



Corporate Governance Framework

Date of meeting 27 May 2022

Date of report 20 May 2022

Report by Chief Executive

1. Object of report

To inform members of SPT's Corporate Governance arrangements and to request a change to the Partnership's Standing Orders relating to Contracts.

2. Background

Corporate Governance is the system by which organisations direct and control their functions and relate to their communities. The fundamental principles of Corporate Governance are openness, inclusivity, integrity, accountability and effectiveness. In order to ensure that its business is conducted in line with these principles, the Partnership has approved procedures and standing orders to regulate its internal processes and form the basis of an audited control framework.

The Governance Manual sets out the procedures that regulate the Partnership to ensure that its business is conducted with fairness, consistency and transparency. These include the delegation of specific functions to committees, sub-committees and officers, how contracts are awarded and money spent and how decisions are made.

The Governance Manual can be found at <https://www.spt.co.uk/spt-across-the-region/about-spt/standards-responsibility/corporate-governance/> and includes:

Standing Orders of the Strathclyde Partnership for Transport (See Agenda Item 7)

These regulate the business and procedures of the Partnership, its committees and sub-committees. They also include rules governing the appointment of members, the procedures to be followed at meetings and the production of minutes.

Committee Terms of Reference (See Agenda Item 8)

These specify the particular functions for which each committee is responsible and delegates relevant decision-making powers to committees.

Scheme of Delegated Functions

SPT has a wide range of functions and it is not feasible for all decisions regarding these functions to be taken by the whole Partnership. The Partnership has therefore delegated powers to various committees, sub-committees, the Chief Executive, Directors and other officers. Only a limited number of powers have been reserved to the Partnership. The scheme details what powers have been delegated and how these have to be exercised.

Financial Regulations

These regulations describe in general terms the arrangements the Partnership has made for the proper administration of its financial affairs. They deal with accounting arrangements, budgets, expenditure, income, audit and other related matters.

Standing Orders relating to Contract

These regulate how the Partnership awards and administers contracts for the supply of goods and services and for building and other works.

The Governance Manual contains also various codes of conduct, policies and guidance viz:

- Code of Corporate Governance;
- Members' Code of Conduct;
- Code of Practice on Publicity;
- Counter Fraud Strategy incorporating the Whistleblowing Policy;
- Code of Conduct for Employees; and
- Guidance on the Register of Hospitality for Employees.

3. Outline of proposals

Members are advised that these documents are core to ensuring business is conducted effectively and complement the expectations of good robust governance. However, upon review it was noted that there is a requirement to re-align the approval thresholds across the organisation, remove references to European thresholds and to align with the Scheme of Delegated functions to ensure consistency in the award of contracts.

4. Partnership action

The Partnership is recommended to:

- (a) note SPT's Corporate Governance arrangements; and
- (b) approve the change to the Standing Orders relating to Contracts, as appended in the Financial Regulations and the Scheme of Delegations.

5. Consequences

Policy consequences	<i>None.</i>
Legal consequences	<i>Provides a framework to ensure compliance with all relevant legislation.</i>
Financial consequences	<i>Provides a framework to ensure compliance with all financial governance.</i>
Personnel consequences	<i>None.</i>
Equalities consequences	<i>None.</i>
Risk consequences	<i>None.</i>

Name Neil Wylie
Title Director of Finance
& Corporate Support

Name Valerie Davidson
Title Chief Executive

For further information, please contact please contact Valerie Davidson, Chief Executive on 0141 333 3298.



Scheme of Delegated Functions

May 2022



STRATHCLYDE PARTNERSHIP FOR TRANSPORT
SCHEME OF DELEGATED FUNCTIONS
May 2022

Issued by Chief Executive



STRATHCLYDE PARTNERSHIP FOR TRANSPORT

SCHEME OF DELEGATED FUNCTIONS

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1. Introduction

Strathclyde Partnership for Transport (the Partnership) is a Transport Partnership established by virtue of the Transport (Scotland) Act 2005. The Partnership recognises the requirement for a streamlined decision-making process that allows the Members of the Partnership to focus on developing and setting the policies of the Partnership.

In order to facilitate an expeditious and economic discharge of its functions it is necessary for the Partnership to ensure that decisions be taken at the appropriate level. Therefore, it is important to introduce a scheme of delegation (the scheme), in which the Partnership delegates certain of its functions/powers to Committees and Officers.

