

WEST OF ENGLAND COMBINED AUTHORITY

CONSTITUTION

PART B

CONTENTS

PART B

| | |
|---|------------|
| FINANCIAL REGULATIONS – June 2020 | B1 |
| CONTRACT STANDING ORDERS – June 2020 | B70 |

West of England Combined Authority

Financial Regulations

Revised June 2020

CONTENTS

PART B

| | |
|--|----|
| <i>Section 1 – Introduction</i> | 2 |
| <i>Section 2 - Financial Management Roles & Responsibilities explained</i> | 4 |
| <i>Section 3 – Internal Audit</i> | 9 |
| <i>Section 4 – Risk Management</i> | 11 |
| <i>Section 5 – Fraud Prevention</i> | 13 |
| <i>Section 6 - Budget Management and Control</i> | 16 |
| <i>Section 7 – Revenue Budget Preparation</i> | 20 |
| <i>Section 8 – Capital Expenditure</i> | 23 |
| <i>Section 9 - Treasury Management (Investments & Borrowing)</i> | 25 |
| <i>Section 10 – Accounting Systems and Processes</i> | 27 |
| <i>Section 11 - Payroll</i> | 30 |
| <i>Section 12 – Ordering and Paying for Works, Goods & Services</i> | 32 |
| <i>Section 13 – Income Collection</i> | 36 |
| <i>Section 14 – Bank Accounts, Banking and Cash Handling</i> | 38 |
| <i>Section 15 – Asset Management</i> | 40 |
| <i>Section 16 – Asset Leasing</i> | 42 |
| <i>Section 17 – Insurance</i> | 43 |
| <i>Section 18 – Value Added Tax (VAT)</i> | 45 |
| <i>Section 19 - Information Systems Management</i> | 47 |
| <i>Section 20 – ‘Employee’ Interests, Gifts and Hospitality</i> | 52 |
| <i>Section 21 – Corporate Purchasing Cards (Credit Cards)</i> | 55 |
| <i>Section 22 – International Travel</i> | 57 |
| <i>Section 23 – Commissioning & Procurement</i> | 59 |
| <i>Section 24 – External Arrangements Partnerships</i> | 62 |
| <i>Section 25 – External Funding</i> | 65 |
| <i>Section 26 – Work for Third Parties</i> | 67 |

Section 1 – Introduction

Why do we need Financial Regulations?

Stewardship of the West of England Combined Authority finances requires high standards of financial integrity and accountability. The Financial Regulations define the boundaries within which we operate to effectively manage risk. They clarify roles and responsibilities and provide a framework for decision making.

All large organisations have a set of rules to regulate their finances and to protect the interests of their stakeholders and staff. However, the rules themselves are not of any use unless they are known and understood.

Who should read and understand Financial Regulations?

The Combined Authority's Section 73 Officer, as the Combined Authority's statutory Chief Financial Officer is ultimately responsible for ensuring the proper administration of the Combined Authority's financial affairs. These regulations form part of the arrangements that the Combined Authority's Section 73 Officer has put in place to discharge his statutory responsibilities and compliance is required by Members, Officers and other individuals carrying out work on behalf of the Combined Authority.

Senior Officers and managers are responsible for bringing the regulations to the attention of every member of staff, providing the necessary training and monitoring compliance.

Any known breaches of Financial Regulations must be reported to the Chief Finance Officer (Section 73 Officer- Local Government Act 1972). Failure to comply with Financial Regulations and Codes of Practice will be subject to investigation and may result in disciplinary action.

Codes of Practice

The Financial Regulations must be read in conjunction with the various West of England Combined Authority Policies, Financial Standards and CIPFA Codes of Practice, which provide details of the processes, procedures and controls, and which must be adhered to.

The Financial Regulations will be found on the West of England Combined Authority Web site.

Compliance

Senior Officers and Managers are responsible for ensuring that all staff (including non-permanent staff) in their service areas are aware of the existence and content of the Combined Authority's Financial Regulations and other internal regulatory documents and that they comply with them.

Maintenance

The Chief Finance Officer is responsible for maintaining a continuous review of the financial regulations and submitting any additions or changes necessary to the Combined Authority for approval. He / she may issue advice, guidance and procedures to underpin the financial regulations that members, officers and others acting on behalf of the Authority are required to follow.

Section 2 - Financial Management Roles & Responsibilities explained

The West of England Combined Authority’s Financial Regulations, Budget Management Scheme and the Codes of Practice on Matters of Financial Administration (including Officers’ Code of Conduct) are bound separately but form part of the formal Constitution of the Combined Authority. The Combined Authority’s Constitution is accessible through the West of England Combined Authority’s website.

Sound financial management is critical to the Combined Authority in successfully achieving its plans, objectives and quality standards. Financial management is essential in order to:

- plan and maintain effective use of resources to achieve agreed service delivery standards;
- comply with legislation, related professional Codes of Practice and accounting standards;
- provide accurate, complete and valid accounts and information which demonstrate accountability to the public;
- ensure the appropriate use and security of financial and physical assets;
- help the Combined Authority conduct its affairs in an efficient, effective and economic manner.

Financial management is, therefore, concerned with the policies, processes, procedures and standards of the Combined Authority. Within this context, the key areas of responsibility, and associated specific financial regulations, are as follows:

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| <p>West of England Combined Authority Members</p> | <p>Approve Financial Regulations and Contract Standing Orders.</p> <p>Set the overall budget framework and monitor performance against agreed targets.</p> <p>Provide the reporting framework to monitor the achievement of the Combined Authority objectives within the resources allocated.</p> |
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| | Determine the level of responsibility for financial management given to Chief Officers and managers. |
| Audit Committee | <p>The Combined Authority has delegated to the Corporate Audit Committee its powers and duties relating to the following matters:</p> <p>A) To consider and approve for publication on behalf of the Combined Authority, the Annual Accounts in accordance with the Accounts and Audit Regulations and any other relevant legislation or statutory guidance.</p> <p>B) To consider the Annual Governance Statement and Action Plan in accordance with the Accounts and Audit Regulations and any other relevant legislation or statutory guidance and make recommendations on this to the Combined Authority or other appropriate body.</p> <p>C) To promote good governance arrangements within the Combined Authority and in its dealings with partner bodies and contractors, including compliance with legal and professional standards, in accordance with the Code of Corporate Governance.</p> <p>D) To agree the Combined Authority's External Audit Plan and proposed fees, within the budget agreed by the Combined Authority, and to monitor the delivery of that Plan.</p> <p>E) To agree the Internal Audit Plan, within the budget agreed by the Combined Authority, to monitor its delivery and effectiveness and to consider and make recommendations on any significant matters arising from Internal Audit work.</p> <p>F) To approve the Combined Authority's statutory accounting statements and policies.</p> |
| Chief Executive | <p>Provides strategic management and establishes a framework for management direction, style and standards.</p> <p>Secures a process for resource allocation that ensures due consideration of policy.</p> |

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| | Monitors the performance of the Combined Authority. |
| Chief Finance Officer | <p>Carries out the statutory role of Chief Finance Officer (s73 Officer)</p> <p>(a) The proper administration of the Combined Authority’s financial affairs and advising on effective systems of internal control.</p> <p>(b) Setting and monitoring compliance with financial management standards.</p> <p>(c) Issuing advice, guidance and procedures to underpin the financial regulations.</p> <p>(d) Determining the accounting procedures and financial records for the Combined Authority.</p> <p>(e) Selecting accounting policies and ensuring that they are applied consistently.</p> <p>(f) Advising on the corporate financial position and on the key financial controls necessary to secure sound financial management.</p> <p>(g) Providing financial information.</p> <p>(h) Preparing the revenue budget, supplementary revenue estimates and capital programme.</p> <p>(i) Treasury management.</p> <p>(j) The preparation and consolidation of the Combined Authority’s accounts</p> <p>(k) Reporting to the Combined Authority on the robustness of the annual budget.</p> |

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| | <p>(l) Report to the Combined Authority and external auditor if the Combined Authority or one of its officers:</p> <ul style="list-style-type: none"> • has made, or is about to make, a decision which involves incurring unlawful expenditure. • has taken, or is about to take, an unlawful action which has resulted or would result in a loss or deficiency to the Combined Authority. • is about to make an unlawful entry in the Combined Authority's accounts. |
| <p>Directors and Heads of Service (or their delegated representative)</p> | <p>Establish clear accountabilities for all officers that include objectives of and responsibility for systems and information.</p> <p>Implement processes for considering the financial effects of policy and relating policy to resources.</p> <p>Monitor the delivery of policy and the use of resources, ensuring that appropriate action is taken where there is a mismatch.</p> <p>Clearly understand the consequences of a lack of control and ensure that Officers have effective procedures for safeguarding the Authority's resources</p> <p>Operate processes to check that established internal controls are in place and evaluate their effectiveness.</p> |
| <p>Monitoring Officer</p> | <p>Carries out the statutory role of Monitoring Officer. The Monitoring Officer reports to the Combined Authority if a contravention of law, Code of Practice or any maladministration has arisen through any decision or omission by the Combined Authority, by any Member, Officer or representative of the Combined Authority.</p> |
| <p>Internal Auditor</p> | <p>Provide an independent Internal Audit Service which has unfettered access to the Chief Executive and Senior Management and is able to access all relevant records and information within the Combined Authority to carry out its role.</p> |

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| | <p>Provide independent, objective assurance / advice to management on the operation of internal controls (including financial) to improve an organisation's operations.</p> <p>Provide an annual opinion on the framework of internal control and risk management.</p> <p>Investigate on behalf of the organisation any suspected financial irregularities or misuse of resources and ensure that there is a system in place to allow staff, contractors or the public at large to report serious concerns confidentially.</p> |
| External Audit | <p>Report on whether the Combined Authority's accounts and statements present fairly the Authority's financial position.</p> <p>Report on whether the Combined Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VfM) conclusion.</p> <p>Grant Claim certification.</p> |
| All Employees | <p>Have a responsibility for following Financial Regulations and other Combined Authority policies & adopted regulations (including Contract Standing Orders, Code of Conduct) and Service specific instructions.</p> <p>Help the Combined Authority achieve open and honest administration by supporting approved fraud prevention strategies and avoiding potential conflicts of interest.</p> <p>Assist the Combined Authority's audit processes.</p> <p>Keep accurate and comprehensive records to support the transactions undertaken on the Combined Authority's behalf.</p> |

Section 3 – Internal Audit

Why is this important?

The purpose of this section of the regulations is to highlight the authority delegated to the West of England Combined Authority’s Internal Auditor (term used by the Public Sector Internal Audit Standards), when reviewing the accounting and financial arrangements within the Combined Authority.

Statutory Requirements:

The Accounts and Audit Regulations 2011, Part 2 (6), require that a “relevant body shall maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control”. These Regulations cover the requirements of Section 73 of the Local Government Act 1985, which states that authorities must “make arrangements for the proper administration of its financial affairs and shall secure that one of their officers has responsibility for administration of those affairs.”

Objectives & Role of Internal Audit:

Accordingly, Internal Audit is an independent and objective appraisal function established by the Combined Authority for reviewing the system of internal control. It examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources.

1. The organisation is responsible for maintaining an adequate and effective internal audit of the accounting and financial transactions, including any operations that affect the financial arrangements of the Combined Authority.
2. Internal Audit is independent in its planning and operation.
3. Internal Audit complies with the United Kingdom Public Sector Internal Audit Standards.
4. The Internal Auditors, shall have authority to:
 - a) Enter at any reasonable times, any operational or administrative West of England Combined Authority premises or land and have access to all Combined Authority property.
 - b) Have access to (and where necessary to copy or retain) all records whether manually or electronically held, documentation, correspondence and computer

- systems relating to any transaction of the Combined Authority, or non-official funds operated by Combined Authority staff,
- c) Require and receive such explanations as are necessary concerning any matter under examination,
 - d) Require any employee of the Combined Authority to produce or account for cash, stores or any other property under their custody or control,
 - e) Examine any work or services carried out for the Combined Authority by an employee or contractor, and any goods purchased on behalf of the Combined Authority,
 - f) Review appraise and report on the soundness, adequacy and application of internal controls. This includes those controls to protect Combined Authority resources, property and assets from loss / waste.
5. The Authority's Internal Auditors shall have direct access and the right of report to the Combined Authority, Chief Executive, Monitoring Officer, Chief Finance Officer, the External Auditor, Chair of the Audit Committee and Chair of the Overview and Scrutiny Committee, where appropriate.

Section 4 – Risk Management

Why is this important?

Risk management is an integral part of the corporate governance framework for Local Government. This is detailed in the Combined Authority's Local Code of Corporate Governance which is reviewed annually and reported in the Combined Authority's Annual Governance Statement.

The Combined Authority's Risk Management Strategy will help support and underpin the delivery of its Vision & Values.

Objectives of risk management processes:

- Protecting and adding value by supporting the achievement of the Combined Authority Strategies.
- Improved strategic, operational and financial management.
- Contributing to more efficient use/allocation of resources.
- Mitigation of key threats and taking advantage of key opportunities.
- Protecting and enhancing assets and image.
- Improving decision-making (making the right decisions).
- Safeguarding of tangible and intangible assets.
- Promotion of innovation and change.
- Optimising operational efficiency and therefore delivering efficiency gains and value for money.
- Allocating time and management effort based on formal assessment of threats and opportunities.
- Avoid nasty surprises, shocks, crises and the time taken to 'fire fight' these.
- Improved customer service delivery.

Key Responsibilities for Staff & Members:

1. West of England Combined Authority Members gain an understanding and promote risk management and its benefits throughout the Combined Authority & its partners, ensuring Members take risk management into consideration when making decisions.
2. Combined Authority members oversee the effective management of risk throughout the Combined Authority and its partnerships, and gain an understanding of its benefits, ensuring officers develop and implement a comprehensive approach to risk management.

3. The Audit Committee provides independent assurance of the risk management framework and associated control environment, independent scrutiny of the Combined Authority and partners financial and non-financial performance, and oversee the financial reporting process.
4. The Combined Authority is responsible for approving the Authority's risk management strategy, and promoting a culture of risk management and awareness throughout the Combined Authority.
5. The Combined Authority Management Team gains an understanding and promote the risk management process and its benefits, oversee the implementation of the risk management strategy and agree any inputs and resources required supporting the work corporately.
6. Senior Officers ensure that the risk management process is promoted, managed and implemented effectively in their service areas within the organisation. Liaising with external agencies to identify and manage risk. Disseminating relevant information to all employees.
7. Managers raise awareness, manage and implement the risk management process effectively in their areas of responsibility, recommending any necessary training for employees on risk management. Incorporating risk ownership through the appraisal scheme with employees and share relevant information with colleagues in other service areas.
8. All employees of the Combined Authority manage risk effectively in their jobs, liaising with their line manager to assess areas of risk in their job. Identify new or changing risks in their job and feed these back to their line manager.
9. The Internal Auditors challenge the risk management process, including the identification and evaluation of risk and provide assurance to Officers and Members on the effectiveness of controls.
10. The Chief Finance Officer supports the Combined Authority and its services in the effective development, implementation and review of the Combined Authority's risk management processes. Identify and communicate risk management issues to services, and assist in undertaking risk management activity through training or direct support.

Section 5 – Fraud Prevention

Why is this important?

“Keeping our House in Order” – The Combined Authority’s Fraud Prevention Statement

We all have a special responsibility for dealing with public funds and assets. The Combined Authority controls millions of pounds of public money and we must take very seriously the high expectations of the public and the degree of scrutiny to which the affairs of the Combined Authority are subject.

The Combined Authority acknowledges the responsibility it has for the administration of public funds and wishes to emphasise to the public and its staff the importance it places upon probity, financial control and transparency in its administration.

The Combined Authority is committed to prevention, deterrence, detection and investigation of all forms of fraud and corruption.

The Combined Authority recognises that fraud and corruption undermine the high standards of public service, which it promotes, and reduces the resources available for the good of the whole community.

The statement applies to all Members and employees of the Combined Authority and demonstrates to the community of the Combined Authority our commitment to combating fraud and corruption wherever it is found.

The Fraud Prevention Statement – Key Principles:

Leading by example, the Combined Authority will ensure that:

- Everyone within the organisation takes responsibility for the prevention and detection of fraud and corruption.
- There is compliance with key policies and procedures.
- Fraud is not tolerated and that all such cases are thoroughly investigated.
- All officers and Members have proper training and guidance regarding anti-fraud and corruption issues.
- High standards of internal control are promoted.
- There is a safe environment to report suspected cases of fraud and corruption.

- Rigorous action is taken against anyone found guilty of fraud or corruption. This will be through the Combined Authority's disciplinary process and by taking legal action as appropriate.

Key Responsibilities for Members and Staff:

1. Senior Officers are responsible for the prevention and detection of fraud, error and wasteful practices within their Service environment.
2. They must inform the Chief Finance Officer immediately of any suspected financial irregularity.
3. The Combined Authority's Chief Finance Officer shall report to the Chief Executive and the Monitoring Officer any circumstances which could involve the Combined Authority in unlawful expenditure or action which could result in a potential loss or deficiency to the Combined Authority or unlawful entries in the accounts.
4. All employees have an important part to play in reporting concerns about wrong doing at work by other employees, Councillors, suppliers, contractors or others acting on behalf of the Combined Authority.
5. In this respect, employees are under a duty to assist with the discharge of these responsibilities by reporting to their managers, or through the Combined Authority's Whistleblowing Policy, any instance where financial irregularity is suspected.
6. Abuse of the Whistleblowing Policy by raising malicious, unfounded allegations will be treated as a serious disciplinary matter.
7. In addition, the Combined Authority has a legal duty to implement a procedure to enable the reporting of suspicions of money laundering. Accordingly, any Member or employee, who in the course of Combined Authority business becomes aware that criminal property or funds could be involved, should report their suspicion promptly, in accordance with the Anti-Money Laundering Policy.
8. The UK Bribery Act, 2010 which came into force on the 1st July 2011 introduces a corporate offence of failure to prevent bribery.

