

North York Moors National Park Authority

Financial Regulations

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Commented [VT2R1]: I spoke to Richard about putting both docs in the new format, he wanted to wait for them to be final. The way the logo is done now would make it difficult to change in this format, however I could remove it completely if you prefer?

Revised Date	Revised Sections
<u>(date to add)</u>	All

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1. Introduction

Purpose of Financial Regulations

- 1.1 This document sets out the Financial Regulations for the North York Moors National Park Authority (the Authority). These Regulations seek to ensure high standards of financial conduct.
- 1.2 These Regulations form an integral part of the procedural and control framework within which the Members and Officers of the Authority can ensure the best standards of financial management and administration in the discharge of the Authority's statutory duties. These Regulations are not intended to form barriers to the achievement of these duties.

Application of Financial Regulations

- 1.3 These Regulations apply to every Officer of the Authority and anyone acting on its behalf. Each person is responsible for ensuring that these Regulations are followed in carrying out his/her duties. Managers must ensure that their staff are aware of the existence and content of the Financial Regulations. Failure to comply with the Financial Regulations may lead to disciplinary action. For the purposes of these Financial Regulations the Director of Corporate Services shall have powers equivalent to a 'Director' for matters relating to Corporate Services. The references to the EU (and to the WTO GPA (World Trade Organisation General Procurement Agreement)) will be interpreted in an appropriate manner in relation to any new regulatory framework after the planned exit from the EU (and following on from the WTO GPA) and during any transition period.

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Hierarchical Framework of Financial Regulations

- 1.4 The Financial Regulations are part of the Authority's overall financial framework. The hierarchy is as follows:
- 1.5 The **Financial Grant Memorandum** is issued by the Department of the Environment, Food and Rural Affairs (DEFRA). The Financial Grant Memorandum defines the controls, means of accounting for, and audit procedure relating to the payment of the National Park Grant from the DEFRA to the Authority.
- 1.6 **Standing Orders** are approved by the North York Moors National Park Authority and are the governing framework for the conduct of the Authority's business.
- 1.7 **Financial Regulations** are approved by the North York Moors National Park Authority and are contained within this document.
- 1.8 **Financial Instructions** are issued by the Chief Financial Officer (i.e. the person appointed for the proper administration the authority's financial affairs under s151 of the Local Government Act 1972) as and when necessary to address specific issues of financial administration. They derive authority from the Financial Regulations.
- 1.9 The **Finance Manual** is prepared and maintained as required by the Chief Financial Officer. The Finance Manual provides a comprehensive working reference for staff,

detailing systems and procedures relating to all financial matters, including the use of the Finance System.

- 1.10 Where the regulations refer to the Chief Financial Officer this indicates the S151 post-holder.
- 1.11 All values in the financial regulations are to be considered as net of VAT.

Reviewing and Updating of Financial Regulations

- 1.12 Review of these Regulations is an ongoing process, taking into account both the impact on operational remits and the influence of new best practice developments. However, there will be a formal review of these Regulations completed by the Chief Financial Officer.
- 1.13 Financial systems and accounting procedures will be subject to amendments over time relating to changes in statutory requirements, accounting practice or the introduction of new technology.
- 1.14 In the event of such changes the Chief Financial Officer shall inform the Chief Executive Officer in writing of the required amendments to the financial systems and procedures.
- 1.15 Amendments to these Regulations must be approved by the Authority following consideration of any necessary changes and a recommendation to do so by the Finance, Risk, Audit and Standards Committee (FRASC).

2. Financial Planning

Budget Format

- 2.1 The budget sets out the financial interpretation of the Authority's current and future programmes and activities as close as possible to the format laid down in the Financial Grant Memorandum.
- 2.2 Once approved, the budget provides the delivery plan to achieve the National Park purposes and objectives. It also provides a basis upon which the financial performance of the Authority can be monitored and against which the impact of policy can be measured.

Budget Holders

- 2.3 Directors will be the Budget Holders for those elements of the expenditure and income arising from the agreed work programme for their departments.
- 2.4 Day-to-day management of specific budgets may be delegated by Budget Holders to Budget Managers.
- 2.5 All Directors are individually responsible for the proper financial management of resources allocated to them through the budget-making process and for the identification of income arising from activities within their operational areas. They are also responsible for the control of staff, and the security, custody and

management of assets including plant, equipment, buildings, materials, cash and stores relating to their areas of responsibility.

- 2.6 Each Director shall ensure that their staff comply with the requirements contained in these Regulations and related Financial Instructions.

Budget Preparation

- 2.7 The Authority's Business Plan establishes the priority actions that need to be supported by the allocation of financial resources during the preparation of the detailed annual budget. The Business Plan shall contain a Medium-Term Financial Strategy (MTFS).
- 2.8 This MTFS will form a basis for the budget that is prepared and approved each year, and wherever practicable, the future forecasts will be amended on a rolling basis to ensure that the MTFS covers the current year plus the following two financial periods.
- 2.9 The Business Plan will be revised every three years unless this is changed with the agreement of the full Authority.