The purpose of this scheme is also to codify the functions and powers delegated to ensure that both Members and Officers have a clear understanding of their decision-making powers.

There are two key areas of delegations set out in the scheme:

- (1) Delegation to Committees (specified in their respective Terms of Reference); and
- (2) Delegation to Officers.

All delegations should be considered having due regard to the Financial Regulations and Contract Standing Orders.

2. Exclusions from Delegation to Committees or Officers

The following matters are explicitly excluded from the delegations to Committees or Officers and require to be considered and approved by the Partnership itself unless dealt with as a matter of **urgency** by the Chairs' Committee:

1. Any matter requiring the approval of the Partnership in terms of relevant legislation;
2. Formulation and approval of policies and strategies or any amendment thereto;
3. Approval of the Revenue and Capital Budgets of the Partnership;
4. The approval of the Annual Accounts and the Annual Reports of the Partnership;
5. Proposals which have a major impact on the operational performance of the Partnership;
6. Responses to major consultation papers or other proposals which could affect the provision of public transport;
7. Formulation and amendment of procedural Standing Orders, Contract Standing Orders, Financial Regulations and the Scheme of Delegated Functions; and
8. The decision-making structures of the Partnership including the powers of the various committees, the appointment of the Chair, Vice-Chairs and Appointed Members and the appointment of members to committees and to outside bodies;



9. Appointment of the Chief Executive, Partnership Secretary and any Assistant Chief Executive (if appointed); and
10. Any matter not otherwise delegated to a Committee or officer.

3. Delegation to Committees

Limitation on Delegation to Committees

There is delegated to each Committee the powers and functions specified in its Terms of Reference but subject to the following restrictions and conditions:

- (a) Each Committee, in carrying out the functions, powers and duties referred to or delegated to it, shall observe and comply with the Standing Orders of the Partnership and with all policies and any resolutions, directions or instructions passed by the Partnership with reference to its business generally or to the said delegations, and act within approved budgets and available funding; and
- (b) A Committee may direct that a matter be reported to the Partnership for a decision or that the Committee's resolution on that matter be submitted to the Partnership in the form of a recommendation.

4. Delegations to Officers

4.1 Introduction

- (a) The Chief Executive, being the Chief Officer of the Partnership, is responsible for managing and directing the delegated affairs of the organisation.
- (b) The Partnership Secretary is responsible for the applicability and the interpretation of the scheme and advising accordingly.

The scheme determines which officers can exercise the delegated functions/powers.

The Secretary shall be entitled to vary this scheme but only in the following circumstances:

- (i) to reflect changes in job titles, reorganisations of departments and vacancies in posts; and
- (ii) to change references to any piece of legislation where the legislation is repealed and to insert references to new pieces of legislation where the new pieces of legislation largely re-enact the provisions of repealed legislation.

4.2 Qualifications on Delegations

Delegation to officers is subject to:

- (a) The policies of the Partnership as determined by it at any meeting whether contained in any formal document or not;

- (b) Appropriate financial provision having been made prior to the exercise of any delegated function which involves expenditure;
- (c) The right of an officer to consult with the Chief Executive, Director of Finance & Corporate Support or Senior Solicitor on any matter even though it has specifically been delegated to that officer or to refer the matter to the Partnership or any relevant committee or sub-committee;
- (d) The requirement that the principles of good corporate management and governance are observed in exercising any delegated functions;
- (e) Compliance with the Standing Orders relating to Contracts, Financial Regulations, Practice Notes, Codes of Guidance, prevailing legislation, regulations, national codes of practice, government circulars; and
- (f) Any managerial instruction given.

No officer shall exercise any delegated powers in relation to any matter in which they have a direct or indirect pecuniary interest.

4.3 General Delegations

The various functions/powers delegated in terms of this scheme are set out in a tabulated format and those officers entitled to exercise the delegated powers/functions are specified.