The three key offences under the Act which may have an impact on the authority are:

- Bribery of another person
- Accepting a bribe
- Failing to prevent bribery

The offences carry criminal penalties for individuals and organisations. Individuals can be imprisoned for up to a maximum of ten years. Both individuals and organisations can be subject to an unlimited fine.

The Act states that organisations will be responsible for their employees' corrupt acts unless they can show they had adequate policies and procedures in place to combat bribery.

Staff are responsible for the prevention, detection and reporting of bribery and other forms of corruption. If any member of staff or Combined Authority Member has concerns regarding a suspected instance of bribery they must refer to the Combined Authority's Whistleblowing Policy and report the matter.

Section 6 - Budget Management and Control

Why is this important?

Budgets (spending plans) are needed so that the Combined Authority can plan, monitor and control the way resources are allocated and spent. Budgets reflect Combined Authority priorities and give authority to approved officers to incur expenditure to meet objectives and targets.

Budget management ensures that once the budget has been approved by the Combined Authority, resources allocated are used for their intended purpose and are properly accounted for. Budgetary control is a continuous process, which reviews and manages spending against budget during the financial year. In addition, it provides the mechanism that calls to account managers responsible for defined elements of the budget.

The purpose of the Budget Management Scheme rules

- a) To ensure that income and expenditure are in line with the agreed Combined Authority budgets and service plans (consistency of purpose),
- b) Overall Financial control of Combined Authority income and expenditure.

The implications of poor budget management

1. The Combined Authority may not be operating within the law;
2. Policies and objectives may not be achieved;
3. Resources may not be used in accordance with agreed authority;
4. Failure to secure value for money (efficient & effective use of resources);
5. Decisions made without the benefit of full or appropriate information;
6. Inability to take appropriate action at the right time.

Key requirements for budget management and control

Section A: Revenue Budgets:

- Budget approval is required for all expenditure.
- The Chief Executive and Senior Officers have overall responsibility for the delivery of the strategic objectives for their areas of responsibility and thus have a responsibility for effective performance monitoring of managers on matters of budget management.

- Managers are responsible for Budget Management.
- Each Manager will develop and maintain effective arrangements for financial management within his/her Service area.
- Each Manager will nominate a Budget Manager for each cost centre heading, as appropriate.
- Budget Managers accept accountability for their budgets and the level of service to be delivered and understand their financial responsibilities.
- Budget Managers follow an approved certification process for all expenditure.
- Income and expenditure must be properly recorded and accounted for by all Budget Managers. This is achieved by ensuring the accurate use of accounting codes and timely monitoring of financial information.
- Budget Managers are responsible for maintaining a current forecast of their budget and communicating this to their Finance Team. Where a Variance, the difference between forecast and budget, is recurrent this should be identified for future correction.
- Services are to be managed within their budgets using financial forecasting, virement and carry forward, as appropriate.
- Expenditure is committed only against an approved budget head.
- Any virement which has the effect of changing a policy contained in the Policy Framework must be approved by the Combined Authority.
- All virements must be reported to the Combined Authority on a quarterly basis.
- Any potential overspending that cannot be managed by Virement must be identified to the Chief Executive and Chief Finance Officer immediately.
- Any Combined Authority earmarked reserve set aside by Combined Authority for a specific purpose may not be spent on any other purpose without the permission of the Combined Authority.
- The Senior Management Team will receive regular monthly finance reports detailing projected end of year spend compared with approved budget.
- The Combined Authority will receive budget monitoring reports (including capital monitoring) at its public meetings four times a year (normally in September, November, February and July).
- The Combined Authority is required to approve the outturn position in July following the financial year end.

Section B: Capital Budgets:

- The Chief Executive is responsible for budget management of all capital schemes (including major and other projects), but all capital schemes must have a designated responsible Budget Manager.

- Before any scheme is included in any programme, budget management responsibility must be assigned.
- The Capital Programme is agreed by the Combined Authority.
- The Project Management Handbook sets out the process for managing a project of any type or value, along with roles and responsibilities of all parties involved and provides the necessary templates and guidance to manage a project through to completion.
- With effective budget planning and management, overspending should not occur. The Budget Manager is responsible for making proposals for the avoidance or recovery of any overspending to the Chief Executive in the first instance.
- Capital schemes must have a review and reporting process. For example, the Senior Management Team meeting will receive reports of progress in order to focus on the key issues and project spend, and associated funding and revenue implications.
- The Combined Authority will approve a sum that is to be set aside to reflect the overall risk from capital projects it has approved (a capital contingency)
- Senior Officers will be responsible for ensuring the principles of this scheme are understood and enforced within their Service areas.

Authoriser Limits

Delegations to authorise spend within budgets allocated to managers are set out in the table below.

| Authorisation Limit | Officer |
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| Up to £200,000 | Chief Executive Officer |
| Up to £100,000 within their allocated budget responsibility | Director of Investment & Corporate Services Director of Legal & Democratic Services Director of Infrastructure Director of Business & Skills Head of Strategy and Policy |
| Up to £25,000 within their allocated budget responsibility | Head of Finance Head of Grant Management & Assurance Head of People and Assets Head of Regional Housing and Planning Head of Transport Head of Capital Delivery Head of Innovation and Sector Development Head of Enterprise and Inward Investment and Trade |

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| | Head of Skills Head of Communication |
| Up to £700,000 for budgeted payments to approved Adult Education Providers | Director of Business and Skills; Director of Investment and Corporate Services |
| Up to £2,000,000 on operational transport functions (within approved budget levels) | Head of Strategic Transport Integration; Director of Investment and Corporate Services |
| MIPIM Expenditure over £25,000 | Chief Executive Officer |
| Grants* up to £2,000,000 <i>*Investment Fund; Local Growth Fund; Transforming Cities Fund, Regional Infrastructure Fund; Various other approved grants</i> | Head of Grant Management and Assurance Director of Investment and Corporate Services |

Section 7 – Revenue Budget Preparation

Why is this important?

The West of England Combined Authority is a complex organisation responsible for delivering a variety of objectives, outcomes and services. It needs to plan effectively and to develop systems to enable scarce resources to be allocated in accordance with carefully weighted priorities. The annual Revenue and Capital budgets are the financial expression of the Combined Authority's plans and policies.

The revenue budget must be constructed so as to ensure that resource allocation properly reflects the plans and priorities of the Combined Authority. Budgets (spending plans) are needed so that the Combined Authority can plan, authorise, monitor and control the way money is allocated and spent. It is illegal for the Combined Authority to budget for a deficit. All key decisions on revenue expenditure must be made by the Combined Authority.

The format of the budget determines the level of detail to which financial control and management will be exercised. The format shapes the rules around how virements / journals operate, the operation of cash limits, and sets the level at which funds may be reallocated within budgets.

A report on new proposals should explain the full financial implications, following consultation with the Chief Finance Officer. Senior Managers must present a balanced budget and plan to contain the financial implications of such proposals within their budget.

Key Responsibilities for Members and Staff:

1. Specific budget approval is required for all expenditure.
2. Budget holders are consulted in the preparation of the budgets for which they will be held responsible and accept accountability within delegations set by the Chief Executive for their budgets and the objectives to be delivered. Key developments and efficiencies are included in delivery plans (for subsequent monitoring) and individual employee's Performance Development Review.
3. Preparation of the budget complies with all legal requirements.
4. The format complies with the requirements of the Chief Finance Officer and, where necessary, has regard to relevant accounting standards.
5. The format reflects the accountabilities of delivery and outcomes
6. The Chief Finance Officer will:

- (a) Advise the Combined Authority on the format and timing of the budget to be approved by the West of England Combined Authority Committee.
- (b) Prepare and submit reports on budget prospects for the Combined Authority, including resource constraints. Reports should take account of medium-term prospects, where appropriate.
- (c) Determine the detailed form of revenue budgets and the guidelines for their preparation, after consultation with the Combined Authority and the Senior Leadership Team.
- (d) Prepare and submit reports to the Combined Authority on the aggregate spending plans of and on the resources available to fund them, identifying, the implications for the level of any levy or contribution to be requested from the constituent councils.
- (e) Advise on the medium-term implications of spending decisions.
- (f) Encourage the best use of resources and value for money by working with the Senior Leadership Team to identify opportunities to improve economy, efficiency and effectiveness, and by encouraging good financial management practice.

7. Senior Managers will:

- (a) Prepare draft budgets of income and expenditure, in consultation with the Chief Finance Officer, to be submitted to the Combined Authority.
- (b) Prepare draft budgets that are timely, balanced and consistent with any relevant cash limits, and with guidelines issued by the Chief Finance Officer. The format should be prescribed by the Chief Finance Officer, in consultation with the Combined Authority.
- (c) Integrate financial and budget plans into service delivery planning, so that budget plans are reflected, where appropriate, by financial and non-financial performance measures.
- (d) In consultation with the Chief Finance Officer and in accordance with the laid-down guidance and timetable, prepare detailed draft revenue and capital budgets for consideration by the Combined Authority.
- (e) When drawing up draft budget requirements, Senior Managers will have regard to:
 - spending patterns and pressures revealed through the budget monitoring process
 - targets for growth/reduction set out in the medium term financial plan
 - implications of changes in external funding
 - legal requirements
 - other policy requirements as defined by the Combined Authority in the approved policy framework

- initiatives already under way.

Section 8 – Capital Expenditure

Why is this important?

1. Capital expenditure involves acquisition or enhancement of fixed assets which have a long-term value to the Combined Authority, such as land, buildings, and major items of plant, equipment or vehicles. Capital assets shape the way strategies and policies are delivered in the long term and create potential financial commitments for the future in the form of financing costs and revenue running costs. Capital expenditure must comply with the Combined Authority's Contract Standing Orders.
2. The Local Government Act 2000, as amended in March 2002, requires local authorities to determine expenditure limits above which such expenditure would be a key decision. All key decisions on capital expenditure must be taken by the Combined Authority.
3. The Government places strict controls on the financing capacity of the Combined Authority. This means that capital expenditure should form part of an investment strategy and should be carefully prioritised in order to maximise the benefit of scarce resources.

Key Responsibilities for Members and Staff:

1. The Chief Finance Officer will bring together estimates for capital proposals and to report them to the Combined Authority for approval or prioritisation within existing resources and in accordance with the Assurance Framework. Combined Authority approval is required for a bid for or exercise of additional borrowing approval not anticipated in the capital programme. This is because the extra borrowing may create future commitments to financing costs.
2. The Chief Finance Officer will submit reports to the Combined Authority on the projected income, expenditure and resources compared with the approved estimates.
3. The Chief Finance Officer will issue guidance concerning capital schemes and controls. The definition of 'capital' will be determined by the Chief Finance Officer having regard to government regulations and accounting requirements.
4. The Chief Finance Officer will obtain authorisation from the Combined Authority for individual schemes where the estimated expenditure exceeds the capital programme provision by more than the specified amount.
5. Officers must comply with guidance concerning capital schemes and controls issued by the Chief Finance Officer, including ensuring that all capital proposals have

undergone a full project appraisal, through submission of an appropriate business case in line with the Assurance Framework.

6. Officers must prepare regular reports reviewing the capital programme provisions for their capital schemes. They must prepare at least quarterly returns of estimated final costs of those schemes in the approved capital programme for submission to the Combined Authority and to the Chief Finance Officer.
7. Officers must ensure that full records are maintained for all capital contracts.
8. Officers must proceed with projects only when there is adequate provision in the capital programme and with the agreement of the Chief Finance Officer.
9. Officers must consult with the Chief Finance Officer, and to obtain authorisation from the Combined Authority, prior to the implementation of key decisions as part of the capital programme.
10. Officers must prepare and submit reports to the Combined Authority, of any variation in contract costs greater than the approved limits. The Combined Authority must meet cost increases by virement from savings elsewhere, or from the contingency provided for within the overall capital programme.
11. Officers must prepare and submit reports to the Combined Authority, on completion of all projects where the final expenditure exceeds the approved budget by more than an agreed amount.
12. Officers must ensure that credit arrangements, such as leasing agreements, are not entered into without the prior approval of the Chief Finance Officer and, if applicable, approval of the scheme through the capital programme.
13. Officers must consult with the Chief Finance Officer and to seek appropriate approval (Combined Authority) where they propose to bid for capital financing to support expenditure that has not been included in the current year's capital programme.
14. Officers must liaise with the Combined Authority's appointed VAT and Tax Advisors at the earliest opportunity, to ensure impact of any VAT or Tax issues are properly understood and managed.

Section 9 - Treasury Management (Investments & Borrowing)

Why is this important?

Significant sums pass through the West of England Combined Authority's accounts each year which need to be securely managed and controlled to maximise the Combined Authority's income. This is done in accordance with codes of practice that have been established with the aim of providing assurance that the Combined Authority's money is properly managed in a way that balances risk with return, but with the overriding consideration being given to the security of the Combined Authority's funds.

Key Objective: The Combined Authority's borrowings and investments comply with the CIPFA Code of Practice on Treasury Management in Local Authorities and with the Authority's Treasury Management Policy statement.

Key Responsibilities of Staff & Members:

1. The Chief Finance Officer will:

- Prepare the Combined Authority's Treasury Management Policy Statement and Strategy in accordance with the CIPFA Code of Practice on Treasury Management in Local Authorities and to arrange for all Combined Authority borrowing and investment in such a manner as to comply with this Statement/Strategy.
- Ensure that all investments of money are made in the name of the Combined Authority or in the name of nominees approved by the Combined Authority.
- Ensure that all securities that are the property of the Combined Authority or its nominees and the title deeds of all property in the Combined Authority's ownership are held in the custody of the Monitoring Officer.
- Authorise all borrowings in the name of the Combined Authority.
- Act as the Combined Authority's registrar of stocks, bonds and mortgages and to maintain records of all borrowing of money by the Combined Authority.
- Report to the Combined Authority, as requested, on Treasury Management activities.

2. Senior Officers will:

- Ensure that loans are not made to, and that interests are not acquired in, companies, joint ventures or other enterprises without the approval of the Combined Authority, following consultation with the Chief Finance Officer.

Section 10 – Accounting Systems and Processes

Why is this important?

It is important to ensure that the Combined Authority maintains effective & efficient systems of accounting and financial control are in place in order that its assets and interests are effectively safeguarded against loss. It is important that all stakeholders have confidence in the integrity of the Combined Authority's financial administration.

Objectives of Accounting Systems and processes:

- To ensure that a true and complete record of all Combined Authority transactions is maintained.
- To ensure that the Combined Authority complies with legislation / regulations.

Implications if above objectives are not achieved:

1. The Combined Authority may not operate within the law;
2. Incorrect management information, leading to poor decision making;
3. Financial loss;
4. Reputational loss, e.g. through publication of a critical External Auditors report;

Key Responsibilities for Staff & Members:

1. The Chief Finance Officer will be responsible for maintaining the accounts of the Combined Authority and for the approval of all accounting records and financial systems.
2. All Senior Officers must ensure that responsibility for the preparation and processing of accounting information e.g. coding of income and expenditure is assigned to specified Officers, transactions are authorised / approved by responsible officers and an audit trail is maintained.
3. Capital expenditure must be accounted for separately from revenue expenditure and must, therefore, be coded to the appropriate capital expenditure code.
4. The Chief Finance Officer will be responsible for producing the timetable and standards for the production of final accounts each year.

5. The Chief Finance Officer shall agree all borrowing and lending arrangements and these shall operate in accordance with the Combined Authority's Treasury Management Policy Statement and the appropriate accounting bodies' Codes of Practice. All investments, borrowing, leasing and other capital financing arrangements shall be effected in the name of the Combined Authority.
6. The Monitoring Officer, shall hold all securities that are the property of or are in the name of the Combined Authority or its nominees and the title deeds of all properties in its ownership, in safe custody.
7. The Chief Finance Officer will:
 - Ensure that the Combined Authority does not enter into leasing contracts which compromise the Combined Authority's spending limits set with regard to its Prudential Indicators.
 - Provide financial expertise and advice on leasing arrangements and contracts.
 - Ensure that best value is achieved in leasing contracts, including aggregation of the Combined Authority's leasing requirement where appropriate.

All Officers must refer all proposed leasing arrangements, within their Services, to the Chief Finance Officer.

8. All Trust Funds shall, wherever possible, be in the name of the Combined Authority and all officers acting as trustees by virtue of their official position shall deposit all securities and other documentation relating to the Trust Fund with the Monitoring Officer.
9. The Chief Finance Officer will ensure that all financial officers work to recognised Financial Standards and will ensure that clear instructions are issued to all relevant members of staff on key processes, including:
 - Control Accounts
 - Coding Protocols
 - Cash Flow Management
 - Capital Grants
 - Capital Expenditure
 - Capital Charges
 - Balance Sheet Balances
 - BACS Payments
 - Accounting statements
 - Monthly Accruals

- Year End Accruals
- Interfaces with the Financial Management System
- Suspense Accounts

Section 11 - Payroll

Why is this important?

Staff costs are the largest item of expenditure for most Combined Authority services. It is therefore important that payments are accurate, timely, made only to the right people and that payments accord with individuals' conditions of employment.

It is important that all payments are accurately and completely recorded and accounted for, as this ensures accurate information for budget holders.

Income Tax and National Insurance contributions to HM Revenue & Customs must be complete and accurate. Individuals defined as employees must be paid through the Combined Authority's approved payroll system.

Objectives of payroll processing:

- Payments are only made to those entitled to payments, (i.e. employees) at the correct rate and time.
- All payments and associated deductions are properly accounted for.
- Processes are in place to meet the organisation's needs for accurate and timely management information regarding payroll costs.

Implications if above objectives are not achieved:

1. Payments are made:
 - for work not undertaken,
 - to a person not entitled,
 - at the wrong rate,
 - that contravene employment legislation,
 - leading to potential financial loss;
2. Adverse publicity because of failure to pay efficiently and effectively;
3. Untimely and inaccurate information to budget holders;
4. The Combined Authority being penalised by the HM Revenue & Customs for failure to account for statutory deductions, e.g. Income Tax and National Insurance contributions.