Budget Setting

- 2.10 The annual budget must be formally approved by the Authority prior to the commencement of the financial year i.e. before 1st April each year.
- 2.11 Throughout the year the budget is closely monitored and any virements can be approved as per the sections 2.24 – 2.32 below.
- 2.12 Officers are to ensure that all deadlines set out by the Financial Grant Memorandum are achieved for the completion, approval and submission of the budget and the final accounts.
- 2.13 Members will have the opportunity to review the budgeting process at any time if required via the scrutiny function of the FRASC.
- 2.14 Budget is approved by NPA and final accounts signed off by NPA to ensure full member control.

Expenditure against the Revenue and Capital Budget

- 2.15 Expenditure may be incurred within the revenue and/or capital budget approved by the Authority in pursuing the aims for which the budget has been established, subject to any overriding requirements of the Authority.
- 2.16 If a proposed change in any policy is likely to affect the budget, a report to the Authority shall be prepared setting out clearly the full financial implications.

Monitoring of the Budgets

- 2.17 Throughout the financial year each Budget Holder shall monitor income and expenditure against those specific budgets for which they are responsible.

- 2.18 Where an Officer orders goods or services which are to be charged against the budget(s) managed by another Officer they should gain the consent of that other Officer before committing any expenditure against that budget.
- 2.19 The Finance Team, under the direction of the Chief Financial Officer, shall provide financial advice to assist Budget Holders to fulfil their responsibilities, consulting the Chief Executive Officer in circumstances where it appears that significant variations to the approved budget will occur.
- 2.20 Budget Holders shall supply the Finance Team with sufficient information, as and when required, to enable accurate budget profiling and/or financial projections to be undertaken.
- 2.21 The budget monitoring statements, including a forecast for the full financial year, shall be submitted to each monthly Management Team meeting and to each quarterly meeting of the FRASC.
- 2.22 The Chief Financial Officer shall attend or send a representative, if appropriate, to the quarterly meeting of the FRASC as well as key budget review meetings of the Management Team. The Chief Financial Officer will be entitled to receive details relating to any aspect of the budget at any time in the year.
- 2.23 If it appears that net expenditure will be in excess of the approved revenue budget and that excess cannot be financed by virement the Chief Executive Officer shall, at the earliest opportunity, and following consultation with the Chief Financial Officer, report the matter to the Authority. If expenditure in excess of the approved budget is incurred due to an emergency, this expenditure must be reported to the Chief Financial Officer as soon as practicable and to the Authority as soon as possible thereafter.

Virement

- 2.24 Virement is the transfer of budget provision between individually defined budget headings. It is a necessary facility to assist the effective management of budgets. When the Authority sets its overall budget for a given financial year it will approve a series of specific functional budgets.
- 2.25 Virements must be contained within the overall totals of the budget approved by the Authority.
- 2.26 The Chief Financial Officer shall ensure that virement is undertaken as necessary.
- 2.27 Any single virement for expenditure not exceeding £25,000 between approved budgets may be actioned by a Director, but this must be reported to the Chief Financial Officer.
- 2.28 Any single virement for expenditure exceeding £25,000 but less than £50,000 requires the approval of the Chief Executive Officer in consultation with the Chief Financial Officer.

- 2.29 Any single virement for expenditure exceeding £50,000 between approved budgets shall be subject to approval by the FRASC and reported to the Authority.
- 2.30 The prior approval of the Authority shall be required if the proposed virement includes one or more of the following:
- i) A change in policy.
 - ii) An addition to reoccurring commitments in future financial years other than those previously agreed by the Authority in relation to third party funding.
 - iii) Where the resources to be transferred were originally approved for financing capital expenditure.
 - iv) If required by the Chief Financial Officer or Chief Executive Officer.
- 2.31 No expenditure which is subject to grant aid, support from the Government or other external funding organisation shall, without specific prior approval of the FRASC, be incurred until written assurance is given that such funding is forthcoming.
- 2.32 No expenditure which requires the approval of a Government Department shall be incurred until approval has been received or a written assurance that such approval will be given in due course.

Outturn

- 2.33 The Chief Executive Officer and Chief Financial Officer shall report to the Authority on the outturn of income and expenditure, as soon as practicable after the end of the financial year.
- 2.34 The Directors shall be responsible for the authorisation of any revenue claim forms to the relevant organisation and, if necessary, the External Auditor, in accordance with any guidelines applicable to the claim in question.

3. Control of Resources

Insurance

- 3.1 The Director of Corporate Services will advise the North York Moors National Park Authority on appropriate arrangements for insurance cover, including liaison with partners where appropriate.
- 3.2 The Director of Corporate Services shall periodically review all insurances and risk.
- 3.3 The Director of Corporate Services in consultation with the Chief Executive Officer and legal services shall be authorised to defend, settle or compromise any uninsured claims against the Authority.

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Audit

- 3.4 The Chief Financial Officer shall ensure an adequate and effective framework of financial control procedures and internal audit of the financial activities of the Authority.