Function/Power Delegated	Delegated to
<p>1. To take such measures as may be required in emergency situations including, without prejudice to the foregoing, to enter into contracts where such a contract would avert, alleviate or eradicate the effects or potential effects of an emergency or disaster (actual or potential) involving or likely to involve danger to life or health or serious damage to or destruction of property, but subject always to:</p> <ul style="list-style-type: none"> a) the requirement to advise the Chair of the Partnership at the earliest opportunity; and b) the requirement to report the exercise of this power to the Partnership as soon as possible thereafter where the actions taken would ordinarily have been reported to the Partnership prior to the action being taken 	<p>Chief Executive and Director of Finance & Corporate Support / Director of Subway</p>
<p>2. To make grants or loans to any person or organisation under and for any purposes set out in section 56 of the Transport Act 1968 and section 106 of the Transport Act 1985 and section 3(5) of the Transport (Scotland) Act 2005 for a sum not exceeding £50,000, provided that the appropriate financial provision has been made</p>	<p>Chief Executive and Director of Finance & Corporate Support / Director of Subway</p>



3. To make grants or loans (whether capital or not) to any person or organisation for any purposes which contribute to the implementation of the Partnership's Transport Strategy, as determined by Section 5.3(s) of the Transport (Scotland) Act 2005 not exceeding £50,000, provided that the appropriate financial provision has been made

Chief Executive, Director of Finance & Corporate Support / Director of Subway
4. To deploy resources and to manage functions as the officer thinks fit for the best execution of their remit or the functions under their management

Chief Executive, Directors and officers on Grade G and above
5. Insofar as not reserved, to secure the provision of such public transport services as may be required to implement the policies and strategies of the Partnership in accordance with the Transport Act 1968, the Transport Act 1985, the Transport (Scotland) Act 2001 and the Transport (Scotland) Act 2005

Chief Executive, Directors and officers on Grade G and above
6. To appoint staff at Director level within the approved establishment and within the overall budget, in line with the procedures and policies in place for the Partnership

Chief Executive
7. To appoint staff up to the level below Director grade within the approved establishment and within the overall budget, in line with the procedures and policies in place for the Partnership

Chief Executive and, within their respective departments, Directors and officers on Grade D and above (officers shall only be entitled to appoint to Grades lower than their own Grade)
8. To conduct Disciplinary and Grievance proceedings and to take such action as is necessary including the dismissal of employees in conjunction with the Human Resources Department and in line with the Partnership's policies and procedures relating to such action

Chief Executive and, within their respective departments, Directors and officers on Grade D and above
9. To sign or issue the necessary staff identification cards

Chief Executive and, within their respective departments, Directors and officers on Grade D and above
10. To authorise, subject to the agreement of the Director of Finance & Corporate Support, the attendance of officers on courses of study and payment of appropriate costs

Chief Executive and, within their respective departments, Directors and officers on Grade F and above in consultation with the Director of Finance & Corporate Support



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| 11. To approve appointments of temporary, sessional and casual staff where considered necessary and where budgetary provision exists | Chief Executive and, within their respective departments, Directors and officers on Grade F and above in consultation with the Head of HR |
| 12. To approve initial placing within approved salary scales when employing staff | Chief Executive and, within their respective departments, Directors and officers on Grade F and above in consultation with the Head of HR |
| 13. To discharge Health and Safety responsibilities | Chief Executive and, within their respective departments, Directors and officers on Grade F and above |
| 14. To authorise overtime, leave, flexi-time, payments for acting up and to exercise discretion for the purposes of administration of the flexi-time scheme | Chief Executive and, within their respective departments, Directors and officers on Grade F and above in consultation with the Head of HR if outwith the agreed corporate framework |
| 15. To consider and determine applications for extension of leave for overseas visits for employees who have not completed the necessary period of continuous service in terms of the Partnership's Conditions of Service | Chief Executive and, within their respective departments, Directors and officers on Grade F and above in consultation with the Head of HR |
| 16. To provide direction in special circumstances that an officer shall not exercise a delegated function | Chief Executive and Directors in consultation with Senior Solicitor |
| 17. To vire monies in terms of the Financial Regulations within individual sections of the Capital and Revenue budgets up to £10,000 | Chief Executive and Director of Finance & Corporate Support |
| 18. To purchase goods, services or works for the Partnership in compliance with the Standing Orders relating to Contracts and other procedures and practice notes (if any) in place | Chief Executive and, within their respective departments, Directors and duly authorised signatories |



19. To appoint or engage the services of specialist support where it is considered appropriate to do so in accordance with the Standing Orders relating to Contracts