Key Responsibilities for Staff & Members:

1. The payment of salaries, allowances and other emoluments must be made under arrangements approved and controlled by the Chief Finance Officer.
2. Senior Managers are responsible for providing the Payroll Service Provider with the details of those Officers under their management and control that can authorise payroll documents / transactions.
3. All salary notifications must be properly authorised and in accordance with the employment contract.
4. All travelling, subsistence and other allowances (including staff Professional Subscriptions), for both officers and the Mayor, must be paid through the Combined Authority's Payroll system.
5. The use of Petty Cash account or other non-PAYE payment systems are not permitted under any circumstances, for the payment of salaries, travelling and subsistence expenses.
6. No payments should be made to Self Employed Individuals without an assessment of that individual's employment status first being made in line with the latest HM Revenue & Customs criteria.
7. Each Senior Manager is responsible for ensuring that the person engaging someone to perform a task determines their employment status and whether they should be paid via payroll.
8. All Payroll documents / forms submitted must be the latest approved version.
9. Appropriate budget provision must be available.
10. Salary payments are made in accordance with employment law.
11. Statutory deductions are made in accordance with regulations and properly paid over to appropriate bodies.
12. Other non-statutory deductions, e.g. Union subscriptions, are made in accordance with authorised requests.
13. Pension enhancements are awarded in accordance with approved policies.
14. All payments made are properly recorded and correctly charged to the appropriate expenditure codes and management information issued in a timely manner.
15. Members of staff who owe debts to the Combined Authority will have these debts deducted promptly from salary.
16. It is the responsibility of all employees to immediately contact both their Manager and the Payroll Service Provider when they discover that any overpayment of salary or allowance has occurred.

Failure to do this knowingly may be regarded as theft, under the law, and may be the subject of disciplinary action by the Combined Authority against the individual concerned

Section 12 – Ordering and Paying for Works, Goods & Services

Why is this important?

The West of England Combined Authority must be able to demonstrate probity and value for money in spending public money, in accordance with its Procurement Strategy and Contract Standing Orders.

All Combined Authority Members and employees have a responsibility for spending public funds wisely and ensuring that all payments are valid, legal and represent the best use of resources.

Objectives of order and payment processes:

- To secure value for money by obtaining the best price for the quality of works, goods and services required.
- The Combined Authority only pays bona-fide organisations or individuals the correct amount at the appropriate time in line with appropriate contractual terms and conditions
- The Combined Authority properly accounts for works goods & services ordered and payments due or made.
- The Combined Authority complies with legislation covering VAT, payments to Sub-Contractors and other taxable payments
- The Combined Authority undertakes appropriate employment status checks on organisations or individuals in line with HM Revenue & Customs requirements

Implications if above objectives are not achieved:

1. The Combined Authority pays more than necessary for goods or services.
2. Payments are made for goods / services not required or not received.
3. Duplicate payments are made.
4. The Combined Authority fails to pay for goods or services in a timely basis resulting in adverse publicity, loss of goodwill.
5. Incorrect recovery of VAT leading to assessments and penalties from HM Revenue & Customs or loss of recoverable VAT.
6. Incurring HM Revenue & Customs penalties for failing to assess employment status appropriately.
7. Inaccurate and untimely information provided to budget holders.

Placing Official Orders:

1. Officers must only use Combined Authority monies for the purchase of works, goods & services which are for the express use of the Combined Authority. Members, employees or others engaged with the Combined Authority must not use the Combined Authority's ordering or payments systems for personal use or benefit.
2. Members, Officers and individuals engaged to work for the Combined Authority must declare any links or personal interests that they may have with purchasers, suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of the authority, in accordance with these Financial Regulations (Section 20) and the Authority's Code of Conduct.
3. Officers **must** issue Purchase Orders for all goods and services unless there is a specific exemption as outlined in Contract Standing Orders.
4. Senior Managers **must** designate specific employees who are authorised to place orders on their behalf and operate procedures which secure value for money. The procedures **must** be properly recorded, communicated to staff and continuously monitored.
5. All Purchase Orders must be raised through the Combined Authority's Financial Management System.
6. There may be occasions, in cases of emergency only, when a verbal order is placed. These must be the exception rather than the rule and **must** always be confirmed as soon as practicable by the issue of an Official Order.
7. Before placing orders for goods and services the budget holder responsible **must** ensure that there is sufficient budget available.
8. All orders placed **must** comply with the Combined Authority's Contract Standing Orders, which provides guidance on obtaining alternative prices, seeking value for money and complying with National and European requirements.

Receiving Goods & Services:

9. When receiving works, goods or services, the budget holder is responsible for ensuring that timely checks are made to ensure that:

- The works goods or services are in accordance with the order placed,
- Any faults or deficiencies are reported to the contractor/supplier and remedial action taken,
- Where necessary, inventories or stock records have been updated,
- Goods delivered are placed in the safe custody of their authorised recipient.

Making Payments:

10. All payments on behalf of the Combined Authority will be made with the authority of the Chief Finance Officer.
11. Payments **must not** be made unless the works, goods and/or services have been received by the Combined Authority to the correct price, quantity and quality standards, and that an invoice for the same works, goods and/or services has not been previously passed for payment.
12. Senior Officers must designate specific employees who are authorised to approve invoices for payment on their behalf.
13. There must be a separation of duties between the Officer raising the Purchase Requisition and the Officer authorising the Requisition to enable a Purchase Order to be generated. This is important because invoices linked to an Official Purchase Order will be processed and paid without any further authorisation. If for reasons of efficiency a Senior Officer enables an Officer to both generate and approve a Purchase Requisition then that Senior Officer must ensure that the expenditure is scrutinised by another Officer within a reasonable period of time, this could be linked to the 'goods / services received' recording system.
14. All Senior Officers **must** ensure adherence to all instructions issued by the Chief Finance Officer in respect of year-end accounting arrangements.
15. Payments to employees of salaries, wages, and travel & subsistence expenses **must** be made through the Payroll system and not via any other payment system.
16. Where appropriate Corporate Purchasing Cards can be used to make payments (see Section 21).
17. Officers must ensure that appropriate VAT documentation is obtained from the contractor / supplier to ensure that VAT is correctly accounted for and that the Combined Authority can maximise recovery of recoverable VAT.

18. The Combined Authority must comply with the requirements of the Construction Industry Scheme when paying construction industry subcontractors.
19. No payments will be made through through Petty Cash Accounts.

Section 13 – Income Collection

Why is this important?

Income can be vulnerable to loss. Effective income collection systems are necessary to ensure that all income due is properly identified, collected, receipted, banked, and brought to account.

Objectives of income processes:

- To ensure that all sources of income that may be due to the Combined Authority are identified, claimed and collected at the right time.
- All payments received are accepted, recorded, reconciled and banked promptly and correctly.
- Managers and employees have a clear understanding of their responsibilities regarding the identification, collection, banking and reconciliation of income due to the Combined Authority.

Implications if above objectives are not achieved:

1. Income being lost to the Combined Authority;
2. Resources may be wasted by the failure to collect income quickly and economically;
3. Adverse publicity caused by the failure to collect income efficiently and effectively;
4. Theft, misappropriation or loss of income;
5. Bad debts leading to write-offs.
6. Failure to deal with VAT correctly results in assessments and penalties from HM Revenue & Customs or a loss of income to the Combined Authority

Key Responsibilities for Staff & Members:

1. All arrangements for the collection, accounting and banking of income due to the Combined Authority must be subject to the approval of the Chief Finance Officer.
2. The appropriate Senior Officer will be directly responsible for the safe custody, recording, control, issue and use of official receipting systems, receipt books, tickets, account books and other income documentation in their specific Service area.
3. Responsibility for income collection must be separated from the person raising the debtor account on the accounting system.

4. Only payment or write-off shall discharge all sums due to the Combined Authority.
5. All refunds of overpayments must be made through the Combined Authority's Creditors system and NOT out of income. To help prevent money laundering activity refunds must always be paid back to the same bank account as the original payment. Any large cash payments to be refunded must be considered in terms of potential money laundering prior to authorisation of the refund amount.
6. Individuals must not borrow Combined Authority monies. Borrowing monies includes holding or banking personal cheques in exchange for Combined Authority cash.
7. All amounts written-off will be authorised by the Chief Finance Officer and the Monitoring Officer.
8. Sums due to the Combined Authority as debts from members of staff shall be deducted promptly from salary. Senior Officers will ensure that all debts due are recovered promptly and any outstanding balances due, at the time of cessation of employment, are deducted from employee's final salary or any other monies due to that employee.
9. VAT is charged where appropriate, in accordance with the HM Revenue & Customs regulations. Where an individual Service makes a new type of charge for any reason they must consult the Combined Authority's VAT advisor before setting prices.
10. Senior Officers must ensure that all members of staff, within their Service, responsible for the collection and reconciliation of income, comply with the requirements of the Combined Authority's Anti-Money Laundering Policy.

Section 14 – Bank Accounts, Banking and Cash Handling

Why is this important?

All Combined Authority bank accounts are held and managed centrally. If any other bank account is required for any reason, the Officer should seek guidance from the Chief Finance Officer.

Objectives of Banking & Cash Handling processes:

- To ensure that all income and expenditure is transacted through authorised bank accounts.
- To ensure that all money is held securely.
- To ensure monies are banked in an authorised bank account in a timely manner and accurately recorded.
- To ensure all transactions are bone fide, accurate and within predetermined limits.

Implications if above objectives are not achieved:

1. Theft or loss;
2. Staff and premises vulnerable to attack;
3. Resources wasted due to poor cash flow management;
4. Inability to prove that deposits have been made into the bank account or that payments have been made by debtors;
5. Damage to the Combined Authority's reputation through adverse publicity;
6. Failure to deal with VAT correctly results in assessments and penalties from HM Revenues & Customs or a loss of income to the Combined Authority.

Key Responsibilities for Staff & Members:

1. The Chief Finance Officer will be responsible for making such arrangements as are appropriate and necessary with the Combined Authority's Bankers relating to all financial transactions.
2. The Chief Finance Officer will ensure that proper arrangements are made for the secure printing, secure retention and issue of cheques.
3. All bank accounts must be opened and closed by the Chief Finance Officer. Any subsidiary Bank Accounts can only be opened with the express authority of the Chief

Finance Officer, who will provide specific instructions on the control and use of such accounts.

4. Any overdraft on the aggregated Combined Authority's main bank accounts is permitted only to the extent authorised by the Chief Finance Officer. Overdrafts are not permitted on any other bank accounts.
5. The Chief Finance Officer will make available written guidance on the processes to be followed to transfer monies electronically (CHAPS / BACS).
6. The Chief Finance Officer will specify arrangements for the collection and banking of all income due to the Combined Authority, and to approve the procedures, systems and documentation for its collection, security and banking.
7. All money received by an employee, on behalf of the Combined Authority, must be properly recorded and paid without delay into the Combined Authority's bank account.
8. Where third parties are contracted to bank income on behalf of the Combined Authority, the Chief Finance Officer will specify and agree the contract arrangements, prior to entering into any such contract.
9. The Chief Finance Officer shall ensure that the reconciliation of all bank accounts held by the Combined Authority is undertaken at regular intervals to ensure the prompt investigation of discrepancies.
10. All keys to safes and similar receptacles must be carried by the person responsible at all times; loss of such keys must be reported, without delay, to the Chief Finance Officer (Internal Audit Function).

Section 15 – Asset Management

Why is this important?

The Combined Authority may hold fixed and moveable assets in the form of land, buildings, plant and machinery, vehicles, equipment, software, and other items with significant value. It is important that all assets are safeguarded and used efficiently in service delivery, and that there are arrangements for the security of both assets and information required for service operations.

An up-to-date asset register is a prerequisite for proper fixed asset accounting and sound asset management. Inventories of moveable items are particularly important in connection with potential insurance claims.

Objective of asset management:

- To ensure that assets are used to achieve the approved policies and objectives of the Combined Authority with the minimum level of waste, inefficiency or loss for other reasons.

Implications if above objective is not achieved:

1. Money may be wasted by acquiring inappropriate assets;
2. Assets may be used inefficiently;
3. Loss or damage;
4. Money may be wasted by maintaining obsolete or unnecessary assets;
5. Income may be lost by not achieving best terms for disposal of assets.

Key Responsibilities for Staff & Members:

1. Every Senior Manager shall be responsible for the custody of all buildings, equipment, stocks, stores, vehicles, furniture and cash used within their Service environment and for their general security.
2. Official inventories and stores records shall be kept under arrangements approved by the Chief Finance Officer, and all desirable and portable property shall be securely marked “Property of West of England Combined Authority”.

3. Items recorded in official inventories must subject to a regular independent physical check (at least annually). All discrepancies should be investigated and pursued to a satisfactory conclusion. Any discrepancies not resolved must be reported to the appropriate Senior Manager and Internal Audit.
4. The Chief Finance Officer (or their authorised representative) has the right of access to all Combined Authority establishments to verify assets, records or accounts.
5. Senior Officers should ensure that stocks and stores are not carried in excess of economic requirements.
6. All 'moveable' property will only be disposed of in accordance with procedures approved by the Chief Finance Officer.
7. The Chief Finance Officer will maintain a register of all assets owned by the Combined Authority.
8. Senior Officers shall inform the Chief Finance Officer of all relevant details, including financial implications, relating to the purchase, lease, holding or sale of assets held on the Combined Authority's behalf.
10. All Combined Authority assets must be used solely for official Combined Authority business. Combined Authority assets must not be used for personal use.
11. Where any irregularity is suspected in the custody or use of a Combined Authority asset, the matter must be treated as a financial irregularity and reported immediately to the appropriate Senior Officer and Internal Audit provider.

Section 16 – Asset Leasing

Why is this important?

The Combined Authority has freedoms to pursue various capital and revenue options for the funding of asset acquisitions. It is therefore important to ensure the most cost effective form of funding is sourced for each acquisition. This may or may not be leasing, but where leasing is pursued the reporting requirement must be carefully considered.

Objectives of controlling Asset Leases:

- To ensure terms and conditions of leases are appropriate.
- To ensure the lease is correctly recorded in the Combined Authority's accounts.
- To ensure compliance with Procurement Regulations.

Implications if above objectives are not achieved:

1. The cost of leasing the asset is greater than alternative finance options.
2. The Combined Authority's accounts are incorrectly stated.
3. Legal challenge as a result of a breach in Procurement Regulations.

Key Responsibilities for Staff & Members:

1. Senior Officers must refer all proposed leasing arrangements, within their Service areas, to the Chief Finance Officer.
2. Approval must be obtained from the Chief Finance Officer for all asset leases.

Section 17 – Insurance

Why is this important?

All organisations, whether private or public sector, face risks to people, property and continued operations. Insurance, either through external providers or through the Combined Authority's own fund, form a vital part of the management of these risks.

Objectives of Insurance:

- To ensure that risks exceeding acceptable levels are determined and adequately insured against where appropriate.
- Material risks are monitored on an ongoing basis, and the level of insurance cover (external or internal) adjusted accordingly.

Implications if above objectives are not achieved:

1. The Combined Authority maintains insufficient risk reserves or insurance policies to cover the potential financial costs of replacement.
2. Claims are not processed efficiently or effectively.
3. Adverse publicity for the Combined Authority.

Key Responsibilities for Staff & Members:

1. The Chief Finance Officer shall be responsible for:
 - a) Effecting appropriate insurance cover and maintaining the relevant administrative systems.
 - b) To manage the Combined Authority's internal funding, including prescribing how claims should be made.
 - c) To negotiate all claims in consultation with the Insurers, Monitoring Officer and other officers, as necessary.
 - d) To include all appropriate employees of the authority in a suitable fidelity guarantee insurance, and provide adequate public liability, and employer's liability cover.
 - e) To periodically undertake a general revaluation of Combined Authority assets and effect appropriate changes to the corresponding insurance cover following revaluation.

- f) To identify claims trends and implement appropriate risk management measures.
2. Senior Officers shall notify the Chief Finance Officer (or their Insurance representative) promptly on any matters affecting insurance cover, including all new risks and amendments to existing risks.
 3. Senior Officers shall notify the Chief Finance Officer (or their Insurance representative) immediately, in writing, of any accident, loss, liability or damage or any event likely to lead to a claim on or by the Combined Authority whether covered by insurance or not. An admission of liability or blame should not be made either verbally or in writing.
 4. Senior Officers shall take all reasonable measures to reduce risk and liability within their Service areas. In addition, they shall ensure that work for external organisations is appropriately covered by professional indemnity insurance.
 5. Members and Officers of the Combined Authority who intend to travel abroad on official business must ensure that the necessary insurance cover has been arranged.

Section 18 – Value Added Tax (VAT)

Why is this important?

The purpose of this section of the regulations is to ensure that service managers and employees have a clear understanding of their responsibilities regarding VAT.

Like all organisations, the Combined Authority is responsible for ensuring that its VAT affairs are managed efficiently and in accordance with legislation. Tax issues are often very complex and the penalties for incorrect accounting for VAT can be severe. It is therefore very important that all officers are aware of their role so that the Combined Authority adheres to current VAT law and best practice.

In particular, the Combined Authority can only recover VAT incurred on ‘VAT-exempt’ business activities if the total falls below its ‘partial exemption’ limit. Detailed planning is required to ensure that the Combined Authority can continue to recover this VAT, on both new schemes and existing expenditure.

Objectives of taxation control processes:

To ensure that the Combined Authority only pays the correct amount of VAT and accounts for it in accordance with statutory requirements:

- budget managers are provided with relevant information and kept up to date on VAT issues
- budget managers are instructed on required record keeping
- all taxable charges and payments are identified, properly carried out and accounted for within stipulated timescales
- records are maintained in accordance with Combined Authority instructions and subject to internal checks
- accurate returns are made to the appropriate authorities within the stipulated timescale.

Implications if above objectives are not achieved:

1. Unnecessary payment of taxes or under-recovery of tax due, leading to wasted resources;
2. Failure to identify taxable income and pay over the tax due, leading to possible assessments, interest and penalties, as well as considerable extra work;

3. Incorrect or duplicate recovery of VAT paid to suppliers, again leading to additional costs and work;
4. Inadequate planning or lack of consultation leads to poor decisions, resulting in errors or a loss of income;
5. Failure to consult early on expenditure related to VAT-exempt income adding to the risk of the Combined Authority breaching its 'partial exemption' limit.