- 3.5 The Directors are responsible for the implementation of all internal control procedures to ensure the economic effective and efficient use of resources.
- 3.6 The Internal Auditor or their representative, shall have authority to enter at all times on any premises or land used by the Authority and to have access to all correspondence, documents, books or other records held by any Officer or the Chief Executive Officer and appertaining in any way to the activities of the Authority. The Internal Auditor shall be entitled to require such explanation as they consider necessary to establish the correctness of any matter under examination. The Internal Auditor shall have the authority to require any Officer including the Chief Executive Officer to produce cash, stores, or other Authority property under their control for inspection.
- 3.7 The Internal Auditor shall be notified immediately by the Chief Executive Officer of all financial irregularities or suspected irregularities, or any circumstances which may suggest the possibility of financial irregularities in the exercise of any of the Authority's functions. Such communications may be oral initially but must be confirmed promptly in writing.
- 3.8 The Internal Auditor shall determine the scope of any internal enquiries or investigations, subject to consultation with the Monitoring Officer to the Authority, the Chief Executive Officer and the Chief Financial Officer.
- 3.9 The Internal Auditor and the Monitoring Officer of the Authority, in consultation with the Chief Executive Officer and the Chief Financial Officer shall decide whether any matter under investigation should be referred for police investigation and take recovery action as appropriate on such matters.
- 3.10 The Internal Auditor or their representative shall at all times preserve the confidentiality of information received in discharging tasks under this section of the Financial Regulations.

Income

- 3.11 The Chief Financial Officer shall approve the arrangements for the collection of all money due to the Authority.
- 3.12 All money received on behalf of the Authority shall, as soon as practicable, be banked for the credit of the Authority's account. Income may not be used to directly offset payments due.
- 3.13 Fees and charges within the control of the Authority shall be subject to regular review by the Directors, except as provided in any specific agreements between the Authority and Third Parties.
- 3.14 Proposals to write off individual debts shall be agreed by the Chief Financial Officer up to a limit of £5,000, or by the Authority in excess of that amount.

Petty Cash

- 3.15 To assist designated Officers to make minor purchases when it is not always possible to submit orders, the Authority will maintain a petty cash float of £100 at the Head Office.
- 3.16 Petty cash purchases must not exceed £50 per item and must be supported by authenticated receipts.
- 3.17 No income, other than reimbursement of approved expenditure, may be paid into a petty cash account.

Banking Arrangements

- 3.18 The Chief Financial Officer is responsible for the daily management and operation of the bank accounts and they should ensure that there are proper controls in the day-to-day running of the accounts.
- 3.19 Bank accounts shall stand in the name of North York Moors National Park Authority.
- 3.20 No bank account shall be opened or closed until a memorandum of authorisation is jointly agreed and signed by the Chief Executive Officer and the Chief Financial Officer. The memorandum shall justify the purpose and identify the name of the bank and its head office. This memorandum will then be retained on an appropriate file by the Chief Financial Officer, together with copies of correspondence.
- 3.21 There should be safe and efficient arrangements for the control of access to blank cheques and the preparation, signing and despatch of cheques.
- 3.22 Where appropriate, cheques shall be signed manually by authorised Officers with controls as to the number of signatories dependent upon the amount of the transaction (specified in Financial Instructions).
- 3.23 There should also be a monthly reconciliation of the Finance System with the bank statements.

Treasury Management

- 3.24 The Authority adopts the key recommendations of CIPFA's Treasury Management in The Public Services: Code of Practice, as described in Section 4 of that Code.
- 3.25 Accordingly, the Authority will create and maintain, as the cornerstones for effective Treasury Management:
 - i) A Treasury Management Policy Statement (TMPS) stating the policies, objectives and approach to risk management of its Treasury Management activities.
 - ii) Suitable Treasury Management Practices (TMPs) setting out the manner in which the Authority will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
- 3.26 The Authority will be responsible for the implementation and monitoring of its Treasury Management Policies and Practices, but delegates the execution and

administration of Treasury Management decisions to the Chief Finance Officer who will act in accordance with the Authority's TMPS, associated TMPs and CIPFA's Standard of Professional Practice on Treasury Management.

- 3.27 The Authority will receive reports on Treasury Management Policies, Practices and Activities including, as a minimum:
- i) An Annual Strategy Report in advance of the year.
 - ii) A Mid-Year Review.
 - iii) An Annual Report after the 31st March in the form described in the TMPs.
- 3.28 The Authority delegates to FRASC the responsibility of ensuring the effective scrutiny of the Treasury Management Strategies, Policies and Activities.
- 3.29 All money in the possession of the Authority shall be under the control of the Chief Executive.
- 3.30 The Chief Financial Officer shall periodically review TMPS and associated documentation and they shall make recommendations accordingly to the Authority.
- 3.31 Notwithstanding the other regulations relating to Treasury Management, the Chief Financial Officer shall ensure that the Treasury Management System is documented and ensure that Treasury Management reports are regularly provided to the Authority.

Voluntary/Unofficial Funds

- 3.32 A Voluntary Fund is one which, although not officially owned by the Authority, is controlled or administered either wholly or in part by officers of the Authority.
- 3.33 The Chief Financial Officer shall be informed of the purpose and name of all Voluntary Funds maintained by Officers in the course of their duties with the Authority.
- 3.34 There is a responsibility on the part of the Authority to protect the interests of the donors and beneficiaries, and to safeguard the position of the members of officers concerned.
- 3.35 Appropriate financial controls shall be applied for the administration of these funds in order that all expenditure or income is properly accounted for.
- 3.36 An annual statement for each Voluntary Fund should be prepared each year. They should be audited by an independent person and a copy sent to the appropriate body.
- 3.37 The Chief Financial Officer shall be entitled to verify that the audit has been done and to carry out checks on the accounts as considered appropriate.