Chief Executive and, within their respective departments, Directors and officers on Grade G and above

4.4 Contract Delegations

Function/Power Delegated

Delegated to

- 1(a) To exercise delegations in terms of the Standing Orders relating to Contracts adopted by the Partnership
- (b) To exercise delegations in terms of the Financial Regulations adopted by the Partnership
2. To determine in all contracts estimated to exceed £200,000 whether a clause should be included for liquidated damages.
3. To determine, following consultation with the relevant technical officer, whether or not a claim should be submitted to the Contractor in terms of Liquidated damages, subject to the appropriate terms and conditions
4. To determine, following consultation with the relevant technical officer, requests for assignments or sub-contracting arrangements, in whole or in part, subject to the appropriate terms and conditions
5. To determine and manage the appropriate tendering arrangements in relation to the purchase of works, goods and services for the Partnership
6. To return any tenders received after the closing date and time
7. To create and maintain supply mechanisms or arrangements where there is a demand for similar goods or services
8. To investigate and determine the financial standing of any tenderer or potential contractor to whom a contract may be awarded.

Contract Standing Orders Scheme of Delegations – Appendix 9

The officers specified in the Financial Regulations

Senior Solicitor in consultation with the relevant Director or Head of Service

Senior Solicitor in consultation with the relevant Director

Senior Solicitor in consultation with the Director of Finance & Corporate Support / Director of Subway or Head of Bus Strategy & Delivery

Director of Finance & Corporate Support and the Senior Procurement Officer

Director of Finance & Corporate Support and the Senior Procurement Officer

Director of Finance & Corporate Support and the Senior Procurement Officer

Director of Finance & Corporate Support, Senior Procurement Officer and the Chief Accountant



9. To investigate and determine the technical standing of any tenderer or potential contractor seeking admission to frameworks or to whom a contract may be awarded. Chief Executive, Directors and officers appointed to tender evaluation panels
10. To contact a tenderer in respect of any contract in cases where such contact may be necessary to validate or clarify the terms of any tender or to effect any necessary adjustments. A full written record of any contacts shall be retained with the tender files held within the Finance directorate Director of Finance & Corporate Support and Senior Procurement Officer in consultation with the relevant Director and officers on Grade G and above
11. To authorise any contract addition or variation subject to compliance with the Standing Orders relating to Contracts, Financial Regulations and the conditions of contract and subject to consultation with the Senior Solicitor and the Director of Finance & Corporate Support as appropriate Chief Executive and Directors
12. To issue the Final Certificate of Payment in terms of the Standing Orders relating to Contracts Chief Executive and Directors, and project delivery officers on Grade G and above
13. To agree to settle claims from contractors in respect of matters or items not clearly within the terms of any relative contract Chief Executive, Director(s) and officers on Grade G and above in consultation with the Senior Solicitor
14. To suspend temporarily the Standing Orders relating to Contracts in the case of emergency where immediate action is required to protect the interests of the Partnership subject always to:
 - (a) The requirement to advise the Chair of the Partnership as soon as is practical; and
 - (b) The requirement to report the exercise of this power to the Partnership as soon as possible thereafter where the actions taken would ordinarily have been reported to the Partnership prior to the action being takenChief Executive in conjunction with the Director of Finance & Corporate Support / Director of Subway
15. To discharge all other ancillary duties specified in the Standing Orders relating to Contracts and, without prejudice to the foregoing, to issue orders for the supply of goods and services required for normal working in accordance with the purchasing policy of the Partnership Chief Executive and, for their respective departments, Directors and officers on Grade G and above
16. To suspend or terminate any contract on behalf of the Partnership which the Partnership is entitled to suspend or terminate under the appropriate conditions of contract where, after consultation with the relevant officer, it is in the interests of the Partnership to do so Chief Executive in consultation with the Director of Finance & Corporate Support and Senior Solicitor