Key Responsibilities:

1. The Chief Finance Officer will:

- Maintain up to date guidance about VAT for Combined Authority employees, and provide updates and advice to staff.
- Respond to all queries from Services, seeking external advice if necessary.
- Make checks of VAT charged to customers and to be reclaimed, then ensure completion of a monthly return of VAT inputs and outputs to Her Majesty's Revenue & Customs (HM Revenue & Customs).
- Deal with all visits and correspondence from HM Revenue & Customs.
- Ensure that the VAT incurred in relation to 'exempt' business income is not at risk of exceeding the partial exemption limit in any financial year, and undertake the annual calculation after the year end.

2. Senior Managers will have responsibility:

- To ensure that staff are trained to deal with VAT correctly
- To ensure that the correct VAT is paid from income due to the Authority, and that VAT on purchases is recovered in line with HM Revenue & Customs regulations.
- To follow the instructions on taxation issued by the Chief Finance Officer on the Combined Authority's VAT intranet site and in other documents.
- To check the VAT status of any new type of income with the VAT Analyst
- To ensure that all new schemes, in particular involving capital expenditure or changes to current arrangements, that in service areas which involve VAT-exempt income, are notified to the Combined Authority's VAT Analyst at the earliest opportunity.
- To liaise with the Combined Authority's VAT Analyst if there is any type of query concerning VAT or if it is believed that an error may have occurred.

Section 19 - Information Systems Management

Why is this important?

Information is a key business enabler and Services are heavily reliant on information and information systems (electronic or manual) to deliver services and manage business processes. As such, reliable and well managed information systems are an essential element of service provision.

The purpose of this section of Financial Regulations is to ensure that users of the Combined Authority's information and information systems are aware of their role and responsibilities relating to the processing, handling and storage of information.

Objectives and Risks

The principle objectives of good information systems management are to ensure that:

- All information systems conform to Combined Authority policies and standards;
- Systems are reliable and well managed, information is secured and protected and that confidentiality, integrity and availability are maintained;
- Systems are procured, developed, implemented and maintained to ensure that maximum benefit is obtained by using them to their full potential; and
- Contingency plans are developed and maintained so that loss and service delivery disruption is minimised in the event of disaster occurring.

The Combined Authority's information and information systems are important business assets and as such need to be appropriately managed to ensure that customer satisfaction, competitive edge, financial viability, legal compliance and reputation are maintained.

Information and information systems are faced with risks and threats from a wide range of sources, including technology-assisted fraud, espionage, sabotage, vandalism and environmental disasters such as fire and flood.

In order to mitigate these risks the Combined Authority has identified the following factors as critical to the successful implementation of good information systems management.

1. **Information Management Policies**

The Chief Finance Officer shall ensure that appropriate policies and procedures are in place to set clear direction in line with business objectives and demonstrate support for, and commitment to, information management standards throughout the Combined Authority.

The Combined Authority's principle objectives in good information management are outlined in relevant information and security policies.

2. **Organisational Security**

The Chief Finance Officer shall ensure that a management framework is established to initiate and control the implementation of good information management throughout the Combined Authority.

Information management is a business responsibility shared by all information users, therefore all managers and users have a role and responsibility for adopting good practice, processing information in a secure and efficient manner and complying with Combined Authority Policies and standards.

3. **Asset Control**

Owners should be identified for all assets, hardware, software and information, and the responsibility for the maintenance of appropriate controls should be assigned. The implementation of specific controls may be delegated by the owner as appropriate but the owner remains responsible for the proper protection of these assets.

Information, (including: databases & data files, contracts & agreements, system documentation, user manuals, training material, operational or support procedures), is an asset and to ensure that information receives an appropriate level of protection it should be classified to indicate the need, priorities, and expected degree of protection. The Combined Authority's information classification scheme should be used to define an appropriate set of protection levels and communicate the need for special handling measures.

4. **Records Management**

Records Retention - System owners are responsible for disseminating responsibility to their staff, to ensure that all records are kept for the minimum amount of time as required by relevant legislation or as detailed in Combined Authority policies.

Records Disposal - All hardware, software and records, (both electronic and hardcopy), that are obsolete or have reached the end of their lifecycle should be securely destroyed.

5. **Personnel Security**

Senior Managers shall ensure that information management responsibilities are addressed with all employees in their service areas, ideally prior to engagement, and that the terms and conditions of employment provide assurance that employees, contractors and third party users understand their responsibilities.

All employees of the Combined Authority and, where relevant, contractors and third party users should receive appropriate awareness training and regular updates in Combined Authority policies and procedures. Third party users are required under the Application Hosting Policy to sign an agreement in relation to their roles and responsibilities.

6. **Physical and Environmental Security**

To prevent unauthorised access, damage, or interference to Combined Authority premises, equipment and information processing facilities the Chief Finance Officer is to ensure that procedures are implemented that ensure:

- all critical and/or sensitive information processing facilities and equipment are housed in secure areas;
- buildings are protected by defined security perimeters, with appropriate security barriers and entry controls; and
- precautions are taken to ensure that access to all PCs, laptops and any other communications devices is restricted at all times to authorised personnel. (Refer to the System Access & Password Management Policy)

7. **Information Processing**

The Chief Finance Officer and IT Services provider are to ensure that responsibilities and procedures for the management and operation of all information processing

facilities are established. Segregation of duties should be implemented, where appropriate, to reduce the risk of negligent or deliberate system misuse.

8. Access Control

Access to information, information processing facilities, and business processes should be controlled on the basis of business and security requirements. Access control rules should take account of the Combined Authority's policies for information dissemination and authorisation.

The System Access and Password Management Policy provides further detail.

9. System Procurement, Development and Maintenance

Information management requirements should be identified and agreed prior to the any procurement, development and/or implementation of information systems. All information management requirements should be identified at the requirements phase of a project, justified, agreed, and documented as part of the overall business case for an information system.

Major procurement of hardware and software systems is in the first instance to be referred to the Chief Finance officer for advice and approval including receiving assurance that security, legal compliance and information management issues are managed.

10. Information Security Incident Management

The IT Services provider shall ensure that formal security incident reporting and escalation procedures are in place.

All employees, contractors and third party users should be made aware of the procedures for reporting the different types of incidents, events and weaknesses that might have an impact on the management of the Combined Authority's information and information systems.

11. Business Continuity Management

The Senior Leadership Team shall ensure that a business continuity management process is implemented to minimise the impact on the Combined Authority and recover from loss of information assets (which may be the result of, for example,

natural disasters, accidents, equipment failures, and deliberate actions) to an acceptable level through a combination of preventive and recovery controls.

This process should identify the critical business processes and integrate the information security management requirements of business continuity with other continuity requirements relating to such aspects as operations, staffing, materials, transport and facilities.

12. **Compliance**

The Chief Finance Officer shall ensure that adequate policies and procedures are in place to ensure compliance with all relevant legislation in respect of information held, both electronic and hard copy, including, but not limited to:

- Data Protection Act 1998
- Freedom of Information Act 2000
- Environmental Information Regulations 2004
- Computer Misuse Act 1990
- Copyright, Designs and Patents Act 1988

Senior Managers shall ensure that the processing of person-identifiable information within their service areas is carried out in accordance with the 8 Data Protection Principles.

Senior Managers are to ensure that adequate processes and procedures are in place within their service areas to liaise with the Data Protection Officer to ensure that information requests are satisfied within the statutory timescales contained within the appropriate legislation.

Senior Managers shall inform the Authority's Data Protection Officer of all issues concerning data protection identified within their service areas.

Section 20 – ‘Employee’ Interests, Gifts and Hospitality

Why is this important?

The public is entitled to expect conduct of the highest standard from Local Government employees. Public confidence in the integrity of such persons will be shaken by the least suspicion, however ill-founded, of influence being exerted on Authority business, through financial (or other) inducements or conflicts of interests.

The purpose of this section of the regulations is to ensure that all employees (and other individuals engaged in official Combined Authority business) have a clear understanding of their responsibilities when they have an interest or receive / give gifts and hospitality related to their Combined Authority position.

Failure to declare interests, gifts and hospitality could be a breach of legislation. Section 117 of the 1972 Local Government Act requires individuals to declare any financial interest, whether direct or indirect, in any existing or proposed contract. The Bribery Act 2010 makes it an offence to offer, promise or give a bribe (Section 1). It is also an offence to request, agree to receive, or accept a bribe (Section 2). Section 6 of the Act creates a separate offence of bribing a foreign public official with the intention of obtaining or retaining business or an advantage in the conduct of business. A corporate offence is created under Section 7 of failure by a commercial organisation to prevent bribery that is intended to obtain or retain business, or an advantage in the conduct of business, for the organisation. An organisation will have a defence to this corporate offence if it can show that it had in place "adequate procedures" designed to prevent bribery by or of persons associated with the organisation.

Objectives of guidance and rules governing possible conflicts of interest:

The key objectives are:

- Ensure that the interests of the public remain paramount;
- Officers are impartial and honest in the conduct of their official business;
- Public monies are used to the best advantage of the Combined Authority, always ensuring value for money.

It is important that all potential conflicts of interests are properly identified and recorded and that a record of appropriate action taken is made. This will assist in maintaining public confidence and assist in achieving the Combined Authority’s commitment to tackle fraud and corruption within or external to the organisation.

Key Responsibilities for Employees and other individuals engaged on Authority business:

1. All employees must be aware of the Employee Code of Conduct
2. On starting employment / engagement (consultant or agency worker) on Combined Authority work or at any time during the period of employment / engagement individuals must declare 'interests' by notifying the Monitoring Officer.
3. The Register of Interests will be maintained to enable employees to submit declarations to the Monitoring Officer. Interests will include:
 - Organisation Membership (not open to the public without formal membership and commitment of allegiance and which has secrecy about rules or membership or conduct)
 - Other employment / business
 - Land Interest
 - Financial Interest
 - Family / Friends
4. During the course of their duties, employees may receive offers of gifts and hospitality of one form or another and it is important that employees are able to recognise what is, and what is not, acceptable. The following guidelines should be adhered to:
 - Acceptance of gifts and hospitality must be recorded in a Gifts & Hospitality Register to be maintained by the Monitoring Officer.
 - Gifts which may be sent / offered to employees by outside contractors or organisations should be returned politely with a suitable official letter, and details recorded in the Register.
 - Gifts can only be accepted when they are of nominal value, i.e. less than £25; or functional items suitable for business use, e.g. diaries, calendars, and pens.
 - On no account should an employee accept either secondary employment or a financial payment from any person, body or organisation, with which the Combined Authority is involved, e.g. contractors, developers, consultants.
 - Normally, visits by employees to exhibitions, demonstrations, conferences, business meals, social functions, in connection with their official duties shall be at the Combined Authority's expense.
 - Where hospitality, in the form of meals and drinks, is offered by a third party, this is normally only acceptable where it forms part of, or immediately follows on from, normal business meetings/discussions held during the normal working day.

- Where offers of hospitality are made, i.e. invitations to dinners, these should only be accepted if there is a clear and demonstrable benefit to the Combined Authority, and the hospitality would not expose the Combined Authority to criticism that the provider of the hospitality was achieving undue influence. Attendance must have the relevant Senior Manager approval in advance, and must be recorded in the Register of Gifts and Hospitality.
 - Offers of hospitality in the form of purely social events and sporting occasions should on no account be accepted when these are from organisations with which the Combined Authority has commercial links. However, invitations to social events from non-commercial organisations with which the Combined Authority has a partnership arrangement will be acceptable, but must have Senior Manager advance approval, and must be recorded in the Electronic Register.
 - Regular social contact, i.e. drinks in a public house, with representatives of organisations which supply, or hope to supply, goods or services to the Combined Authority must be avoided. Where such instances do occasionally take place, i.e. after late working, officers should ensure that they “pay their way” and that the costs of such contact are not met by the other party.
 - For their own protection, officers may wish to consider recording such events in the Electronic Register.
 - Apart from participating in concessionary schemes arranged by the Combined Authority, trade unions or other groups for their members, employees shall not avail themselves of the services of contractors employed by the Combined Authority for acquiring services, materials, labour or plant at cost, trade or discount prices.
5. Suspected irregularities concerning conflicts of interest, giving and acceptance of gifts & hospitality must be reported without delay to the Monitoring Officer, and where appropriate, to the Chief Executive.
6. Employees responsible for the purchase of goods and supplies on behalf of the Combined Authority should note that any promotional offers given by suppliers are the property of the Combined Authority.
7. These promotional offers normally take the form of a free gift, a holiday offer or vouchers towards goods. Promotional offers should **ONLY** be used for the benefit of the Combined Authority, and the Senior Manager concerned will decide how such offers are to be used.
8. All promotional offers accepted and declined and the course of action determined by the Senior Manager must be recorded in the Register.

Section 21 – Corporate Purchasing Cards (Credit Cards)

Why is this important?

A corporate purchasing card is an efficient and effective option of procuring goods and services which are generally a one off or ad hoc expense. Only authorised permanent employees will be provided a purchasing card with the agreement of the relevant Senior Manager.

The purpose of this section of the regulations is to ensure that all employees have a clear understanding of their key responsibilities when using the Combined Authority's Corporate Purchasing Card.

Objectives of the Corporate Purchasing Card:

Purchasing Cards streamline the purchasing process and offer the following benefits:

- Reduce Supplier Set-Up in the Authority's Financial System
- Reduce number of purchase orders raised and invoices processed,
- Increase speed of payment to suppliers,
- Increase the speed of obtaining goods and services.

Implications if the purchasing card is not used appropriately:

1. Failure to secure value for money (there's a requirement to obtain quotes and tenders - Contract Standing Orders);
2. Payments are made for non-business use goods and services;
3. Payments are duplicated;
4. Loss of recoverable VAT;
5. Fraud & theft
6. Inaccurate coding of Expenditure

Key Responsibilities for Staff:

1. The Chief Finance Officer will be responsible for authorising all Purchasing Card application forms.
2. The Chief Finance Officers must authorise the issue of all new Purchasing Cards to members of permanent staff only.

3. Senior Managers will be responsible for agreeing the transaction, monthly credit limits and categories of expenditure for all Corporate Purchasing Cards issued within their Service.
4. All Cardholders must abide by the requirements of the Purchasing Card Terms & Conditions and the Purchasing Card Procedure Guide.
5. The cardholder must ensure that the Purchasing Card issued to them is kept in a safe place at all times and access is strictly limited.
6. The Purchasing Card must only be used to purchase goods or services on behalf of the Combined Authority and must only be used by the named cardholder.
7. All purchasing card holders should obtain a VAT or “retailer’s” receipt. This should be retained until the card holder has verified the sums shown on the monthly statement.
8. Some suppliers are “VAT-enabled” and the statement will show purchases net of VAT. For those suppliers where the amounts are shown gross and (subject to being material as defined in the guide) the cardholder should reclaim VAT for these items and when it is reclaimed they must retain the receipt to evidence the transaction.
9. The cardholder must ensure that purchasing card transactions are accurately coded in the Combined Authority’s Financial System.
10. Senior Managers must ensure that the detailed procedures and key controls, as specified in the Purchasing Cards Procedures Guide, are strictly followed.
11. Any misuse of the Purchasing Card will be treated as misconduct and subject to normal disciplinary procedures.

Section 22 – International Travel

Why is this important?

If International travel, by Combined Authority Officers and Members, is not administered efficiently and robustly, the Combined Authority is very open to criticism and loss of reputation.

It is critical that the decision making process and rationale is clearly documented to include all aspects of the trip, such as expected outcomes/benefits, lead officer, number of Combined Authority officers, external parties/delegates, rationale for numbers etc, overall budget required and reporting requirements both before and after the trip.

The Combined Authority's Financial Regulations and Standing Orders will continue to apply when arranging and making payments for international visits.

Objectives of International Travel Guidelines:

- To ensure that Combined Authority Members and Officers obtain value for money and that the Combined Authority only incurs expenditure on activities relating to officially approved international visits.

Implications if above objectives are not achieved:

1. Failure to secure value for money.
2. Travel not officially authorised
3. Resources may be used inappropriately
4. Loss of reputation to the Combined Authority and adverse publicity
5. Loss of recoverable VAT

Key Responsibilities for Staff & Members:

1. The Combined Authority's Financial Regulations and Contract Standing Orders will continue to apply when arranging and making payments for international visits.
2. All Combined Authority Members and Officers must have the formal approval of the Chief Executive or Chief Finance Officer before taking part in an international visit and entering into any commitments concerning that visit.
3. All staff taking part in international visits are under an obligation to minimise official expenditure, e.g. economy class air fares. However, staff should not expect

to be out of pocket on official visits (unless they undertake optional or private extensions or modifications to essential itineraries).

4. The maintenance of detailed and precise records of expenditure, together with obtaining receipts for all expenditure incurred, is essential. All financial records, associated with the visit, must be retained, as specified in the attached Code of Practice. Reimbursement of expenses claimed will only be made against receipts.
5. Travel Insurance must be obtained from the Combined Authority's Insurance Officer immediately on booking any travel arrangements.
6. If free accommodation is offered in a host country, either in the homes of colleagues or elsewhere then staff should accept it following completion of a H&S assessment.
7. Combined Authority Purchasing Cards (Credit Cards) must only be used for Official Combined Authority expenditure incurred on approved visits.
8. A report detailing the benefits of the visit must be submitted to the relevant Senior Officer upon the completion of the visit.

Section 23 – Commissioning & Procurement

Why is this important?

1. The West of England Combined Authority spends a large sum of money each year on contracts, for works, supplies or services. These Financial Regulations apply to all contracts and must be read in conjunction with the Combined Authority's Contract Standing Orders.

These Financial Regulations are intended to support the Combined Authority's Contract Standing Orders in order to:

- Secure the best value for the Combined Authority,
- Prevent corruption or the suspicion of it; and
- Subject to the above, be fair and transparent to those seeking to contract with the Combined Authority.