Custody of Assets

- 3.38 The Director of Corporate Services is responsible for the custody of all buildings, equipment and stores of the Authority. They will ensure that there is proper security

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of all assets under their control, in accordance with the Authority's Risk Management Policies.

- i) Maintaining an asset register of all properties owned or rented by the Authority. The register should record all know details of the properties.
- ii) Maintaining inventories of furniture, fittings, equipment and plant owned or leased by the Authority.
- iii) Maintaining proper records and custody of stocks and stores of the Authority's.

3.39 For financial purposes, the threshold for capitalisation of assets will be £5,000.

Disposal of Assets

3.40 The Chief Executive Officer may authorise the disposal or write off of unrequired stock or inventory items, to a value of between £5,001 and £10,000 in each case. Above £10,000, disposals shall require the approval of the Authority.

3.41 Directors shall be authorised to dispose of or write-off stock and inventory deficiencies up to a limit of £5,000. The Chief Executive Officer may authorise deficiencies between £5,000 and £15,000. Above that figure, Authority approval shall be required.

3.42 The financial limits and procedures specified in these Regulations for the procurement of goods and services shall also apply to the disposal of any assets of the service.

3.43 All disposals of buildings and material assets shall be agreed by the Authority. For this purpose, a material asset should be defined as any single asset that, at the time of its proposed disposal, has an estimated disposal value exceeding £25,000. For material assets under this value that authorisation shall be delegated to Directors.

3.44 No quotations or tenders for any other than the highest price shall be accepted without reference to the Authority and the Chief Executive Officer.

3.45 The approval of DEFRA is required before the proceeds from any disposal of assets which exceed £1,000,000 are used for any purpose.

3.46 The approval of the Authority will be required, however, specific approval from DEFRA may not be required for any disposal of land where the following apply:

- i) The Authority considers it will help secure the promotion or improvement of the economic, social or environmental well-being of its area; and
- ii) The difference (undervalue) between the unrestricted value of the interest to be disposed of (market value) and of the consideration accepted is £2,000,000 or less.

4. Systems and Procedures

Procurement of Goods, Works and Services

4.1 The Directors shall be responsible for the procurement of all goods, works and services. Goods, works and services may only be procured if there is approved budgetary provision to cover the costs. Officers authorised to carry out procurement will at all times seek best value for money.

4.2 Every contract shall comply with all relevant applicable legislation and government guidance including:

- i) [Retained EU Law and WTO GPA Law.](#)
- ii) Acts of Parliament.
- iii) Statutory Instruments including, but without limitation, the Public Contracts Regulations 2015.

4.3 Where relevant, every contract shall specify that materials used, goods provided, services supplied or works undertaken (as the case may be) shall comply with applicable standards. Such standards are, in order of priority:

- i) [Retained EU Standards and WTO GPA Standards.](#)
- ii) British Standards implementing international standards.
- iii) British Standards.

4.4 The Authority bases all significant contract awards on the basis of the most economically advantageous tender or quotation. This is defined as the optimum combination of whole life costs and benefits assessed against pre-determined evaluation award criteria which will normally be detailed in the Invitation to Tender (ITT) or equivalent documentation.

4.5 The criteria used to determine the most economically advantageous tender or quotation may be exclusively the purchase price – in effect the lowest tender or quotation.

4.6 In all cases where the Authority is following a tender or quotation process to secure an income, then these regulations should read 'highest' instead of 'lowest'.

4.7 The following procedures shall be adhered to for the procurement of all goods, works and services. Where the total contract value for procurement is within the values in the first column of the table below, the award procedure in the second column is the minimum that must be followed:

Total Contract Value	Award Procedure
Up to £10,000	Invitation of quotations is not mandatory, but at least three quotations should be invited where it is considered that better value for money will be obtained by doing so.
Between £10,000 and £75,000	Written quotations shall be obtained (see Regulations 4.18 to 4.23 for detailed procedure).

Above £75,000	All items where the estimated value of a contract exceeds £75,000 shall be obtained by tender (see Regulation 4.24 to 4.46 for detailed procedure). All items where the estimated value of a contract exceeds the current EU/ WTO <u>GPA</u> Threshold will follow the appropriate EU/ WTO <u>GPA</u> Procedure.
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Table 1: Goods, Works and Services Procurement Limits

- 4.8 An official order must be created for all expenditure (subject to approved exemptions) and be approved by an approved Officer. This shall be issued in accordance with the Order Procedure in Regulation 4.53.
- 4.9 All expenditure should be under some form of contract. The choice of contract must be appropriate and proportionate to the value and nature of the task and could be verbal or written in nature. All contracts over £20 require a written contract in some form; (except acceptable under the credit card policy). Any contracts over the value of £10,000 must have a signed or sealed contract document. Officers should use discretion to use the correct form of contract and seek advice from the Procurement Service if required.
- 4.10 All officers should ensure they have full budget provision before entering any form of contract as noted in 4.1.
- 4.11 Decisions on procurement should not only consider cost, but the environmental impact of purchasing. The specification for goods and services should include environmental standards where appropriate and relevant to those goods and services. Suppliers should be asked to provide information on their environmental performance and be made aware of evaluation criteria to be used if required as part of the evaluation process.

