalf (whether with or without the knowledge of the contractor), or
- (c) if, in relation to any contract with the Council, the contractor or any person employed by him or acting on his behalf, shall have committed any offence under the Prevention of Corruption Acts 1889 to 1916, or shall have given any fee or reward the receipt of which is an offence under section 117(2) of the Local Government Act 1972.

86.5 The Director of Finance and Resources shall keep a register of all formal contracts and sub-contracts, and any Chief Officer, upon entering into a formal contract or sub-contract, shall furnish the Director of Finance and Resources with a copy or an abstract containing all relevant details thereof.

87 Payments

87.1 Payment on account of contracts shall be made only on a certificate, in an approved form, signed by the appropriate Chief Officer or other authorised officer. The certificate shall show the total amount of the contract, the value of work executed or goods, materials or services received to date, the retention money, the

Contracts and tenders

amount paid to date and the amount now certified for payment.

- 87.2 The Director of Finance and Resources, or an officer designated by him, shall enter in the register kept under Order 86.5 a record of all payments made on account of contracts or sub-contracts, including fees paid for services rendered by private architects, quantity surveyors and other consultants appointed in connection with those contracts.
- 87.3 Certificates for payments on account of contracts shall be forwarded to the Director of Finance and Resources and dealt with promptly so that payment can be made in every case within the time prescribed in the contract.
- 87.4 The officer issuing certificates under Order 87.1 shall be responsible for ensuring the correctness of payments to which the certificates relate, provided that the Director of Finance and Resources shall be authorised to check any accounts or payments as he thinks fit insofar as he is able under the terms of the contract.
- 87.5 Before any final certificate of payment or release of retention under a formal contract or sub-contract is issued, the contractor's final account, together with all relevant documents, shall be forwarded to the Director of Finance and Resources and examined by him; and no final certificate or release shall be granted until the Director of Finance and Resources has signified his approval of the amount to be certified, subject to any overriding requirement under the contract for final payment to be made within a stipulated period.

ends

Appendix

Code of Practice on a prudential approach to Financial Management prior to Local Government Reorganisation under the Local Government Act 1992

Approved by The Association of County Councils
 The Association of Metropolitan Authorities
 The Association of District Councils
 The Audit Commission

- 1 Introduction
 - 1.1 Local authorities are expected to adopt a prudent and responsible approach in the performance of their functions at all times. Authorities are accountable to their electors for ensuring that their functions are carried out in accordance with statutory requirements and to the highest professional standards in the light of existing guidance on best practice.
 - 1.2 This guidance note has been prepared for local authorities which are or may be subject to reorganisation under the 1992 Act, and provides a framework for prudential management of their affairs. It applies prior to and during any period of change, a time when additional burdens will be placed on local authorities.
 - 1.3 Local authorities should consider the incorporation of this Code of Practice in their Standing Orders. External auditors will regard this Code of Practice as a statement of best practice when reviewing the financial management of local authorities.
 - 1.4 Regulations may be issued by government which require specific actions in addition to the general principles outlined in this guidance note.
- 2 Principles
 - 2.1 During the period prior to an alteration in local government structure, the following principles should apply:

Appendix

- * decisions on the use of financial resources should be taken on the assumption that services and functions will continue to be provided at a similar level for the foreseeable future (i.e. as a going concern)
 - * authorities should maintain their normal fiduciary duty to the local electorate for the use and stewardship of public funds and assets
 - * authorities should ensure that they maintain proper financial management in accordance with the highest professional standards, and adopt an approach to the use of capital and revenue resources, the entry into new contractual commitments and the other matters covered in this Code so as not to fetter unduly the performance by successor authorities of their functions.
- 2.2 These principles form the core of this Code and should be applied in all that follows, but should not fetter unduly the use of discretion by existing authorities.
- 3 Consultation with Successor Authorities
- 3.1 Once successor authorities have been established or identified, those authorities should be consulted prior to decisions being taken which will involve a significant financial commitment from those successor authorities, particularly in respect of contractual commitments, whether revenue, capital or information technology agreements, and in respect of future asset requirements. Successor authorities should be advised of the outcome of such decisions.
- 4 Financial Control
- 4.1 Authorities should maintain proper financial management in the exercise of their functions up to reorganisation. In particular, authorities should ensure that their financial and information systems and other records are accurate and up-to-date in order to facilitate, as necessary, the closure of their accounts, the completion of final grant claims, and the transfer of information to successor authorities.

Appendix

- 5 Specific Issues
- 5.1 The following items have been identified as key to maintaining proper financial management in local authorities between now and the reorganisation date.
- 5.2 Use of Assets
- 5.2.1 Operational assets (including stocks) which are in current use for the direct delivery of services (or support services) should be retained for transfer to the successor authorities. Where, following consultation with the successor authority, surplus assets have been identified, disposals should be made in advance of the reorganisation date only after full appraisal and consideration of the options and where there is a clear benefit. All assets should be managed so as to maintain their value and related risk management and insurance strategies continued.
- 5.3 Contractual Commitments
- 5.3.1 Contractual commitments, whether capital or revenue, should only be entered into where:
- * the capital resources required can be met from existing resources or from reasonably expected credit approvals and capital receipts; and
 - * all future revenue consequences can be met from reasonably expected revenue resources.
- 5.4 Use of Capital Receipts
- 5.4.1 Capital receipts should only be used to finance developments which the authority would have undertaken irrespective of reorganisation.
- 5.5 Reserves and Provisions
- 5.5.1 The use of General Fund and HRA reserves and of provisions should be determined on a going concern basis (see paragraph 2.1). Consistency with recent practice would be expected and

Appendix

any additional use of such resources should be clearly justified.

5.6 Debtors

5.6.1 Good practice should be maintained in the collection of debts due to the authority, so that debts outstanding are minimised at the date of transfer.

5.7 Borrowing and Investment

5.7.1 Decisions on borrowing and investment should be taken in accordance with the CIPFA Code on Treasury Management, and should be consistent with the going concern principle (see paragraph 2.1), so that a balanced portfolio is maintained.

5.8 Information Technology

5.8.1 Reorganisation is likely to be concurrent with the planning phase of compulsory competition for finance and IT functions, and therefore particular attention should be given to current systems documentation and existing contracts. Replacement proposals for hardware, software or facilities management contracts should be discussed with successor authorities to assess future potential requirements. Short term solutions which avoid the need to enter into new long-term commitments may also be appropriate.

6 Conclusion

6.1 This guidance has been produced to support local authorities in a prudent approach to financial management prior to local government reorganisation. It is acknowledged that each decision has to be related to each local authority's own circumstances. However, the principles and specific guidance in this note should be taken into account in reaching those decisions, so as to be able to demonstrate prudent financial management to interested parties.

ends

Intentionally blank

Intentionally blank

Members Handbook

Financial Regulations

Dec 2009

(This reprint of the Financial
Regulations contains the latest
amendments approved by the Full
Council on 15 Dec 2009; Minute
No C108/09)