Objectives of our Commissioning and Procurement:

- To recognise Social Value for the community. This means targeting opportunities for the local economy, providing for a sustainable future and supporting the vulnerable.
- To always aim to think innovatively and work across organisational and service boundaries. This means identifying opportunities with partners to meet our sourcing needs.
- To always aim to deliver value for money to the taxpayer. We will provide clarity on expectations, be commercial in our approach and drive efficiency and benefits out of our systems'
- To use intelligent information and analysis to understand our market place and create a workforce with the right capacity and skills to exploit this knowledge for the community.
- To provide a fair, consistent and proportionate framework of governance, rules and guidance to enable us to be transparent and accountable for our decisions

Objectives of the Smarter Commissioning & Procurement

- To ensure that works, goods and/or services meet the needs of the Combined Authority

- To secure value for money by obtaining the best price and quality for works goods and/or services ordered.
- To establish contractual arrangements that clearly defines the responsibilities of each party to the contract.
- To ensure the Combined Authority complies with EU legislation.
- To ensure that appropriate contract management arrangements are put in place.

Implications if above objectives are not achieved:

1. Failure to support local economy and our communities;
2. Failure to secure value for money;
3. Failure to be transparent around our systems, objectives and processes;
4. Delays to delivery of contracts whilst legal challenges are dealt with and increased costs incurred in order to defend the Combined Authority's position.

Key Responsibilities for Staff & Members:

1. Senior Managers **must** establish a commissioning intentions schedule that at minimum covers a rolling long term programme (3 to 5 years) of future commissioning and procurement activity.
2. Every contract made by the Combined Authority **must** be awarded in line with the Combined Authority's procurement and commissioning objectives including complying with the Combined Authority's Contract Standing Orders.
3. Senior Managers must ensure that all Officers in their Service area that have been nominated as 'Responsible Officers' (RO) for contract management purposes have been appropriately trained in the Combined Authority's approach to procurement and commissioning.
4. Senior Managers **must** ensure that all contracts are appropriately recorded on the Combined Authority's Contracts Register.
5. Senior Managers **must** ensure that requests for quotations and invitations to contract with the Combined Authority comply with the Combined Authority's Contract Standing Orders.
6. Where corporate contracts are in place Senior Managers **must** ensure they are used.
7. The RO for each contract shall ensure that all instructions have been appropriately authorised and issued before the goods are ordered, services requested or works are undertaken.

8. The RO must obtain appropriate VAT advice in relation to all contracts to provide services to the public to ensure the appropriate VAT treatment is applied.
9. The RO **must** ensure that all contract documentation is correct (obtaining appropriate technical advice) before agreeing on the Combined Authority's behalf. This will include any clearance required through the Combined Authority's Democratic processes.
10. Any changes to the nature, value, term or any other changes **must** be agreed by the Senior Manager in line with the contract variation process identified in the original contract (subject to appropriate technical advice and appropriate Combined Authority approval process). Any change **must** be reflected and updated on the Contract Register.
11. All instructions to suppliers and payment arrangements **must** be in a form agreed by the Chief Finance Officer or his/her delegated Officer.
12. The Chief Finance Officer **must** agree arrangements for the financial vetting of prospective contractors.
13. The Senior Manager **must** establish appropriate contract management arrangement for the regular review of contractual performance of the contractor that allows performance issues to be identified and addressed in line with the terms of the contract.

Section 24 – External Arrangements Partnerships

Why is this important?

Partnerships bring together key public agencies, the business community and the independent sector (voluntary and community sector organisations, further and higher education, neighbourhoods) to address the shared priorities for the area and to tackle the issues that no single agency can do on their own. The Combined Authority provides a distinctive leadership role to promote / improve the economic, social or environmental well-being of its area and people. Local Authorities can mobilise investment, bid for funds, champion the needs of their areas and harness the energies of local people and community organisations.

A Partnership is a joint working arrangement where the partners:

- are otherwise independent bodies;
- agree to jointly deliver common goals and outcomes for the community;
- share accountability, risks and resources, and
- create an organisational structure with agreed processes and programmes.

Partners have common responsibilities:

- to be willing to take on a role in the broader programme appropriate to the skills and resources of the partner organisation;
- to act in good faith at all times and in the best interests of the partnership's aims and objectives;
- be open about any conflict of interests that might arise, including those where Combined Authority staff have been seconded to work on the project;
- to encourage joint working and promote the sharing of information, resources and skills between public, private and community sectors;
- to hold confidentially any information received as a result of partnership activities or duties that is of a confidential or commercially sensitive nature;
- to act wherever possible as ambassadors for the project.

Key controls

The key controls for partnership arrangements are:

- ensuring that partnership arrangements are underpinned by clear and well documented internal controls.
- risk management processes are in place to identify, assess and allocate all known risks.
- appraisal processes are in place to assess the viability of the partnership in terms of resources, staffing and expertise.
- the roles and responsibilities of each partner involved in the project are agreed and formally accepted before the project commences.
- adequate arrangements are in place to ensure the accountability of other organisations for Combined Authority money, and that such money is only released against proper controls.
- regular communication is maintained with other partners throughout the project so that problems can be identified and shared to achieve their successful resolution.
- documentation is in place setting out and limiting the commitments of parties to each other and the project.

Responsibilities of the Chief Finance Officer

1. To advise on effective controls that will ensure that resources are not wasted.
2. To advise on the key elements of funding a project. They include:
 - scheme appraisal for financial viability in both the current and future years.
 - risk appraisal and management.
 - resourcing, including taxation issues.
 - audit, security and control requirements.
 - carry-forward arrangements.
3. To ensure that the accounting and reporting arrangements are satisfactory.
4. To advise on the governance and performance management of partnership arrangements.
5. To ensure that when the Combined Authority is the "Accountable Body" there are adequate controls and governance arrangements in place.

Responsibilities of Senior Managers

1. That the key components of a Partnership Governance Framework are in place. This includes:
 - Ensuring that, before entering into agreements with external bodies, a business case and risk management appraisal has been prepared and considered.

- Ensuring that all agreements and arrangements are properly documented.
- Ensuring that such agreements and arrangements do not impact adversely upon the objectives and services of the Combined Authority.

Detailed Requirements

1. The Combined Authority is responsible for approving significant partnership arrangements. The Combined Authority is the focus for forming partnership arrangements with other public, voluntary and community sector organisations to address local needs.
2. The Combined Authority may be able to delegate functions, including those related to partnership, to officers. This will be set out in the delegations that form part of the Combined Authority's constitution. When functions are delegated, the Combined Authority remains accountable for them.
3. A Business Case for partnership must be submitted for approval to the Combined Authority for significant partnerships. A thorough risk assessment of the partnership must be made as part of the Business Case.
4. For each approved partnership, a Link Officer must be appointed. The Link Officer is responsible for reviewing governance arrangement and effectiveness and reporting to the relevant Senior Manager.
5. A Partnership Agreement must be completed and signed by all members of the Partnership. This agreement must follow an approved format as agreed with the Monitoring Officer.
6. The Link Officer must perform a review of the partnerships governance, performance and effectiveness at least annually for review by the Combined Authority or relevant Senior Manager. The review must demonstrate a continuing business case for the partnership or if not exiting the partnership must be considered.
7. The partnership must perform regular risk assessments and maintain a risk register.
8. It shall be clear that officers put forward to represent the Combined Authority on partnerships and external bodies are there on the Combined Authority's behalf and to ensure that the Combined Authority's interests, position and aspirations are protected. If the achievement of the objectives of the partnership becomes inconsistent with this, there is a conflict of interest. If there is a conflict of interest, an officer's first duty is always to the interests of the Combined Authority. Where an officer is appointed to a legally constituted company (not a partnership) the officer will be bound by the company's memorandum and articles. In this appointment, the officer must represent the interests of the Company.

Section 25 – External Funding

Why is this important?

External funding is potentially a very important source of finance, but funding conditions need to be carefully considered to ensure that they are compatible with the aims and objectives of the Combined Authority. Local Authorities are increasingly encouraged to provide seamless service delivery through working closely with other agencies and private service providers. Funds from external sources such as Government Departments, Government Agencies, National Lottery, European Union etc. provide potential resources to assist the Combined Authority to deliver services to the local community. However, in some instances, although the scope for external funding has increased, such funding is linked to tight specifications and may not be flexible enough to link to the Combined Authority’s overall plan.

Key controls

The key controls for external funding are that:

- funds are accepted only if they meet the strategies and priorities approved by the Combined Authority.
- the requirements of the Funding Body are clearly understood to ensure that key conditions of funding and any statutory requirements are complied with.
- any match-funding requirements are given due consideration prior to entering into long-term agreements and that revenue budgets reflect these requirements.

Responsibilities of the Chief Finance Officer

1. To review all grant application prior to submission.
2. To ensure that all funding notified by external bodies is received and properly recorded in the Combined Authority’s accounts.
3. To ensure that audit requirements are met.

Responsibilities of Senior Managers

1. To obtain approval from Chief Finance Officer for grant applications.
2. To ensure permissions are in place to incur expenditure funded by grant, including within the approved Revenue or Capital budgets as appropriate.
3. To ensure that the project progresses in accordance with the agreed project plan and that all expenditure is properly incurred and recorded.

4. To ensure that the match-funding requirements are considered prior to entering into the agreements and that future revenues are able to meet these requirements.
5. To ensure that all claims for funds are made by the due date.

Section 26 – Work for Third Parties

Why is this important?

Local authorities can enter into a wide range of agreements to do work with each other and with some (but not all) public bodies. It is usually illegal for them to enter into agreements to do work for the private sector. Such an agreement may enable the Combined Authority to provide a range of services to other bodies. Such work may enable economies of scale and sharing of existing expertise. Arrangements should be in place to ensure that any risks associated with this work is minimised and that such work is intra vires (i.e. within the Combined Authority’s legal powers).

Key controls

The key controls for working with third parties are that:

- proposals are costed and reviewed for accuracy and completeness prior to submission;
- no process is started that might lead to the Combined Authority agreeing to do work for an outside body whether public sector or otherwise, without first seeking the advice of the Monitoring Officer as to whether this is within the Combined Authority’s legal powers;
- no process is started that might lead to the Combined Authority agreeing to do work for an outside body, whether public sector or otherwise without first establishing and recording that there is a clear economic case why doing the work is in the Combined Authority’s best interests;
- contracts are drawn up using with the advice / guidance of the Combined Authority Monitoring Officer;
- guidance is issued with regard to the financial aspects of third party contracts and the maintenance of the contract register;
- the Combined Authority has insurance cover for any potential liabilities that could arise to the recipient of the service and any third party, and that the cost of this has been included with the overheads when calculating the fees to be charged.

Responsibilities of Chief Finance Officer

1. To issue guidance with regard to the financial aspects of third party contracts and the maintenance of the contract register.

Responsibilities of Senior Managers

1. To ensure that the approval of the Combined Authority is obtained before any negotiations are concluded to work for third parties.
2. To ensure that the Combined Authority does not enter into any agreement that is beyond its power.
3. To ensure that no contract is subsidised by the Combined Authority.
4. To ensure that, wherever possible, payment is received in advance of the delivery of the service.
5. To ensure that the Service / Team has the appropriate expertise to undertake the contract, and that such contracts do not impact adversely upon the services provided for the Combined Authority.
6. To ensure that all contracts are properly documented and retained.

West of England Combined Authority

Contract Standing Orders

Revised June 2020

CONTENTS

PART B

| | | |
|-------------------------|--|------------|
| <i>A</i> | <i>Statement of Principles</i> | 73 |
| <i>B</i> | <i>Developing the Commissioning Plan</i> | 77 |
| <i>C</i> | <i>Developing the Procurement Plan</i> | 79 |
| <i>D</i> | <i>Undertake the Procurement Process</i> | 80 |
| <i>E</i> | <i>Contract Award & Implementation</i> | 84 |
| <i>F</i> | <i>Post Contract Award</i> | 86 |
| Appendices | | 88 |
| Appendix 1. | Glossary | 88 |
| Appendix 2. | CSO Exemptions | 94 |
| Appendix 3. | Business Ethics | 96 |
| Appendix 4. | Confidentiality, Intellectual Property, Data Protection, Transparency and Redaction | 98 |
| Appendix 5. | Specifications | 100 |
| Appendix 6. | Social Value | 101 |
| Appendix 7. | The West of England Combined Authority’s Contract Register | 102 |
| Appendix 8. | Framework Agreements and Dynamic Purchasing Systems | 103 |
| Appendix 9. | Procurement Options | 104 |
| Appendix 10. | Asset Leasing | 106 |
| Appendix 11. | Contract Forms and Terms & Conditions | 107 |
| Appendix 12. | Scheme of Delegations | 108 |
| Appendix 13. | Evaluation Criteria & Debriefing | 109 |
| Appendix 14. | Capability & Financial Checks | 110 |
| Appendix 15. | Minimum Requirements | 111 |
| Appendix 16. | EU Procurement Thresholds & Timescales 2018-2019 | 114 |
| Appendix 17. | Document Retention | 115 |

| | | |
|---------------------|--|------------|
| Appendix 18. | Tender and Contract Variations, Extensions & Termination | 116 |
| Appendix 19. | Procurement above the EU Thresholds – Options & Procedures | 117 |
| Appendix 20. | Below Threshold Contracts (caught by Part 4 of the Regulations) | 118 |

A Statement of Principles

1. Mandatory Compliance

2. Officers of the Combined Authority must comply with these Contract Standing Orders in all instances when buying goods, services and works on behalf of Combined Authority and failure to comply may result in disciplinary procedures.

3. General Principles

- 3.1 These Contract Standing Orders (“CSOs”) provide the framework that governs the Combined Authority’s commissioning and procurement of Contracts for works, services and goods / supplies. Following these CSOs helps the Combined Authority to demonstrate:

- 3.1.1. good internal governance;
- 3.1.2. stewardship and the proper spending of public monies;
- 3.1.3 Value for Money in the Combined Authority’s Contracts;
- 3.1.4 compliance with relevant law.

- 3.2 The purpose of all contracting activity is to:

- 3.2.1 seek continuous improvement of the Combined Authority’s functions having regard to the optimum combination of economy, efficiency and effectiveness in keeping with the Combined Authority’s duty to seek Best Value (and Value for Money);
- 3.2.2 achieve Value for Money for the Combined Authority and the Residents, with reference to the economic, social and environmental value of each Contract;
- 3.2.3 promote the well-being of the Combined Authority’s Residents and Area through the effective functioning of the Combined Authority, the efficient use of the Combined Authority’s resources, and a universal concentration on the Social Value that can be achieved.

- 3.3 Every Contract and official order made by the Combined Authority (or any part of it) shall be for the purpose of achieving fulfilment of the Combined Authority’s statutory functions or the furtherance of the Combined Authority’s strategic or policy goals.

- 3.4 The Appendices to these CSOs provide further detail and form part of these CSOs as if they were drafted as one document. Any questions about the application of these CSOs should be directed to the Monitoring Officer.
- 3.5 All figures in these CSOs are **exclusive** of VAT unless stated otherwise.
- 3.6 Officers will:
- 3.6.1 ensure that the Combined Authority is consulted on any significant procurement activity prior to its publications in the Combined Authority's Forward Plan;
 - 3.6.2 ensure that audit trails are in place for all procurement activity in accordance with these CSOs.

4. What these CSOs Cover

- 4.1 These CSOs apply:
- 4.1.1 whenever the Combined Authority intends to spend money (or provide other payments in kind) under Contracts for goods (supplies), works or services;
 - 4.1.2 to expenditure from either capital or revenue sources; concessions;
 - 4.1.4 to grants;
 - 4.1.4 to goods for re-sale;
 - 4.1.5 to both Officers and Members;
- 4.2 These CSOs ***do not*** apply:
- 4.2.1 to contracts of employment;
 - 4.2.2 to acquisitions and disposals of land or buildings (these are covered by the **Financial Regulations**) – unless related to a Contract for works, services or goods;
 - 4.2.3 to the seeking of offers in relation to financial services in connection with the issue, purchase, sale or transfer of securities or other financial instruments, in particular transactions by the Combined Authority to raise money or capital;
 - 4.2.4 to internal “contracts” between departments within the Combined Authority.
 - 4.2.5 In the case of civil contingencies
 - 4.2.6 In the case of individual investments which are not deemed as the purchase of goods or services for the purposes of the Combined Authority's CSO's

- 4.3 In exceptional circumstances only, certain exemptions can be approved by following the process set out at **Appendix 2 (CSO Exemptions)**. The persons who are authorised to approve the exemptions are set out in **Appendix 12 (Scheme of Delegations)**. Seeking an exemption of these CSOs *does not* exempt the Combined Authority from complying with the General Principles or with general law.
- 4.4 These CSOs can only be amended by the Monitoring Officer in consultation with the Section 73 Officer as may be required from time to time to ensure they are consistent with Statute and the Strategies and Policies of the Combined Authority.

5. Other Key Documents

- 5.1 These CSOs should be read alongside the following:

- 5.1.1 the Combined Authority's Procurement Strategy;
- 5.1.2 the Combined Authority's Financial Regulations;
- 5.1.3 Transparency Code;
- 5.1.4 Any other guidance provided by the Combined Authority or its Statutory

Officers:

- 5.2 Anyone undertaking purchasing activity on behalf of the Combined Authority (but especially in the context of purchasing value above the EU Thresholds) **MUST** refer to the following documents, where appropriate:
- 5.2.1 the Public Contracts Regulations 2015, and Directive 2014/24/EU on public procurement;
 - 5.2.2 the Public Services (Social Value) Act 2012;
 - 5.2.3 the Bribery Act 2010;
 - 5.2.4 the Small Business, Employment and Enterprise Act 2015;
 - 5.2.5 the Equalities Act 2012;
 - 5.2.6 the Modern Slavery Act 2015
 - 5.2.7 any other relevant legislation

6. Commissioning Intentions

- 6.1 All procurements over £50k in value **MUST** be entered on the Commissioning Intentions list. This enables the Combined Authority to keep track of budgets and plan for future expenditure and it allows suppliers and the local community awareness of upcoming projects.

- 6.2 The Commissioning Intentions list will be maintained by the Section 73 Officer.