Exceptions to Procurement Procedures

- 4.12 In the following circumstances, and agreed by the Chief Executive Officer, quotations or tenders will not be required
 - i) Purchases via Framework Agreements which have been established either by the Authority or by other public sector bodies or consortia (including National Parks UK (NPUK), [National Parks Partnerships \(NPP\)](#) or National Parks England (NPE)), and where such Framework Agreements are lawfully accessible by the Authority. Contracts awarded from such Framework Agreements shall be awarded in accordance with the provisions of that Framework Agreement; or
 - ii) Purchases through a Government contract, or a contract of a contributing Local Authority or NPA which has been negotiated in accordance with that organisations own Standing Orders; or
 - iii) Purchases at public auction (including internet auction sites, e.g. [eBay](#)), if value for money will be achieved; or
 - iv) Purchases of goods and services of a special nature which can only be obtained within the required timescale from one supplier; or

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- v) Where the proposed contractor is on site, there is financial benefit in negotiating an extension for further work and subject to the cost of the further work not exceeding 10% of the value of the original work or £10,000 (whichever is greater); or
- vi) Repairs to or the supply of parts for existing proprietary machinery or plant where to obtain such supplies from an alternative supplier would invalidate the warranty or contractual conditions with the existing supplier; or
- vii) If the Chief Executive Officer, after consultation with the Chair and Deputy Chair, considers that the work is of an emergency nature which is required to preserve the Authority's assets or to enable the Service to be maintained;

Waivers

- 4.13 Specific exceptions to rules 4.7 and 4.18 to 4.38 are permitted in such circumstances that the Chief Executive Officer and the Monitoring Officer may agree.
- 4.14 Requests for Waivers need to specify the reasons for the request.
- 4.15 The Chief Finance Officer shall maintain a register of all requests made under this rule and the responses given to them.
- 4.16 For the following items an order will not be issued:
 - i) Public utility services, rents and rates.
 - ii) Petty cash purchases (which must not exceed £20 per purchase).
 - iii) Any purchases made with a Corporate Credit Card.
 - iv) Any other items agreed by the Chief Executive Officer.
 - v) Items on accounts (e.g. Fuel)
- 4.17 All waivers must be reported to FRASC each quarter with justification given.

Quotation Procedure

- 4.18 For those items for which quotations are required, a minimum of three written quotations should be obtained. A written quote may only be considered if:
 - i) It has been received electronically through the E-Sourcing System; or
 - ii) (Where permitted by prior agreement from a Director) it has been received in a sealed envelope marked "Quote" and indicating the subject matter of the quote; and
 - iii) It has been opened after the expiry of the deadline for submissions and at the same time as other quotes for the same subject matter in the presence of at least two officers authorised to open quotes.
- 4.19 Before quotations are invited the most economically advantageous criteria must be recorded. Where no additional criteria have been set, then the lowest quotation must be accepted.
- 4.20 Where both price and quality are to be factors, the quality criteria must be identified and the weighting between price and quality approved by the Chief

Financial Officer or Director of Corporate Services, is to be recorded before quotations are invited.

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- 4.21 Quotations received electronically or by post shall be opened at the same time by Officers authorised by the Chief Executive. The E-Sourcing System shall maintain a permanent record of the quotations received. Paper quotations shall be kept on file for one year after the contract award.
- 4.22 If the most economically advantageous quotation is not recommended for acceptance, the written approval of the Chief Executive shall be obtained prior to awarding the work and this must be reported to the FRASC.
- 4.23 Subject to and within the limitations of the provisions for budgets and virements contained within these financial regulations, a quotation for a price in excess of £75,000 may only be accepted if the price to be accepted does not exceed the original budget by more than 10%. In this instance, the written approval of the Chief Executive Officer must be obtained prior to awarding the work.

Tender Procedures

- 4.24 For those items for which tenders are required a notice advertising the opportunity shall be published through the E-Sourcing System. If considered appropriate, a local newspaper and a suitable professional or trade journal or website may also be used. The form of advertising shall take into account the value, location and subject matter of the contract. The notice shall specify brief details of the contract, how the tender documents may be obtained and the closing date for receipt of tenders by the Company.
- 4.25 Before tenders are invited, the most economically advantageous criteria must be recorded in writing, and the approval of the Chief Executive or Chief Finance Officer must be obtained in advance. Where no additional criteria have been set, then the lowest tender must be accepted.
- 4.26 Where both price and quality are to be factors, the quality criteria must be identified and the weighting between price and quality agreed by the Chief Executive or Chief Finance Officer is to be recorded before tenders are invited.
- 4.27 In some circumstances, it is appropriate to allow all contractors who responded to the advertisement to complete a full tender – this is an ‘Open Tender’ process. In other circumstances, contractors who expressed interest may be evaluated against a set of criteria to produce a short list of contractors who will be invited to complete a full tender – this is a ‘Restricted Tender’ process.
- 4.28 When a Restricted Tender process is used, the criteria which are to be applied in evaluating expressions of interest to produce the short list must be recorded in writing before the expressions of interest are considered. The criteria must include an assessment of the Tenderer’s financial strength, professional ability, and health and safety competence.
- 4.29 After expressions of interest have been received they will be evaluated to produce the tender list. The tender list should have an appropriate number of contractors for

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the purposes of competition, relevant to the market involved. This number should be authorised by the relevant Director before undertaking the procurement. (NB There are special rules regarding EU/WTO GPA contracts – advice should be sought from the Procurement Advisor where EU/WTO GPA Rules apply).