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| <p>17. To vary any contract on behalf of the Partnership which the Partnership is entitled to vary under the appropriate conditions of contract where, after consultation with the relevant officer, it is in the interests of the Partnership to do so, and which will be reported to the Partnership</p> | <p>Chief Executive in consultation with the Director of Finance & Corporate Support and Senior Solicitor</p> |
| <p>18. To issue warnings to contractors on behalf of the Partnership where the contractor is failing to comply with the conditions of contract and where, after consultation with the relevant officer, it is appropriate in the interests of the Partnership to do so</p> | <p>Chief Executive, Directors and officers on Grade F and above in consultation with the Senior Solicitor</p> |
| <p>19. To reinstate any contractor to a contract following a suspension or termination where, after consultation with the relevant officer, it is in the interests of the Partnership to do so</p> | <p>Chief Executive, Directors and officers on Grade F and above in consultation with the Senior Solicitor</p> |

5. Specific Delegations

5.1 CHIEF EXECUTIVE

Function/Power Delegated

1. To secure the efficient and effective implementation of the Partnership's programmes and policies and the deployment of resources towards that end
2. To put in place the necessary arrangements to ensure the coordination of the Partnership's policies and activities with those of other agencies through effective partnerships with other agencies and participation in community planning
3. To arrange for the issue of publicity related to the promotion of the Partnership's interests, including the issue of press releases and documentation following consultation with the Media & Public Affairs Manager
4. To respond to enquiries and consultations made or undertaken by Scottish Ministers, the Scottish Government or any other Government Department, by the Convention of Scottish Local Authorities, by a Local Authority, a Health Board, another Transport Partnership or by another body where views are sought and where the timescale or the content does not require or allow for consideration at Partnership level or by a Chairs' Committee, subject to the response being subsequently reported to the Partnership

Delegated to

- Chief Executive, Directors and Heads of Service on Grade G and above
- Chief Executive, Directors and Heads of Service on Grade G and above
- Chief Executive, Directors and Heads of Service on Grade G and above
- Chief Executive, Directors and Heads of Service on Grade G and above



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| 5. To absent himself/herself or permit any employee to be absent during business hours occasionally and temporarily to attend duties or services of a civic, honorary, charitable or social nature provided that they do not interfere with the efficient discharge of their duties in respect of the Partnership or cause a conflict of interest with the Partnership | Chief Executive,
Directors and Heads of
Service on Grade G and
above |
| 6. To approve the provision of reasonable hospitality to representatives of local authorities, other organisations and others within the UK and also outwith the UK and to make visits and to authorise visits by officers of the Partnership or others representing the Partnership | Chief Executive and
Directors |
| 7. To approve attendance at conferences or travel outwith the United Kingdom of officers below Director level in cases where it is considered to be in the interests of the Partnership
Note: for Director level and above this will require to be approved by the Partnership or one of its Committees | Chief Executive and
Directors |
| 8. To approve attendance for officers at conferences or travel within the United Kingdom in cases where it is considered to be in the interests of the Partnership | Chief Executive,
Directors and officers
on Grade G and above |
| 9. To make temporary loans of archival material for exhibition or research purposes, subject to the appropriate terms and conditions | Chief Executive and
Directors in
consultation with the
Media & Public Affairs
Manager |
| 10. To agree, after consultation with the operational department, to permit individuals, bodies or companies to photograph and film on the Partnership's premises subject to the appropriate terms | Media & Public Affairs
Manager |
| 11. To approve ex-gratia payments to employees where the circumstances of the payment are not covered by the Partnership's Conditions of Service | Chief Executive in
consultation with the
Director of Finance &
Corporate Support |
| 12. To act as Duty Holder for the purposes of the Subway Safety Case | Chief Executive and
Director of Subway |
| 13. To exercise the functions of the Chief Executive in his/her absence | Director of Finance &
Corporate Support |

5.2 Delegations within the Corporate Support function

FINANCIAL

In this section, reference to "officers" includes only officers in the Finance directorate.