- 6.3 Applications to make an entry on the Commissioning Intentions list ***MUST*** be made via Section 73 Officer.

B Developing the Commissioning Plan

7. General

7.1 What is the Commissioning Plan?

Prior to entering into any procurement, you **MUST** develop your business case by researching the procurement and speaking to all relevant parties, obtaining all relevant information. The Commissioning Plan falls out of this research and forms the business case that is approved prior to commencing the procurement.

7.2 The requirement for goods and/or services *MUST* start with an identifiable need which reflects the Combined Authority's overall objectives identified within approved strategies, policies and Budgets. You *MUST* understand the business requirements and how it impacts all levels of the organisation and local community. Consider the relevance of the Combined Authority policies and procedures and how they have a bearing on the requirement.

8. Budget

8.1 Before starting the procurement, you *MUST* have budgetary approval. You *MUST* establish the aggregated monetary value of your requirement early, as this identifies the process that you follow, influences the amount of work you do and indicates the level of interest that will be generated.

9. Key stakeholders

9.1 You *MUST* identify the key stakeholders for the project including anyone impacted by the requirement. You should consider doing a Communications Plan for larger projects. You *MUST* be mindful of any Conflict of Interest and take necessary precautions to ensure that if there is a conflict, it is mitigated and/or managed. You *MUST* get Legal, Procurement and Financial advice prior to commencing any procurement.

10. Proportionality

10.1 You *MUST* provide the suppliers the information they need to understand the requirement but not overload them with unnecessary information.

11. Market Analysis

11.1 Consider talking to suppliers before starting the procurement, trialling products, visiting supplier premises or the premises of a supplier's customer. The Regulations explicitly permit preliminary market consultation. This type of pre-procurement engagement or consultation could focus on:

What is being purchased?

Is the specification realistic? Is it too ambitious? Not ambitious enough?

What will the process look like?

Do potential bidders have any concerns about timescales, for example?

You *MUST* keep adequate records of market research carried out.

11.2 You *MUST* complete a procurement business case for any procurement above £50k prior to commencing the next stage. If the procurement is below £50k, you should provide evidence of authorisation by the budget holder.

12. Bidders' conflicts of interest

12.1 If a potential candidate has advised the Combined Authority or been involved in the preparation of the procurement procedure, the Combined Authority is expected to take "appropriate measures" to ensure the resulting competition is not distorted by that candidate's pre-procurement involvement. This might include, for example, communicating relevant information to other candidates / tenderers. The Combined Authority cannot exclude a candidate from a procurement unless there is genuinely no other way to ensure that there is equal treatment of tenderers in the procurement process.

C Developing the Procurement Plan

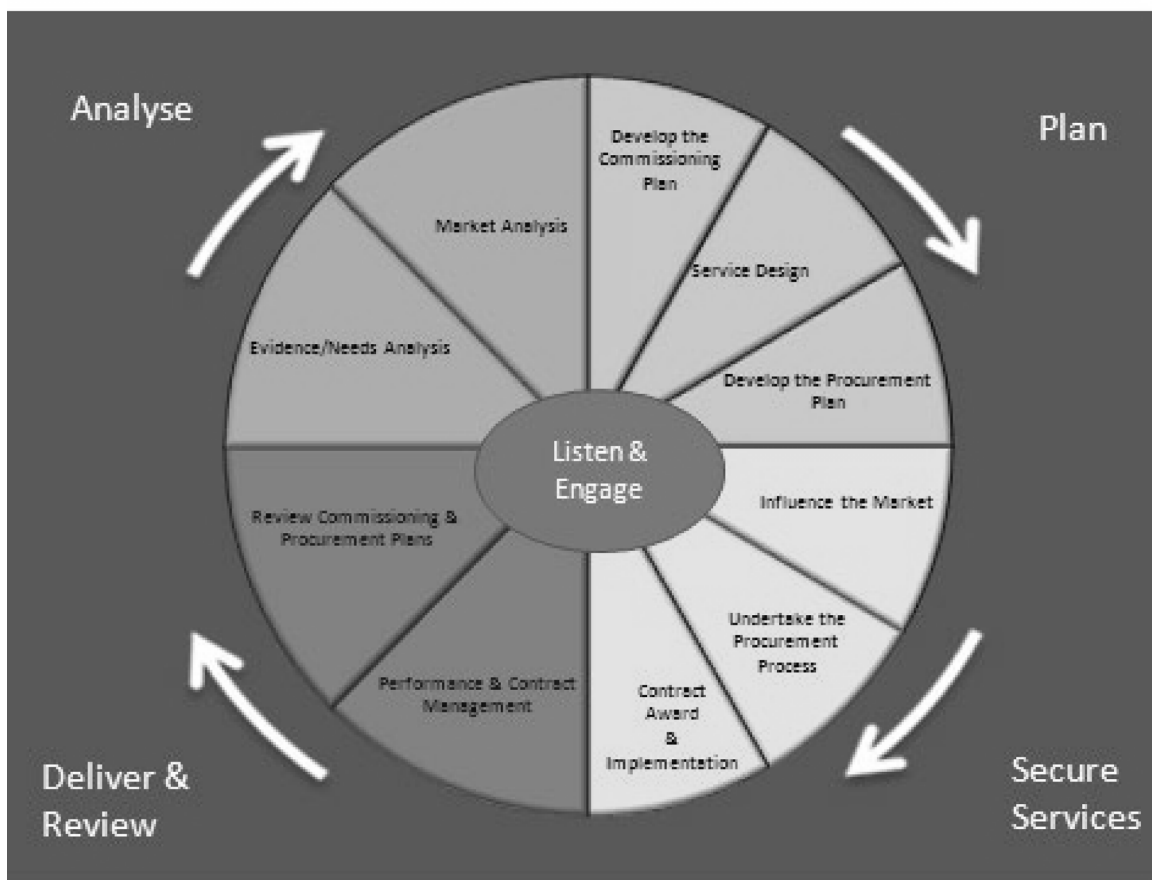
13. Procurement Plan

| |
|--|
| DO YOU REALLY NEED IT? IF YOU WANT TO SAVE, DON'T SPEND! |
| Allow plenty of time to draft the specification and the detail it will need |
| Think about how good or services could be provided locally |
| Does the scope include Social Value for Residents or the Area? see Appendix 6 (Social Value) |
| Does the Combined Authority already have in place any Contract or Framework in scope which you should be using? Check the Contract Register see Appendix 7 (Contract Register) |
| Is there an external Framework or Contract that you should be using? see Appendix 8 (Framework Agreements) |
| How will you decide on the procurement route? – see Appendix 9 (Procurement Options) |
| Should we be leasing rather than buying? See Appendix 10 (Asset Leasing) |
| If buying, what form of Contract are you going to use? see Appendix 11 (Contract Forms and Terms & Conditions) |
| Who has the delegated authority to agree the purchase/approve the procurement method and process/approve the Contract award? – see Appendix 12 (Scheme of Delegations) |
| How will you decide who will win the Contract? – see Appendix 13 (Evaluation Criteria & Debriefing) |

D Undertake the Procurement Process

14. Procurement Process

14.1 The flowchart below illustrates the procurement and commissioning process from planning, through contracting with the supplier, performance monitoring and reviews and finally analysis of the outcomes and the market for future needs.



14.2 Summary Financial Thresholds

The table below defines the procurement process run by the procurer, dependent on the Contract value (see **Appendix 15 (Minimum Requirements)** for further details.

If you are purchasing IT Hardware or Software, you **MUST** do so in accordance with the IT Policy.

| |
|---|
| 1. BELOW £500: |
| 1.1 <i>Have you followed “Developing the Procurement Plan”?</i> |
| 1.2 Consider use of a purchasing card . |
| 1.3 Should preference be given to local suppliers where they exist and provided they offer Value for Money? |
| 1.4 Demonstrate Value for Money by testing the market |
| 2. £501 – £5,000: |
| 2.1 <i>Have you followed “Developing the Procurement Plan”?</i> |
| 2.2 Should preference be given to local suppliers where they exist and provided they offer Value for Money? |
| 2.3 Consider the Social Value Policy (and use Toolkit where relevant) |
| 2.4 Demonstrate Value for Money by testing the market |
| 2.5 [Recommended that you] record the new Contract on Contract Register. |
| 3. £5,001 – £50,000: |
| 3.1 <i>Have you followed “Developing the Procurement Plan”?</i> |
| 3.2 Should preference be given to local suppliers where they exist and provided they offer Value for Money? |
| 3.3 Consider the Social Value Policy (and use Toolkit where relevant) |
| 3.4 Obtain at least 3 written Quotes through ProContract if below £25k or advertise in Contracts Finder if contract is above £25K (see Appendix 20 Below Threshold Contracts) |
| 3.5 DO NOT use a SUPPLIER SELECTION QUESTIONNAIRE. Consider what suitability questions to ask instead (see Appendix 14 (Capability and Financial Checks)) |
| 3.6 Award the Contract based on your chosen criteria (price or price and quality). |
| 3.7 You MUST record the new Contract on Contract Register |
| 3.8 Advertise the Contract award via Contracts Finder |
| 4. £50,001 – £100,000: |
| 4.1 <i>Have you followed “Developing the Procurement Plan”?</i> |
| 4.2 You MUST add to Commissioning Intentions List |
| 4.3 Consider the Social Value Policy (and use Toolkit where relevant) |
| 4.4 Complete the Business Case Approval Report |

| | |
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| 4.5 | Consider whether to call off from an existing framework |
| 4.6 | Advertise in Contracts Finder (see Appendix 20 Below Threshold Contracts) |
| 4.7 | DO NOT use a SUPPLIER SELECTION QUESTIONNAIRE. Consider what suitability questions to ask instead (see Appendix 14 (Capability and Financial Checks)) |
| 4.8 | You MUST take up references for the preferred bidder before award |
| 4.9 | Award the Contract based on your chosen criteria (price and quality) and complete a Procurement Evaluation Report. |
| 4.10 | You MUST record the new Contract on Contract Register |
| 4.11 | Advertise the Contract award via Contracts Finder |
| 5. | £100,001 – EU Threshold*: |
| 5.1 | <i>Have you followed “Developing the Procurement Plan”?</i> |
| 5.2 | You MUST add to Commissioning Intentions List |
| 5.3 | You MUST apply the Social Value Policy (and use Toolkit where relevant) |
| 5.4 | Advertise in Contracts Finder (see Appendix 20 Below Threshold Contracts) |
| 5.5 | Complete the Business Case Approval Report |
| 5.6 | Consider whether to call off from an existing framework |
| 5.7 | DO NOT use a SUPPLIER SELECTION QUESTIONNAIRE. Consider what suitability questions to ask instead (see Appendix 14 (Capability and Financial Checks)) |
| 5.8 | You MUST take up references for the preferred bidder before award |
| 5.9 | Award the Contract based on your chosen criteria (price and quality) and complete a Procurement Evaluation Report. |
| 5.10 | You MUST record the new Contract on Contract Register |
| 5.11 | You MUST get the Contract sealed |
| 5.12 | Advertise the Contract award via Contracts Finder |
| 6. | Works contracts between goods and services threshold value and works Threshold*: |
| 6.1 | <i>Have you followed “Developing the Procurement Plan”?</i> |
| 6.2 | You MUST add to Commissioning Intentions List |
| 6.3 | You MUST apply the Social Value Policy and Toolkit |
| 6.4 | Complete the Business Case Approval Report |
| 6.5 | Consider whether to call off from an existing framework |
| 6.6 | If not using an existing framework, advertise the Contract and invite tenders through ProContract (no need to follow an OJEU process) |
| 6.7 | You MUST evaluate the financial standing of the tenderers (See Appendix 14(Capability and Financial Checks)). You CAN use a SUPPLIER SELECTION QUESTIONNAIRE. |
| 6.8 | You MUST take up references for the preferred bidder before award |
| 6.9 | You MUST complete a Procurement Evaluation Report |

| | |
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| 6.10 | Award the Contract based on your chosen criteria (price and quality) |
| 6.11 | You MUST get the Contract sealed |
| 6.12 | You MUST record the new Contract on Contract Register |
| 7. | Above EU Threshold: |
| 7.1 | Have you followed “Developing the Procurement Plan”? |
| 7.2 | You MUST add to Commissioning Intentions List |
| 7.3 | You MUST apply the Social Value Policy and Toolkit |
| 7.4 | Complete the Business Case Approval Report |
| 7.5 | Consider whether to call off from an existing framework |
| 7.6 | Before commencing any procurement complete an Approval to Procure Report |
| 7.7 | If not using an existing framework, follow an EU-compliant procedure – see Appendix 19 (<i>Procurement Options</i>) – through ProContract |
| 7.8 | You MUST evaluate the financial standing of the winning bidder (Appendix 14 (Capability and Financial Checks)). If using a SUPPLIER SELECTION QUESTIONNAIRE, you MUST use the Cabinet Office Standard SUPPLIER SELECTION QUESTIONNAIRE |
| 7.9 | You MUST take up references for the preferred bidder before award |
| 7.10 | You MUST complete a Procurement Evaluation Report |
| 7.11 | Award the Contract based on your chosen criteria (price and quality) |
| 7.12 | You MUST get the Contract sealed |
| 7.13 | You MUST record the new Contract on Contract Register |

*The EU Threshold levels are given in **Appendix 16**. The Light Touch Regime for Health and Social Services type Contracts is explained at **Appendix 9 (Procurement Options)** and has different threshold levels.

Be aware that it is vital that you carefully estimate the value of the contract. If you have issued tenders for a below threshold contract and the tender responses indicate that the value of the successful tender will go above the threshold, you **MUST** stop the process and re-tender under OJEU. To avoid this, it is better to consider tendering under OJEU in the first instance.

E Contract Award & Implementation

15. General

15.1 It is critical that the Contract award and implementation are carried out effectively. Prior to contract award you **MUST** ensure that your objectives are fully addressed and that all approvals to award issues are covered.

16. Approval to Award

16.1 A Procurement Evaluation and Approval Report **MUST** be completed in line with the Public Procurement Regulations. The report **MUST** explain in full how you have come to the decision to award to the particular supplier in question for all procurements above £50k.

16.2 The report concludes with an approval signatory to award the Contract. You **MUST** have the appropriate sign-off prior to notifying the supplier(s) of your decision. See **Appendix 12 Scheme of Delegations** for further details.

17. Notifying Suppliers

17.1 Above the EU Thresholds there are strict rules on how to debrief suppliers including a **Mandatory** 10 day Standstill Period prior to confirming Contract award. **Appendix 14 Contract Award & Debriefing** gives more information.

17.2 If the supplier requests a face to face debrief, it is normal and courteous to do this where the Contract is complex, of high value and/or has taken a long time to complete, so long as you do so in a transparent and non-discriminatory way.

1.8. Publications

18.1 For Contracts above the EU Thresholds, you **MUST** submit a Contract Award Notice in the OJEU.

18.2 All Contracts above £25K in value **MUST** be published on Contracts Finder. See **Appendix 20 (Below Threshold Contracts caught by Part 4 of the Regulations)**.

18.3 You **MUST** update the Contract Register (see **Appendix 7 (The Combined Authority's Contract Register)**)

- 18.4 You ***MUST*** file documents in the Contract Register in line with document retention policies (see **Appendix 17 Document Retention**).

F Post Contract Award

19. General

19.1 Once the Contract has been awarded you **MUST** put into place the agreed contract management controls and measures. You **MUST** review the process to ensure the Contract achieves its objectives and future benefits.

20. Contract Management

20.1 You **MUST** establish processes for recording the receipt of goods and progress of work, reviewing performance reports etc.

20.2 You **MUST** put in place both formal and informal communications to manage the relationship, as appropriate.

20.3 You **MUST** put in place a method of capturing the views of the service users/interested stakeholders including feedback to them on the service performance

21. Reviews

21.1 You **MUST** review the commissioning plan (against any changes in priorities/objectives)

21.2 You **MUST** review the risk assessments and make any amendments to resource assumptions

21.3 You **MUST** review procurement plans to identify any changes or improvements to methodology for next time

21.4 All answers to above **MUST** be used to inform future commissions

22. Continuous Improvement

22.1 You should review your success against your original plans, i.e. did you achieve the outcomes you set out to achieve and do you understand what contributed to or prevented success?

22.2 You should share your learning with colleagues, service users and stakeholders to ensure you are continuously improving your processes and skills.

22.3 Reflect on the views of service users/stakeholders when reviewing whether the Commissioning and Procurement Plans were successful.

23. Contract Extensions

23.1 Extending a Contract ***MUST*** only happen in particular circumstances (**see Appendix 18 Contract Variations and Extensions**). If an extension clause has been included in the Contract, then it is permissible to extend but this should only be done if it represents value for money to extend and if the performance of the supplier warrants it.