- 4.30 Where an invitation to tender is required, every notice of such invitation shall state that no tender will be received except where it has been received electronically through the E-Sourcing System. However, where permitted in exceptional circumstances agreed by the Director a tender may be received in a sealed envelope marked “Tender” and indicating the subject matter of the tender. Such envelopes shall not bear any identification of the tenderer and shall remain in the custody of the Chief Executive until the time stated for opening.
- 4.31 Tenders shall be opened electronically on the E-Sourcing System by an Officer authorised by the Chief Executive Officer. An electronic record of the tenders must be maintained on the E-Sourcing System. A recommended format for recording any tenders not received via the E-Sourcing System is available from the Procurement Advisor.
- 4.32 Where tenders are to be evaluated on the basis of the most economically advantageous, the evaluation model to be used to score the quality criteria referred to must be recorded prior to the tenders being published.
- 4.33 No tender other than the most economically advantageous tender shall be accepted unless the written approval of the relevant Director has been sought and obtained before the bid is accepted until the Authority or the FRASC has considered a report from the Chief Executive Officer outlining why the preferred contractor is being recommended.
- 4.34 No tender shall be accepted unless three persons have completed the tender for the contract or with the agreement of the Chief Executive Officer.
- 4.35 Any tenders not received on time shall be rejected by the Chief Executive Officer unless he/she is satisfied there is adequate evidence of submission or posting in time for delivery by the due date and the other tenders have not been opened. The tender may be opened to ascertain the name and address of the tenderer but no details of the tender shall be disclosed.
- 4.36 Persons tendering may only submit a revised offer when invited to do so following post-tender negotiation. Such post-tender negotiation may only happen when permitted by law and where the Chief Executive Officer considers added financial or other benefits may be obtained. The post-tender negotiation shall only be conducted by a team of Officers approved by at least two of the following: the Chief Executive Officer, the Legal Adviser and the Chief Financial Officer.
- 4.37 Subject to and within the limitations of the provisions for budgets and virements contained within these financial regulations, a tender where the preferred tender price exceeds the original budget may only be accepted if the price to be accepted does not exceed the original budget by more than 10%, and the value does not

exceed the relevant EU/WTO GPA threshold. If the value exceeds the relevant EU/WTO GPA threshold, a Director must seek tenders in accordance with rule 4.39.

- 4.38 Officers should be aware that it is illegal to benefit personally from purchases made on the Authority's behalf and that financial inducements to the personal benefit of the Officer are illegal. The Authority's purchasing arrangements should not be used under any circumstances to obtain goods or services for private or personal consumption.

Above ThresholdTenders

- 4.39 Tenders for contracts which exceed the EU/WTO GPA Threshold shall be invited and awarded in accordance with the Public Contracts Regulations 2015 (PCRs).

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- 4.40 Before an Above Threshold tender is requested the evaluation criteria to be applied to the Above Threshold tender must be recorded in writing in the ITT evaluation model. The evaluation criteria must be identified and the weighting between price and quality established and stated in the ITT sent to participants.

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- 4.41 Irrespective of the procurement process being undertaken an Above Threshold notice must be published through the E-Sourcing System.

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- 4.42 All participants invited to submit Above Threshold tenders shall be provided in all instances with identical instructions and information.

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- 4.43 Where considered appropriate, the Directors, in consultation with the Procurement Advisor may permit participants to submit variant Above Threshold tenders (i.e. tenders which do not comply with some or all of the requirements of the primary tender). The same opportunity to submit variant Above Threshold tenders shall be given to all participants. Variant Above Threshold tenders shall only be considered if the participant also submits a compliant primary tender.

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- 4.44 The evaluation of the Above Threshold tender submissions shall be carried out by Officers who are considered appropriate having regard for the subject matter and value of the contract.

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- 4.45 The Procurement Advisor shall identify which of the following Above Threshold tender processes shall be used to invite tenders for contracts with a value in excess of the relevant EU/WTO GPA threshold:

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- i) The Open Procedure
- ii) The Restricted Procedure
- iii) The Competitive Procedure with Negotiation
- iv) The Competitive Dialogue Procedure
- v) The Innovation Partnership Procurement
- vi) Negotiated Procedure without Prior Publication
- vii) Framework Agreement
- viii) Dynamic Purchasing System
- ix) Electronic Auctions
- x) Electronic Catalogues
- xi) Light Touch Regime

4.46 The identified process shall be used for the invitation of Above Threshold tenders in accordance with the requirements of the PCRs.

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Goods and Services Procured by Third Parties

4.47 Where the Authority has engaged a Third Party to manage a project and that management will involve the procurement of goods or services to be paid for directly by the Authority, the third party must ensure that the Authority's Financial Regulations are followed unless an exception described in Regulation 4.12 applies.