Function/Power Delegated

Delegated to

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| 1. | To determine the detail of the Capital and Revenue Budget estimates consistent with directions from the Partnership and to monitor all Capital and Revenue expenditure | Director of Finance & Corporate Support and Chief Accountant |
| 2. | To determine and manage all accounting procedures and financial records of the Partnership and the principles to be followed in line with the policies of and directions from the Partnership | Director of Finance & Corporate Support and Chief Accountant |
| 3. | To exercise all powers and duties set out in the Financial Regulations approved by the Partnership | Director of Finance & Corporate Support and Chief Accountant |
| 4. | To act as proper officer for the purpose of section 92 of the Local Government (Scotland) Act 1973 (specification or transfer of securities in the name of the Partnership) | Director of Finance & Corporate Support |
| 5. | To act as proper officer for the purposes of section 95 of the Local Government (Scotland) Act 1973 (responsibility for administration of financial affairs) | Director of Finance & Corporate Support |
| 6. | To act as proper officer for the purposes of section 191 of the Local Government (Scotland) Act 1973 (claims, sequestration, liquidations or other proceedings) | Director of Finance & Corporate Support |
| 7. | To act as proper officer in respect of members' remuneration and SRAs (Special Responsibility Allowances) in compliance with the relevant legislation | Director of Finance & Corporate Support in consultation with Partnership Secretary |
| 8. | In respect of loans and banking to discharge the functions specified in the Treasury Management Policy as approved annually by the Partnership | Director of Finance & Corporate Support and Chief Accountant |
| 9. | To take out the necessary insurances required to protect the interests of the Partnership | Director of Finance & Corporate Support and Chief Accountant |
| 10. | To maintain a current list of specific officers who may place official orders for goods, materials and services and the financial limits involved | Director of Finance & Corporate Support and Chief Accountant |
| 11. | To agree the amount of cash that can be held in any of the Partnership's premises | Chief Accountant |
| 12. | To write off debts up to the value of £20,000 where it is deemed impractical to recover the cost | Director of Finance & Corporate Support and Chief Accountant |



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| 13. To maintain the Partnership's Asset Register | Director of Finance & Corporate Support and Chief Accountant in conjunction with operational Heads |
| 14. To perform all duties required in relation to the pension fund | Director of Finance & Corporate Support and Chief Accountant |
| 15. To endorse the internal audit plan for the organisation | Chief Executive |
| 16. To manage any concessionary travel scheme set up and operated in terms of sections 93-102 of the Transport Act 1985 | Director of Finance & Corporate Support and Chief Accountant |
| 17. To agree movements of priorities between categories in the capital plan where previously approved by the Partnership, and funding payments | Chief Executive in consultation with Director of Finance & Corporate Support |

LEGAL & PROPERTY SERVICES

Function/Power Delegated

Delegated to

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| 1. To determine the exclusion of reports containing exempt information from the press and public | Partnership Secretary and Senior Solicitor |
| 2. To act as proper officer for the purpose of sections 190, 193, 194 and 197 of the Local Government (Scotland) Act 1973 (Legal Proceedings, Service of Notices and Execution of Deeds) | Partnership Secretary and Senior Solicitor |
| 3. To execute all contracts (excluding contracts of employment), deeds and similar documents which required to be executed and to act as proper officer for the purposes of section 7(7) and paragraphs 4 of (1) and (2) of schedule 2 to the Requirements of Writing (Scotland) Act 1995 | Partnership Secretary and Senior Solicitor |
| 4. To sign missives and other similar documents binding SPT | Partnership Secretary and Senior Solicitor |
| 5. To make arrangements for the representation of the Partnership in relation to any Court proceedings or any other proceedings before any judicial, quasi-judicial or administrative authority and for that purpose to initiate, enter, defend and withdraw from any such proceedings, including authority to compromise claims and negotiate settlements and to authorise payments in respect of such settlements up to £30,000 where it is considered appropriate to do so | Partnership Secretary and Senior Solicitor |