Appendices

Appendix 1. Glossary

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|---------------------------------|---|
| Appendices | The appendices to these CSOs |
| Area | The administrative area of the West of England Combined Authority |
| Best Value | The Combined Authority's duty to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness in accordance with section 3(1) of the Local Government Act 1999 and associated statutory guidance |
| Buying | Purchasing goods, services or works through an external supplier or contractor |
| Commissioning Intentions | The Combined Authority's published list of future procurement and commissioning activities above £50,000. The intention is to highlight to potential suppliers the forthcoming opportunities for tendering. This is a statutory requirement under Localism Act. |
| Conflict of Interests | A set of circumstances that creates a risk that an individual's ability to apply judgement or act in one role is or could be, impaired or influenced by a secondary interest. |
| Contract | An agreement to supply Goods/Services/Works formed when there is an offer by one party and an acceptance of that offer by a second party. A Contract can be formed verbally as well as in writing. |

| | |
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| Contract Award Notice | An advertisement entered by a buyer in the OJEU to advise interested parties that a Contract has been awarded by the buyer to a named supplier. |
| Contract Notice | An advertisement entered by a buyer in the OJEU to advise interested parties of the intention of the buyer to go to market to buy goods/services/works. It gives details of the requirements of the buyer. |
| Contract Register | The Combined Authority's repository for all its current Contracts and Framework Agreements, located on ProContract. |
| Contracts Finder | The Government's website on which all opportunities that are advertised for Contracts and Framework Agreements (and call-offs from Framework Agreements) for goods services and works above £25,000 MUST be published. You advertise on Contracts Finder via the ProContract system. |
| Combined Authority CSOs | The West of England Combined Authority These Contract Standing Orders (including the Appendices) |
| EU Thresholds | The financial thresholds above which a procurement via OJEU will normally be required, as set out at Appendix 16 (EU Procurement Thresholds & Timescales) |
| Financial Regulations | The Combined Authority's Financial Regulations, which can be found on the West of England Combined Authority Website. |
| FOIA | The Freedom of Information Act 2000 and the Environmental Information Regulations 2004 |
| Forward Plan | The Combined Authority's Forward Plan, which can be found on the Combined Authority Website. |

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| Framework Agreement | An ‘umbrella’ agreement that sets out the prices, service levels, and terms and conditions for subsequent call-off orders. |
| General Principles | The General Principles set out at A – Statement of Principles. |
| Grant | An arrangement will be a grant when the Combined Authority gives a donation to an organisation without receiving a benefit in return. The organisation is not obliged to provide the service. It can decide not to provide the service but would then have to repay the donation. |
| Invitation to Tender or ITT | The invitation to tender is sent at the stage of the procurement process when you invite selected bidders to present their tenders in response to the stated requirements and evaluation criteria. |
| Light Touch Regime | The Light-Touch Regime is a specific set of rules for Contracts for certain services that tend to be of lower interest to cross-border providers. It includes certain social, health and education services. The list of services to which LTR applies is covered in Appendix 10 . |
| Local | Within the Administrative Area of the Combined Authority |
| Most Economically Advantageous Tender or MEAT | Awarding a Contract for works, goods or services based on a combination of both overall cost AND service elements and not just cost alone. |
| NBO | The Named Buying Officer with responsibility for the procurement process from start to finish |
| OBC | Outline Business Case |

| | |
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| Officer | Employees of the Combined Authority |
| OJEU | The Official Journal of the European Union, where Contracts and Framework Agreements are advertised to potential suppliers across the EU. |
| OJEU Compliant Process | A procurement exercise that has been carried out in accordance with the rules of the European Union under the Public Contracts Regulations 2015 and the Directive 2014/24/EU on public procurement. See Appendix 20 Procurement Processes for a list of the main types of procurement procedures. |
| Supplier Selection Questionnaire | A questionnaire which is used in certain procurement procedures which allow procurers to shortlist the number of companies that will be invited to Tender. Above EU Thresholds this MUST reflect the Cabinet Office standard SUPPLIER SELECTION QUESTIONNAIRE and associated guidance : A SUPPLIER SELECTION QUESTIONNAIRE is NOT permitted for procurements valued between £25k and £165 but can be used above £165k for Works contracts. Previously called a PQQ, (see Appendix 20 Procurement Processes for more details). |
| ProContract | The Combined Authority's procurement portal |
| Quote/Quotation | A request for pricing and/or quality bid from a potential supplier for goods/services/works below £50,000. Similar to a Tender but with more limited detail generally required from bidders. |
| Regulations | The Public Contracts Regulations 2015 |

| | |
|------------------------------|---|
| Residents | Means residents of the Area |
| Scheme of Delegations | The scheme of delegations set out at Appendix 12 (Scheme of Delegations) |
| Select lists | Lists of approved suppliers |
| Social Value | Described in the Social Value Act as improvements to the economic, social and/or environmental well-being of the Area. So, the benefits sought could be in the form of social benefits (for example reducing anti-social behaviour), economic benefits (for example increasing local employment), or environmental benefits (for example reducing local congestion). |
| Social Value Act | The Public Services (Social Value) Act 2012, which requires the Combined Authority to consider, pre-procurement, how what it procures might improve the economic, social and environmental well-being of the Area, and how best to use the procurement process to secure that improvement. There is also a duty to consider whether to undertake any consultation in making its decisions. |
| Standstill Period | A Mandatory 10 day period (which MUST be applied to above EU Thresholds procurements) between the notification to suppliers of the decision to award the Contract and the date of signing/entering into the Contract. The period is intended to give unsuccessful tenderers the opportunity to challenge the award if they wish. The period is longer if notifications are not sent electronically. |

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| Tender | A request for pricing and/or quality bid from a potential supplier for goods/services/works above £50,000. Similar to a Quote but more detailed proposals are generally required from tenderers. |
| Threshold level | <u>The total contract value at which you MUST advertise your contract in the OJEU. See Appendix 16 for the 2020-21 levels.</u> |
| TUPE | <u>The Transfer of Undertakings (Protection of Employment) Regulations 2006. Legislation which protects employment rights of those whose job will be transferred to a new employer upon change of contractor by award of a Contract.</u> |
| Value for Money or VfM | The optimum combination of whole-of-life costs and quality (or fitness for purpose) of the goods, works or Services to meet the Combined Authority's requirement |
| VAT | Value Added Tax |

Appendix 2. CSO Exemptions

1. Contracts below the EU Thresholds

Specific Officers may approve exemptions to these CSOs (to the extent that it is lawfully able to do so) in genuinely urgent situations and/or where there is a sound legal, financial or Value for Money reason (See **Appendix 12 Scheme of Delegations**). They **MUST**:

- give reasons for doing so on the Exemption Form (and record these in the minutes of the relevant meeting);
- The completed and signed exemption form **MUST** be entered in the Contract Register (see **Appendix 7 Contract Register**)

The following are considered acceptable reasons for seeking an exemption:

- quantifiable and significant cost and efficiency savings can be achieved through seeking an alternative route;
- reasons of extreme urgency mean that normal time limits cannot be met, including as a result of unforeseen emergency or disruption to the Combined Authority services;
- the Combined Authority would otherwise be exposed to immediate and significant financial, legal or reputational risk that has been identified in the relevant risk register;
- only one Contractor is objectively able to provide the works, services or supplies in question, for example where the supplier has exclusive Intellectual Property, artistic or other rights, is a monopoly or where the goods bought are for re-sale (in which case the exemption **MUST** be to the number of Quotes / Tenders that are sought);
- additional or new services, supplies or works are required which, through unforeseen circumstances, were not included in an existing Combined Authority Contract and are necessary for the completion of the Contract and/or cannot be carried out separately.
- new works or services/supplies are required which are a repetition of works, services/supplies carried out under the original Contract, provided they are required within 1 year of the original Contract.
- goods are required as a partial replacement for or addition to existing goods or installations and obtaining them from another source would result in

incompatibility or disproportional technical difficulties in operation or maintenance.

You are reminded that an exemption will **not** be granted where this means the Combined Authority would not be complying with the General Principles or general law.

2. Contracts above the EU Thresholds

You cannot exempt the application of the EU procurement rules. You may need to consider other procurement routes. See **Appendix 19 (Procurement above the EU Thresholds)** for details. If you are having difficulty you **MUST** consult with the Monitoring Officer for more information.

Appendix 3. Business Ethics

1. General

Business ethics focuses on what constitutes right or wrong behaviour in the world of business. The following will help you to address ethical dilemmas during your procurement process.

2. Code of Conduct

All procurement exercises **MUST** be carried out with openness and transparency and with integrity and fairness to all suppliers.

Officers of the Combined Authority **MUST** conduct themselves in line with the Combined Authority's HR Code of Conduct including with regards to the receiving of hospitality and gifts and the giving and receiving of sponsorship.

3. Separation of Roles during Tendering

Combined Authority Members and employees involved in the tendering process and dealing with contractors **MUST** be clear on the separation of client and contractor roles within the Combined Authority. Senior employees who have both a client and contractor responsibility **MUST** be aware of the need for accountability and openness.

Combined Authority Member and employees who are privy to confidential information on Tenders or costs for either internal or external contractors **MUST** not disclose that information to any unauthorised party or organisation. For further information, see the Members' Code of Practice guidance document.

4. Conflicts of Interest

There **MUST** be no conflict of interest with any suppliers or contractors. Where a conflict is identified, the member of staff concerned **MUST** not take any further part in the tendering process, to preserve the integrity of the process. For further advice, contact the Monitoring Officer.

5. Corruption

Combined Authority Members and employees **MUST** be aware that it is a serious criminal offence for them corruptly to receive or give any gift, loan, fee, reward or advantage for doing, or not doing, anything or showing favour, or disfavour, to any person in their official capacity. If an allegation is made, it is for the individual to demonstrate that any such rewards have not been corruptly obtained. If you need further guidance, you should seek advice from the Monitoring Officer.

6. Use of Financial Resources

Combined Authority Members and Officers **MUST** ensure that they use public funds entrusted to them in a responsible and lawful manner and in accordance with the Combined Authority's Financial Regulations. They should strive to ensure Value for Money to the Area and to avoid legal challenge to the Combined Authority.

7. Lobbying

It is recognised that lobbying is a normal and perfectly legitimate element of the process of local governance however it is important that Members protect their impartiality and integrity when dealing with external contractors and suppliers.

Members **MUST NOT** breach the Combined Authority Code of Conduct by listening to or receiving viewpoints from contractors and suppliers or other interested parties unless they make it clear that they are keeping an open mind. Indicating a bias toward a particular product, supplier or contractor would prejudice impartiality and could lead to a legal challenge against the Combined Authority.

8. Former West of England Combined Authority Employees

Combined Authority Members and employees should endeavour to ensure that where they contract with a supplier to provide services or works to the Combined Authority, that the supplier does not employ a former Combined Authority employee when producing and submitting the response to the tender. This will ensure that all suppliers in the tendering process are treated fairly and that no one supplier is given a tendering advantage and respects Combined Authority confidentiality.

Appendix 4. Confidentiality, Intellectual Property, Data Protection, Transparency and Redaction

1. Confidentiality

- 1.1 The Combined Authority has a responsibility to ensure that information provided to suppliers and provided by suppliers is treated confidentially. This is not only good practice but also gives the suppliers confidence that they are being treated fairly and without discrimination. Information provided by the Combined Authority is given to suppliers in confidence and only to those whom they need to consult for the purpose of preparing the Tender, such as professional advisors or joint bidders.
- 1.2 If a Conflict of Interest arises or if at any time during the procurement it is discovered that the tenderer has not acted confidentially, the Combined Authority has the right to eliminate them from the procurement exercise.
- 1.3 Tenderers have the right to state what elements of their Tender response they want to remain confidential however under the Freedom of Information Act the Combined Authority **MUST** provide information requested with some exceptions such as commercially confidential items (pricing, intellectual property etc.) which can be redacted from the version published in the public domain. Contractors' cooperation may be needed to ensure the Combined Authority complies with requests for information.

2. Intellectual Property

- 2.1 "Intellectual Property Rights" includes patents, inventions, trade-marks, service marks, logos, design rights, copyright, database rights, domain names, trade or business names, moral rights and other similar rights or obligations.
- 2.2 Generally speaking, all intellectual property rights in all works or supplies provided under a Contract which are written or produced on a bespoke or customized basis would be owned by the Combined Authority and the contractor should be required to ensure that it allows such ownership.
- 2.3 However, where the supplier provides existing intellectual property right protected material to the Combined Authority under a Contract, it has to warrant it has the right to do so and it fully indemnifies the Combined Authority against all loss or liability

arising from any third party intellectual property rights claims arising both from such existing material and in relation to any such bespoke work.

3. Data Protection

3.1 The Data Protection Act 1998 (DPA) is an Act of Parliament which defines UK law on the processing of data on **identifiable living people**. It is the main piece of legislation that governs the protection of personal data in the UK. All Officers are legally obliged to comply with the Act.

3.2 The Combined Authority's Terms and Conditions of Contract contain a data protection clause which states what contractors can and can't do with any personal data provided to them under a Contract.

3.3 In certain Contracts where a supplier is required to process personal data or hold personal information for the purpose of executing the Contract, then Officers should include a questionnaire relating to Information Governance issues and evaluate the responses. Guidance can be obtained from the Information Governance Manager.

4. Transparency

4.1 Under the Local Government Transparency Code (the following items **MUST** be published.

- all individual items of expenditure above £500;
- every transaction made using a Government Procurement Card;
- a list of all Invitations to Tender for goods and services exceeding £5000;
- a list of all contracts, Framework Agreements, purchase orders and commissioned activity in excess of £5000.

This information will be published on the Combined Authority website and www.gov.uk.

5. Redaction of Data

5.1 It is the responsibility of procuring officers to ensure that the information provided for publication under the transparency code has been cleansed and any personal or sensitive information has been redacted prior to publication.

Appendix 5. Specifications

For a compliant OJEU procurement process, the Combined Authority ***MUST*** draft the technical specifications for a Contract upfront, before starting the procurement process. This is good practice even when you do not have to comply with the Regulations.

What the technical specifications look like will vary widely depending on the nature of the Contract. If you are having difficulty drafting a specification for the Contract seek further guidance from the Procurement Officer.

Appendix 6. Social Value

The Social Value Act requires the procurer to consider securing economic, social, or environmental benefits when buying services above the EU Thresholds through what is being bought, and how it is procured.

This duty relates to:

- **all** service Contracts to which the Regulations apply (including those under the Light Touch Regime);
- services Contracts with a works / supplies element that is so incidental that the Contract would ordinarily be considered a services Contract under the Regulations; and
- Frameworks Agreements for such Contracts.

The Combined Authority **MUST** also think about whether **consultation** on Social Value matters is needed.

The Combined Authority has a Social Value Policy and you **MUST** apply the Social Value Policy to:

- **all** works Contracts (including Contracts for a mixture of works and services or supplies) where the value of the Contract is expected to exceed **£500,000**;
- **all** services Contracts and supplies Contracts (including Contracts for a mixture of works and supplies or services, and regardless of whether the full EU procurement regime applies) where the value of the Contract is expected to exceed **£100,000**;
- **all** Framework Agreements where the anticipated spend in any financial year is expected to exceed £500,000 for works and £100,000 for goods and services;
- **all** joint Contracts with other purchasers where the value of the Combined Authority expenditure is expected to exceed £500,000 for works and £100,000 for goods and services.

The Social Value Policy focuses on achieving targeted recruitment and training through Contracts as the Combined Authority's priority, but where other aspects of Social Value are relevant to a Contract they should of course be considered.

Appendix 7. The West of England Combined Authority's Contract Register

The Combined Authority's Contract Register is the section of ProContract which records and stores information on the Combined Authority's Contracts. It:

- provides key information to Combined Authority Members and Officers on existing current and expired Contracts;
- provides limited information to the general public (including start and end dates, Contract value, and key contact details);
- interacts with the rest of ProContract, and so can help to ensure Contracts are renewed or re-procured in good time.

When should I put something on Contract Register

Recording of Contracts on Contract Register is **Mandatory** for all Contracts valued above **£5,000**. However, it is recommended for Contracts of any value.

Any agreed exemptions **MUST** be placed on Contract Register.

You **MUST** also try to keep the information on Contract Register up to date, for example if:

- a Contract is extended;
- the key contact for a Contract changes (e.g. if an Officer leaves).

Before you Purchase Anything

You **MUST** check the Contract Register before you start any procurement activity, in case there is an existing Combined Authority Contract which covers your need. Saving time and expense by using an existing Contract will almost always represent Value for Money.

Appendix 8. Framework Agreements and Dynamic Purchasing Systems

Framework Agreements

A Framework Agreement is an ‘umbrella’ agreement negotiated with suppliers whereby at the start of the agreement the exact quantity of goods or services required over the period of the agreement cannot be determined.

1. For example, when you put together an agreement with a supplier to buy stationery, you won’t know exactly how many pens, pencils, rulers etc. you will need over the period of the agreement, or when you will place the orders.
2. The intention behind a framework is to streamline the competitive process by enabling one OJEU process to set up the protocol by which multiple Contracts can be called off. They can be created so that one, or many, purchasers are able to benefit from the arrangements. Equally they can be created with one provider, or a number (in which case often a “mini-competition” is used to decide which provider is used each time there is a call-off
3. Frameworks are therefore useful when you anticipate that you are likely to need the same – or similar- provision on a number of occasions over time. They are normally limited to four years in length.
4. There is no obligation to buy anything from a Framework Agreement and you are not committing the Combined Authority to any spend. However, every time you place an order from a Framework Agreement, you are entering into a legally binding Contract.

Dynamic Purchasing Systems

A DPS is similar to a framework agreement however whereas a framework is set once the award has been made and no new suppliers can be added to it, a DPS will allow new suppliers to be added, PROVIDED that they meet the objective selection criteria laid out in the original contract notice or advertisement.

Appendix 9. Procurement Options

1. Below the EU Thresholds

Below the EU Thresholds, the procurement process is more flexible. See the main body of the CSOs, and **Appendix 15 (Minimum Requirements)** for details of the requirements for different values of spend.

Firstly, you **MUST** consider if there is an existing Contract or Framework you could use, either one established by the Combined Authority, or one procured by a central purchasing body.

Use of ProContract is **Mandatory** for Contracts above £5000, and it steers you through the process including:

- Advertising the Contract
- Tender stage
- Contract award.

In the absence of an existing agreement, all opportunities for Contracts and Framework Agreements above £25,000 that are advertised **MUST** be advertised on Contracts Finder and an Award Notice published within 30 days of the Contract award date. See Appendix 20 for further details.

2. Above the EU Thresholds

Please see **Appendix 19 (Procurement above the EU Thresholds)**.

3. Health and “Social” Services - (Light Touch Regime)

This section applies to Contracts for the following Services:

- Health, social and related Services
- Administrative, social, education, healthcare and cultural Services
- Compulsory Social Security Services
- Benefit Services
- School Meals and Catering Services
- Other community, social and personal Services including Services furnished by trade unions, political organisations, youth associations and other membership organisation Services

- Religious Services
- Hotel and Restaurant Services
- Legal Services
- Other administrative and government Services
- Provision of Services to the community
- Prison related Services, public security and rescue Services to the extent not excluded pursuant to point (h) of Article 10
- Investigation and security Services
- International Services
- Postal Services
- Miscellaneous Services

When you are buying these sorts of services, the “Light Touch Regime” will apply if the Contract is valued above the EU Threshold. The Threshold for LTR is £663,540. The Light Touch Regime requires you to

- issue a Contract Notice or Prior Information Notice in OJEU
- follow a transparent and fair procedure which treats potential service providers equally; and
- issue a Contract Award Notice (as for any “full” OJEU procedure).