4.48 If the Third Party managing a project is to procure additional goods and services which the Third Party will pay for directly and then pass those costs onto the Authority, then those costs must be included in the original price agreed for the Third Party's contract or the procurement of those additional goods and services must follow the Authority's Financial Regulations.

4.49 In circumstances where the Authority is managing a project where a grant or other external funding is received, the terms of such grant or other external funding must be applied in accordance with the terms of such grant or external funding. Those conditions will override these regulations. However, in circumstances where the Authority's regulations are more restrictive than the funding body, then these regulations will apply.

Contract Procedures

4.50 For all items over £10,000 a contract in writing is required as per 4.9. Such a contract should be authorised on behalf of the Authority by an authorised representative and shall include details regarding:

- i) The work to be done.
- ii) The price to be paid, with a statement of discounts or other deductions.
- iii) The period within which the contract is to be performed.
- iv) Liquidated damages on contracts which exceed £50,000 for all building works to be paid by the contractor where they fail to complete the contract on time.
- v) A performance bond must be required for every contract exceeding £400,000 except where the Directors consider it unnecessary, after consultation with the Chief Executive.
- vi) Recompense where the contractor fails to deliver goods or services specified in the contract, for the Authority to make good the default to replace the purchase from another contractor and recover the cost from the contractor.
- vii) Insurance cover to the limit specified by the Director of Corporate Services for public liability purposes.

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4.51 Every contract shall comply with relevant retained EU Law and WTO GPA Law.

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Leasing Contracts

4.52 The Chief Executive shall advise on the negotiation of terms for, and authorise the leasing of, any assets which the Authority, or a Director within the context of their

budgetary responsibility, has decided to acquire where the sole purpose of the designated lease is to finance the transaction, with the proviso that if the Chief Financial Officer is dissatisfied with the financial implications of the final terms agreed he will submit a report to the Authority.

Purchase Orders

4.53 All purchase orders must be prepared in the Finance System:

- i) Purchase orders will be automatically sequentially numbered by the Finance System.
- ii) If any purchase order fails to provide complete or accurate coding or descriptive narrative, it will be withheld and the originator informed.
- iii) A single copy of the completed purchase order will be dispatched to the supplier. The Authority will retain an electronic copy within the Finance System. The detailed procedures for the creation, authorisation and retention of purchase orders are described in the Finance Manual maintained by the Chief Financial Officer.
- iv) Purchase orders may only be authorised by Budget Holders or those Officers nominated by the Directors. They will be allowed to authorise orders up to a maximum value of £5,000 but must be within their available budget. The Finance System will be configured to reflect these authorisations and restrict Officers to the areas of the budget for which they are responsible.
- v) Purchase orders above this value but below ~~£40,000~~ must be authorised by a Director.
- vi) Purchase orders above ~~£40,000~~ must be authorised by the Chief Executive Officer or the Chief Finance Officer.
- vii) Goods and services that require a purchase order must have one raised, otherwise the invoice will not be paid.

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Corporate Credit Cards

4.54 The issue and use of corporate credit cards will be subject to prior agreement by the Chief Executive.

4.55 Where a purchase by credit card is permitted, the Officer making use of the facility must complete a requisition in the format determined by the Chief Executive and provide adequate supporting documentation for each purchase.

4.56 No personal payments (i.e. anything that is not related to the work of the authority) for goods or services using a corporate credit card will be permitted.

Processing of Creditor Payments

4.57 It is a requirement that at least two Officers shall be involved in the authorisation of all expenditure.

4.58 No Officer authorising an order can authorise payment of the resulting invoice, but may certify that the goods have been received. This is subject to the following:

- i) Directors, or an Officer approved by the Director, will authorise invoices under the value of £5,000.

ii) Invoices of a value between £5,000 and ~~£40,000~~ will be authorised for payment by either a Director, the Chief Financial Officer or the Chief Executive Officer.

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iii) Invoices of a value greater than ~~£40,000~~ will be authorised for payment by the Chief Financial Officer, the Chief Executive Officer or the ~~Director~~ of Corporate Services.

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4.59 It is the duty of the Officer authorising the payment to ensure that:

- i) Each account has been checked against an official order, where appropriate.
- ii) The account has not previously been passed for payment.
- iii) The goods have been received, the work carried out or the service rendered satisfactorily.
- iv) Any payments being made before the entire contract is complete must comply with the payment schedule.
- v) Appropriate entries have been made in inventory and stock records as required.
- vi) The arithmetic is correct and appropriate discounts have been deducted.
- vii) Prices and charges are correct and have been checked against contracts or quotations.
- viii) If an account passed for payment is alleged not to have been paid, full enquiries are made prior to passing the copy invoice for payment to ensure the account has not been paid or is awaiting payment in the system.

Payment of Grants

4.60 The awarding and payment of all grants by the Authority must follow the agreed process for administering and authorising the particular Grant Scheme. The process in operation for each scheme must be agreed in writing by the Chief Executive Officer before any commitment to pay out a Grant under the scheme is made.