6. To engage the services of external legal firms, Counsel or Advisors or other legal and related expertise where it is considered appropriate to do so
Partnership Secretary and Senior Solicitor
7. To appoint Parliamentary Agents
Chief Executive and Senior Solicitor
8. To consider requests for a review in terms of the Freedom of Information (Scotland) Act 2002
Chief Executive and Senior Solicitor
9. To be responsible for the day to day management of the Partnership's responsibilities in terms of the Freedom of Information (Scotland) Act 2002
Senior Solicitor
10. To submit relevant notices and respond to requests under the Data Protection Act 2018,
Senior Solicitor
11. To act as proper officer for the purpose of the Local Government (Contracts) Act 1997
Senior Solicitor
12. To investigate and determine applications by employees charged in the course of their employment under the Health and Safety at Work etc Act 1974, the Factories Act 1961, The Officer, Shops and Railway Premises Act 1963 or associated legislation or the Smoking, Health and Social Care Scotland Act 2005 or the Road Traffic Act 1988 for assistance with legal expenses
Senior Solicitor in consultation with Director of Finance & Corporate Support
14. To investigate and determine applications by employees convicted of and fined, or issued with a fixed penalty notice under the Health and Safety at Work etc Act 1974, The Factories Act 1961, The Officer, Shops and Railway Premises Act 1963 or associated legislation or the Smoking, Health and Social Care Scotland Act 2005 or the Road Traffic Act 1988 for offences committed whilst acting in the course of their employment for the payment of the fine or fixed penalty imposed
Senior Solicitor in consultation with Director of Finance & Corporate Support
15. To investigate and determine applications from employees in respect of damages and expenses which the employee may have to pay or would incur in respect of proceedings brought against him/her (Paragraph 2 of Schedule 1 of the Transport (Scotland) Act 2005)
Senior Solicitor in consultation with Director of Finance & Corporate Support
16. To settle claims made against the Partnership in those cases where no insurance cover is held or where considered appropriate to do so, subject to the level of payments (excluding fees and expenses) not exceeding £60,000
Director of Finance & Corporate Support in consultation with Senior Solicitor



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| 17. To settle valid claims for damage to, or loss of personal property of Partnership staff occurring during the course of their employment up to a maximum of £5,000 | Director of Finance & Corporate Support in consultation with Senior Solicitor |
| 18. To make arrangements with the Partnership's Insurance Companies concerning the settlement of insured claims | Senior Solicitor in conjunction with Chief Accountant |
| 19. To approve payments to account to sellers of property to the Partnership in cases where conveyancing procedures are protracted for any reason subject to the exhibition of a good title and the grant of an appropriate undertaking | Director of Finance & Corporate Support in conjunction with Senior Solicitor |
| 20. To develop, implement and maintain the Code of Public Records Management and an archiving policy for the Partnership in accordance with the Public Records (Scotland) Act 2011 | Senior Solicitor and Information Governance Officer |
| 21. To set up and maintain a Register of Standards in terms of the Ethical Standards in Public Life etc (Scotland) Act 2000 | Partnership Secretary and Senior Solicitor |
| 22. To grant wayleaves, servitudes, licences and access agreements in respect of land owned by the Partnership on appropriate terms and conditions | Senior Solicitor in consultation with the Building/Estates Surveyor and relevant operational Directors |
| 23. To approve and authorise fitting-out proposals submitted by tenants or prospective tenants of the Partnership | Building/Estates Surveyor in consultation with the relevant Director |
| 24. To enter into leases and agreements in respect of property where such leases do not exceed a term of five years | Director of Finance & Corporate Support (for bus facilities) and Director of Subway (for subway facilities) in consultation with the Senior Solicitor and relevant operational officers |
| 25. To grant landlord's consent to tenants in respect of any leases granted subject to consultation with the operational departments where the lease concerns operational premises | Director of Finance & Corporate Support (for bus facilities) and Director of Subway (for subway facilities) in consultation with the Senior Solicitor and relevant operational officers |



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| 26. To authorise assignments of leases from one tenant to another provided that new tenants are financially secure and in consultation with the Director of Finance & Corporate Support and the operational department where the lease concerns operational premises | Director of Finance & Corporate Support (for bus facilities) and Director of Subway (for subway facilities) in consultation with the Senior Solicitor and relevant operational officers |
| 27. To settle claims arising in terms of the Land Compensation (Scotland) Act 1973 in respect of acquisitions by voluntary agreement provided the statutory requirements are met | Senior Solicitor in consultation with Director of Finance & Corporate Support |
| 28. To dispose of land which is surplus to requirements valued at less than £10,000 on such terms and conditions as are appropriate | Senior Solicitor in consultation with Director of Finance & Corporate Support |
| 29. To consider, following consultation with the relevant departments, and to decline or exercise any rights of pre-emption available to the Partnership | Senior Solicitor in consultation with Director of Finance & Corporate Support |
| 30. To negotiate with third parties in respect of general estate management matters including land disposals and acquisitions, rent reviews, assignments, and renewals of leases. | Senior Solicitor in consultation with Director of Finance & Corporate Support |

HUMAN RESOURCES

In this section, reference to “officers” includes only officers in the Human Resources directorate.