The Regulations require the Combined Authority to:

- give information in the Contract Notice about:
- any conditions for participating in the competition (e.g. “supplier selection” criteria);
- any time limits for contacting the Combined Authority;
- the award procedure that the Combined Authority will apply.
- ensure that any time limits imposed on interested providers are reasonable and proportionate.

The Combined Authority can choose to apply a procedure that looks similar to one of the “main” EU procurement procedures (see **Appendix 19 (Procurement above the EU Thresholds)**), but does not have to.

The Combined Authority **MUST** apply the Guidance of the new Light Touch Regime for Health, Social Education and certain other Service Contracts published by Crown Commercial Service.

Appendix 10. Asset Leasing

1. General

1.1 The implementation of the Prudential Code introduced new freedoms for local authorities to pursue various capital and revenue options for the funding of asset acquisitions. It is therefore important to ensure the most cost effective form of funding is sourced for each acquisition.

1.2 Objectives of controlling

Asset leases are to ensure-:

- (a) compliance with the Prudential Code
- (b) terms and conditions of leases are appropriate.
- (c) the lease is correctly recorded in the Combined Authority's accounts.
- (d) compliance with the Regulations.

1.2 Implications if the above objectives are not achieved:

- (a) non-compliance with the Prudential Code Value for Money requirements.
- (b) the cost of leasing the asset is greater than alternative finance options.
- (c) the Combined Authority's accounts are incorrectly stated.
- (d) legal challenge as a result of a breach of the Regulations.

1.3 Key Responsibilities for Members and Officers:

- (a) every officer **MUST** refer all proposed leasing arrangements to the Section 73 Officer-: and
- (b) approval **MUST** be obtained from the Section 73 Officer for all asset leases.

1.5 More information on the Prudential Code can be obtained from www.cipfa.org

1.6 Asset leases are treated as supplies Contracts for the purpose of the Regulations and so the Regulations will apply in the normal way.

Appendix 11. Contract Forms and Terms & Conditions

1. General

The Regulations require the Combined Authority to make its procurement documents available electronically from the published date of the Contract Notice (Regulation 53). Procurement documents include the proposed Terms and Conditions of Contract (T&Cs) as well as SUPPLIER SELECTION QUESTIONNAIRES and ITTs. This means that the SUPPLIER SELECTION QUESTIONNAIRE, ITT and T&Cs, for any EU procurement process **MUST** be drafted **before the Contract Notice is issued**.

The Combined Authority considers it good practice to apply this rule to all Contracts, whether or not the Regulations are followed. It is therefore the expectation that the Contract form will have been decided on before the procurement / tendering process starts.

2. Contracts below the EU Thresholds

For the majority of Contracts under the EU Thresholds it will normally be appropriate to use the Combined Authority's standard Terms and Conditions.

3. Contracts above the EU Thresholds

For Contracts valued above the EU Thresholds you can use the Combined Authority's standard Terms and Conditions or it may be more suitable to use an industry standard form of Contract, or a bespoke Contract drafted for the particular Contract in question.

When considering which type of Contract to use in these situations you should discuss and agree the approach with the Monitoring Officer.

Appendix 12. Scheme of Delegations

The following people / positions / committees have delegated authority to agree or approve expenditure:

| Contract Value | Authority For OBC | Place On Forward Plan (Y/N) | Approval Docs Required | Authority To Award The Contract | Authority To Sign An Exemption | Authority For Signing/Sealing |
|--|---------------------|---------------------------------|----------------------------|---|--|--|
| Up to £500 | n/a | N | Bid Evaluation | Budget Holder | Budget Holder | Budget Holder |
| £501 to £5,000 | n/a | N | Bid Evaluation | Budget Holder | Budget Holder | Budget Holder |
| £5,001 to £50,000 | n/a | N | Bid Evaluation | Budget Holder | Head of Service | Head of Service |
| £50,001 to £100,000 | Divisional Director | Y | Tender Evaluation Document | Head of Service | CEO, s73 Officer or Monitoring Officer | CEO, s73 Officer or Monitoring Officer |
| £100,001 to EU Thresholds | Strategic Director | Y | Tender Evaluation Document | Head of Service (Recorded Officer Decision) | CEO, s73 Officer or Monitoring Officer | Monitoring Officer (Sealing) |
| Above EU Thresholds/ Emergency Purchases | Strategic Director | Y (but not emergency purchases) | Tender Evaluation Document | CEO, s73 Officer or Monitoring Officer (Recorded Officer Decision – provided within budget) | NOT ALLOWED above EU threshold | Monitoring Officer (Sealing) |

Appendix 13. Evaluation Criteria & Debriefing

1. General

The Combined Authority **MUST** make its “procurement documents” available electronically from the date of the Contract Notice. The evaluation criteria and the weightings **MUST** be included in either the Contract Notice itself, or in the procurement documents. This means that you **MUST** have agreed the evaluation criteria for the Tender before the Contract Notice is issued.

2. Most Economically Advantageous Tender

Evaluation criteria **MUST** be based on the “Most Economically Advantageous Tender”. This can be identified by:

- price or cost (using life-cycle costing)
- the best price-quality ratio (taking into account qualitative, environmental and/or social aspects linked to the subject matter of the Contract), including:
- quality: technical merit, aesthetic and functional characteristics, accessibility, design for all users, social, environmental and innovative characteristics and trading and its conditions;
- organisation, qualification and experience of staff assigned to performing the Contract (where this can have a significant impact on the level of the performance of the Contract);
- after-sales service and technical assistance, delivery conditions such as delivery date, process and period, or period of completion.

If a Contract is for a fixed price, you can use just quality criteria.

3. Debriefing

You **MUST** consider when it is appropriate to debriefing suppliers – seek appropriate advice and guidance from the Monitoring Officer if required

Appendix 14. Capability & Financial Checks

1. General

You **MUST** ensure that any supplier interested in doing business with the Combined Authority has both the technical capability and the financial capacity to be able to perform the Contract.

2. Below EU Thresholds

Below the EU threshold you **MUST NOT** use a SUPPLIER SELECTION QUESTIONNAIRE to shortlist tenderers. You can ask “suitability assessment questions” that are relevant to the subject matter of the contract and are proportionate. These can relate to minimum standards of suitability and capability.

3. Above EU Thresholds

Procurements above the EU Thresholds using one of the procedures described in **Appendix 19 Procurements above the EU Threshold – Options and Procedures**. This includes procedures which use a Supplier Selection Questionnaire to shortlist candidates before inviting Tenders.

When using a SUPPLIER SELECTION QUESTIONNAIRE stage, you **MUST** use the Cabinet Office standard SUPPLIER SELECTION QUESTIONNAIRE. This includes standard questions on financial standing:

- (a) a minimum yearly turnover which does not exceed twice the estimated Contract value;
- (b) information on their annual accounts showing the ratios, for example, between assets and liabilities; and
- (c) appropriate levels of insurance.

4. Framework Agreements and Lots

There are specific rules that **MUST** be applied for Framework Agreements and lots. Seek further advice from the Monitoring Officer.

Appendix 15. Minimum Requirements

1. Contracts Minimum Requirements

| VALUE OF CONTRACT | MINIMUM PURCHASING REQUIREMENTS | MINIMUM CONTRACT REQUIREMENTS | ENTER ON COMMISSIONING INTENTIONS Y/N | USE OF PROCONTRACT | ENTER CONTRACT ON CONTRACT REGISTER |
|-------------------|--|---|---------------------------------------|--------------------|-------------------------------------|
| £1 - £500 | <ul style="list-style-type: none"> - Use purchasing card if accepted by supplier - Demonstrate VfM by testing the market - Think Local | Ensure written record of purchase | No | Recommended | n/a |
| £501 - £5,000 | <ul style="list-style-type: none"> - Demonstrate VfM by testing the market - Think Local - Consider the Social Value Policy & Toolkit | Ensure written record of purchase | No | Recommended | Recommended |
| £5,001 - £50,000 | <ul style="list-style-type: none"> - Think Local - 3 written Quotes via ProContract if below £25k - Advertise on Contracts Finder if more than £25K (or 3 quotes if using local market) | The Authority's Contract Standard Terms (unless agreed with Monitoring Officer) | No | Mandatory | Yes |

| | | | | | | | |
|---|--|--|-----|-----------|-----|--|--|
| | <ul style="list-style-type: none"> - Consider the Social Value Policy - Do NOT use a SUPPLIER SELECTION QUESTIONNAIRE but can ask suitability questions - State award criteria - Award Contract on Contracts Finder if >£25K | | | | | | |
| £50,001 - £100,000 | <ul style="list-style-type: none"> - Think Local - Advertise on Contracts Finder - Consider the Social Value Policy - Do NOT use a SUPPLIER SELECTION QUESTIONNAIRE but can ask suitability questions - State award criteria - Award Contract on Contracts Finder | The Combined Authority's Standard Contract Terms (unless agreed with Monitoring Officer) | Yes | Mandatory | Yes | | |
| £100,001 – EU Threshold (See Appendix 16) | <ul style="list-style-type: none"> - Advertise on Contracts Finder - Apply the Social Value Policy - Works can use a SUPPLIER SELECTION QUESTIONNAIRE but NOT for Goods and Services below the threshold - State award criteria - Award Contract on Contracts Finder - Contract must be sealed | Follow guidance at Appendix 11 (Contract Forms and Terms & Conditions) | Yes | Mandatory | Yes | | |

| | | | | | |
|--|---|---|------------------|-----------|-----|
| Above EU Threshold (See Appendix 16) | <ul style="list-style-type: none"> - Follow an EU compliant procedure (see Appendix 9 (Procurement Options), Appendix 5 (Drafting Specifications) and Appendix 13 (Evaluation Criteria) and Appendix 20 (Procurement above the EU Thresholds - Options)) - Apply the Social Value Policy - Advertise on Contracts Finder and in OJEU - Contract MUST be sealed - Award Contract in OJEU | Follow guidance at Appendix 11 (Contract Forms and Terms & Conditions) | Yes | Mandatory | Yes |
| Light Touch Regime – Below threshold (£663,540) | <ul style="list-style-type: none"> - Think Local - Advertise on Contracts Finder if >£25k or 3 written tenders if using local market - Apply the Social Value Policy - State award criteria | The Authority’s Contract Terms (unless agreed by the Monitoring Officer) | Yes (above £50K) | Mandatory | Yes |
| Light Touch Regime – above threshold (£663,540) | <ul style="list-style-type: none"> - Follow a procedure compliant with EU procurement rules for LTR (see Appendix 7 Procurement Options) - Apply the Social Value Policy - Advertise on Contracts Finder - Award Contract in OJEU - Contract MUST be sealed | Follow guidance at Appendix 11 (Contract Forms and Terms & Conditions) | Yes | Mandatory | Yes |

Appendix 16. EU Procurement Thresholds & Timescales From 1 January 2020

| TYPE OF CONTRACT | THRESHOLD (£) |
|---|---------------|
| Works | £4,733,252 |
| Supplies and/or (most) Services (for Local Government) | £189,330 |
| Social and other specific Services (Light Touch regime applies) | £663,540 |

| | SELECTION STAGE | TENDER STAGE | IF ELECTRONIC TENDER ACCEPTED | TENDER FOLLOWING PIN | TENDER BY AGREEMENT | URGENCY |
|---|-----------------|--------------|-------------------------------|----------------------|---------------------|---------------|
| Open Procedure | n/a | 35 days | 30 days | 15 days | n/a | 15 days |
| Restricted Procedure (only for contracts above £165k) | 30 days | 30 days | 25 days | 10 days | At least 10 days | 15/10 days |
| Competitive Procedure with Negotiation | 30 days | 30 days | 25 days | 10 days | At least 10 days | 15/10 days |
| Competitive Dialogue | 30 days | n/a | n/a | n/a | n/a | n/a |
| Innovation Partnership | 30 days | n/a | n/a | n/a | n/a | n/a |

The timeframes above are MINIMUM number of days from date the notice is sent. It is recommended you allow 3 extra days to allow for notice publication.

Appendix 17. Document Retention

| Retention Classification | Retention Period |
|---|---|
| Contracts under seal (above OJEU Threshold) | 12 years from Contract end This includes all Contract documents (specifications, drawings, certificates, Contract instructions and all relevant correspondence |
| Contracts not under seal | 6 years from Contract end This includes all Contract documents (specifications, drawings, certificates, Contract instructions and all relevant correspondence |
| Unsuccessful Tenders and Quotes | 4 years from the award of Contract |
| Abandoned Tenders and Quotes | 4 years from the date of abandonment |
| Purchase files | <i>MUST</i> be kept up to date at all times within the Combined Authority's e-tendering system and Contract Register |
| Hard copies of Contracts | Store locally for 6 years after date of purchase then archive 12 years after purchase, review for possible destruction/recycling |

For more information about the sealing process refer to the Monitoring Officer

Appendix 18. Tender and Contract Variations, Extensions & Termination

1. Tender Variations/Variant Bids

You can request tenderers to submit variant bids linked to the subject matter of the bid, however you **MUST** indicate in the Contract Notice or the ITT the minimum requirements to be met by the variants and any specific requirements for their presentation, in particular whether variants may be submitted only where a Tender which is not a variant has also been submitted.

You **MUST** ensure that the award criteria can be applied to variants meeting those minimum requirements as well as to conforming “core” Tenders which are not variants. Only variants meeting the minimum requirements laid down by the Combined Authority shall be taken into consideration.

2. Contract Extensions

When you award a Contract/Framework, you **MUST** state the start and end dates and whether there is an option to extend beyond the ‘initial term’. If an extension clause has been included in the Contract, then it is permissible to extend but this should only be done if it represents value for money to extend and if the performance of the supplier warrants it.

3. Contract Variation

Contract variations should be treated with caution because of the risk that they can trigger the need for a new procurement exercise. The Regulations set out the changes that can be made to a Contract or Framework Agreement. You **MUST** seek advice from the Monitoring Officer before making any Contract variation that could fall foul of the Regulations.

4. Contract Termination

For any Contract above the EU Thresholds, early termination **MUST** be approved by the Head of Strategic Procurement. Contracts of a lesser value may be terminated early by agreement prior to the expiry date of the Contract or in accordance with the termination provisions set out in the Contract following consultation with the Monitoring Officer.

Appendix 19. Procurement above the EU Thresholds – Options & Procedures

This Appendix lists the main choices of procurement procedure and the other routes available. You **MUST** seek the support of the Monitoring Officer before you undertake any “OJEU” procurement. However, below are set out in brief some of the options available to the Combined Authority.

Main Choices of Procedure

Open Procedure
Restricted Procedure

Other Routes

Competitive Procedure with Negotiation
Competitive Dialogue
Innovation Partnership
Negotiation Procedure without Notice
Reserved Contracts
Reserving Contracts to sheltered workshops
Reserving Contracts (for certain Services only) for “public Service bodies”
Concession Contracts
Dynamic purchasing systems
Electronic auction
Electronic catalogue
Lots - if you do not divide the Contract up into lots, you **MUST** explain why in the Contract Notice or procurement documents.

Appendix 20. Below Threshold Contracts (caught by Part 4 of the Regulations)

This appendix applies to Contracts between £25,000 and the EU threshold for Supplies and Services for Local Government (see Appendix 16).¹

1. Using Contracts Finder to Advertise Contracts

1.1 ***If*** you advertise an opportunity, then you ***MUST*** place an advert on Contracts Finder (www.contractsfinder.service.gov.uk).

1.2 This does ***not*** include where you call off from a Framework Agreement or another select/approved list.

1.3 This ***does*** include when you issue a Prior Information Notice (PIN) or similar – you ***MUST*** advertise “*regardless of how specific the opportunity is*”.

1.4 Adverts on Contract Finder ***MUST*** include the following information:

- (a) the date and time by which an interested supplier ***MUST*** respond if it wishes to be considered (the time period allowed for responses but be sufficient but proportionate);
- (b) how a supplier ***MUST*** respond to the advert, and to whom; and
- (c) any other requirements for participating in the procurement.

1.5 In reality, Contracts Finder requires more information than this, including an (estimated) Contract value.

1.6 When you advertise on Contracts Finder, you ***MUST*** offer unrestricted and full direct internet access free of charge to any relevant Contract and procurement documents, and specify in the notice the internet address where those documents can be accessed.

2. Supplier Selection Questionnaire

2.1 You ***MUST not*** use a SUPPLIER SELECTION QUESTIONNAIRE for Contracts between £25,000 and the EU Threshold for Supplies and Services for Local Government. You are only allowed to use this for contract above the threshold.

¹ In this case, this threshold applies to works contracts as well as services and supplies.

2.2 Instead, you **can** ask “suitability assessment” questions that are relevant to the subject matter of the procurement and are proportionate. These questions should relate to information / evidence you need that the candidate meet requirements / minimum standards for:

- (a) suitability;
- (b) legal status;
- (c) financial standing.

3. Contract Award Notices on Contracts Finder

3.1 The following requirements apply when you award a public Contract – **whether or not** it was advertised on Contracts Finder. This includes when you call off from a Framework Agreement.

3.2 You **MUST**, within a reasonable time, publish the following information on Contracts Finder:

- (a) the name of the contractor awarded the Contract;
- (b) the date on which the Contract was entered into;
- (c) the value of the Contract;
- (d) whether the contractor is an “SME” or “VCSE”.

3.3 “VCSE” means a non-governmental organisation that is value-driven and which principally reinvests its surpluses to further social, environmental or cultural objectives”.

3.4 You can withhold any of this information where its release:

- (a) would impede law enforcement or would otherwise be contrary to the public interest;
- (b) would prejudice the legitimate commercial interests of a particular economic operator (whether public or private); or
- (c) might prejudice fair competition between suppliers.

3.5 This is most likely to apply to the value of the Contract awarded.