4.61 The following principles should be included in the detailed process for all Grant Schemes:

- i) The scheme must clearly fulfil statutory purposes or contribute to the duty.
- ii) The decision to award a grant must be made before works have commenced.
- iii) In every case, the Authority should receive proof that the terms of the grant award have been complied with.
- iv) In every case, the Authority should receive evidence that value for money has been achieved.

4.62 The authorisation limits for payment of creditors that are defined by these regulations will apply for the processing of all grant claims.

4.63 At the point where a commitment to pay out a grant is made, that commitment must be recorded in the Finance System.

Payment of Salaries and Pensions

- 4.64 The Chief Executive Officer shall have overall responsibility of the payment of salaries and pensions.
- 4.65 The Chief Executive Officer shall be authorised to agree arrangements to pay all salaries, wages, superannuation benefits, compensation and other emoluments properly payable by the Authority.
- 4.66 The Director of Corporate Services shall ensure that the Authority uses a payroll system ensuring that any changes in pay details are properly recorded and implemented. Such changes would include:
- i) Appointments, resignations, dismissals, suspensions, secondments and transfers.
 - ii) Absences from duty for sickness or other reasons apart from approved leave within normal entitlements.
 - iii) Changes in remuneration such as annual increments, pay award and promotion.
 - iv) Changes in hours of work and/or duties or any other factors affecting rates of pay or total pay.
 - v) All information necessary to maintain records of service, superannuation, income tax, national insurance and other statutory or non-statutory obligations concerning employee records.
- 4.67 The Chief Executive Officer shall ensure that proper controls are in place in the payment process to minimise the risk of fraudulent activity.
- 4.68 All staff will be paid by direct credit transfer into their personal bank accounts.
- 4.69 Advances of pay outside the provisions of the normal payroll may be actioned in the following circumstances:
- i) Where an employee has commenced work but pay records cannot be processed in time for the pay run, and where delay until the following pay date may cause hardship.
 - ii) To remedy error or difficulty in processing the payroll.
 - iii) Where there are exceptional circumstances justifying an advance to an individual employee.
- 4.70 There should be procedures to ensure that advances of pay are properly processed through the payroll system, and that where appropriate any action to recover payments made in excess of the amounts due is made at the earliest opportunity.

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Travelling and Subsistence Allowances

- 4.71 Staff authorised to make journeys in the execution of their duties are eligible to claim travel and subsistence expenses in accordance with their terms and conditions of employment.

4.72 Claims for travelling and subsistence should be made during the month after the expenditure is incurred and should be submitted on a form approved for the purpose by the Chief Executive Officer.

4.73 The policy and process of claiming is detailed in the HR Policies.

Gifts, Loans and Sponsorship

4.74 Gifts of money, and gifts or loans of other property may be accepted if they will enable the Authority either to enhance or extend the service which they would normally be able to provide.

4.75 Gifts, loans and sponsorship can be accepted from any genuine source which has well intentioned reasons for wishing to support specific projects.

4.76 The Authority should, however, take care in deciding whether or not to accept offers. There are some cases where the acceptance of gifts, loans or sponsorship would be inappropriate:

- i) Where the provider seeks endorsement of a product or service in order to gain preferential treatment in supplying or contracting goods and service to the Authority.
- ii) Where the provider seeks to influence the direction of a particular policy, decision or operation.

4.77 The Authority should not enter arrangements to support activities which cannot be readily discontinued, since funding by the donor could be withdrawn at any time.

4.78 Where offers of gifts, loans or sponsorship are made from more than one provider in a competing market care should be taken to demonstrate an even handed approach in accepting and/or rejecting any offer.

4.79 The Authority should ensure that priority is given to meeting the needs of the Authority rather than those of the sponsor, and should be careful to avoid the following:

- i) Association with companies already in a contractual agreement to provide goods or service to the Authority, which could be construed by competitors as preferential treatment.
- ii) Projects of limited benefit in operational terms or which could distract effort from tackling agreed priorities.
- iii) Offers which could involve the Authority in additional costs.
- iv) Offers with conditions attached.
- v) Offers of equipment which is incompatible with that in use by the Authority to the extent that its introduction would bring costs outweighing benefits.

4.80 The Chief Executive Officer has the responsibility of ensuring that a record of all gifts, loans and sponsorships received is maintained.

4.81 The Chief Executive Officer should periodically report details of gifts, loans and sponsorships to the Authority. Amounts above £5,000 should be referred to the Authority for approval before they are accepted.

Retention of Financial Records

4.82 The time periods that records should be kept are as follows:

Responsibility of the Director of Corporate Services:

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- i) Permanent – Pension Records (if no longer managed by NYCC). Responsibility with the Director of Corporate Services.
- ii) 7 years – Payroll information including amendment sheets, timesheets and copies of P60's.

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Responsibility of the Chief Finance Officer:

- iii) 6 years – All other financial records, including VAT records, summary cash books, expenditure tabulations, expenditure vouchers, copy remittance advices, paid cheque lists, income journals, income vouchers, receipt books, paying-in slips, insurance files and order books.

4.83 Financial records in storage must be properly and logically stored in order to protect them from deterioration and spoilage and easily facilitate their retrieval. The appropriate members of staff should be aware of where the documents are located and how they are referenced and stored.

4.84 Where financial records are due for disposal it is important that they are disposed of in a secure manner depending on the nature of the documents.