Function/Power Delegated

Delegated to

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| 1. In conjunction with the Director of Finance & Corporate Support to implement national agreements on wages/salaries and conditions of service where no discretionary element exists | Director of Finance & Corporate Support and officers on Grade G and above |
| 2. To process payments due in respect of staff undertaking external training courses or examinations within the parameters of the procedures and policies in respect of training courses | Director of Finance & Corporate Support and officers on Grade G and above |
| 3. Following consultation with the relevant department, to consult with the relevant trade unions and determine criteria for selection for redundancies | Director of Finance & Corporate Support and officers on Grade G and above |



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| 4. Following consultation with the Director responsible for the relevant department, to authorise temporary exchange of duties between and among staff and authorise secondments of staff to other departments | Director of Finance & Corporate Support and officers on Grade G and above |
| 5. To authorise the employment for temporary periods not exceeding thirteen weeks, of staff in excess of the approved establishment for any department subject to confirmation by the Director of the relevant department and the Director of Finance & Corporate Support that the costs of such employment can be met from within the approved budget for that department | Director of Finance & Corporate Support and officers on Grade G and above |
| 6. To manage/issue staff Subway passes | Head of HR and officers on Grade G and above |
| 7. To consider, in consultation with the relevant department, requests for re-grading of members of staff. | Director of Finance & Corporate Support and officers on Grade G and above |
| 8. To agree to secondment arrangements to smooth work flows | Director of Finance & Corporate Support and Head of HR |

DIGITAL

Function/Power Delegated

1. To deal with the security of the Information Technology Systems within the organisation
2. To appoint or to engage the services of specialist support where it is considered appropriate to do so in accordance with the Standing Orders relating to Contracts

Delegated to

- Director of Finance & Corporate Support and Cyber Security officer
- Director of Finance & Corporate Support

5.3 Delegations within Operations function

SUBWAY OPERATIONS

In this section, reference to “officers” includes only officers in the Subway directorate.

Function/Power Delegated

1. In terms of the Construction (Design and Management) Regulations 2015 to act as or appoint a Principal Designer, Designer(s) and Principal Contractor in respect of relevant projects

Delegated to

- Director of Subway and officers on Grade G and above



- | | | |
|-----|--|--|
| 2. | To agree specifications, bills of quantity or descriptions of work, for all works contracts of a capital or revenue nature, including submission of building warrant and planning applications | Director of Subway, Head of Projects and officers on Grade G and above |
| 3. | To act as or to appoint an Engineer's representative to be responsible for the control of contracts under the Institution of Civil Engineers Conditions of Contract | Director of Subway, Head of Projects and officers on Grade G and above |
| 4. | To act as or to appoint an Engineer's representative to be responsible for the control of contracts under the Mechanical Engineers/Institution of Electrical Engineers Model Form | Director of Subway, Head of Projects and officers on Grade G and above |
| 5. | To engage the services of specialist advisors, surveyors, engineers and building specialists or other related expertise where it is considered appropriate to do so in accordance with the Standing Orders relating to Contracts | Director of Subway and Head of Projects in consultation with the Building/Estates Surveyor for the appointment of surveyors and building specialists |
| 6. | To be responsible for the safe, effective and efficient operation of the Glasgow Subway and the safety of its staff, passengers and contracted staff on the railway premises and property in compliance with the Subway's Safety Case and compliance with internal policies and procedures | Director of Subway |
| 7. | To be responsible in terms of the Subway Safety Case for the safety of passengers in stations and riding on trains and safety responsibility for employed station, driving, control and supervisory staff | Director of Subway and Head of Service Operations & Security |
| 8. | To be responsible, in terms of the Subway Safety Case, for train operation including driving control function and the publication and care of the Subway Rules and Regulations | Director of Subway and Head of Service Operations & Security |
| 9. | To be responsible for station passenger operations | Director of Subway and Head of Service Operations & Security |
| 10. | To maintain control of the operating Subway and its operating safety | Director of Subway and Head of Service Operations & Security |
| 11. | To control congestion in the Subway system | Director of Subway and Head of Service Operations & Security |



- | | |
|--|--|
| 12. To maintain rolling stock, signals and all mechanical and electrical plant and equipment used for the operation of the Subway and its premises | Director of Subway, Head of Service Availability & Maintenance and Head of Engineering |
| 13. To maintain the permanent way, tunnels and building structures throughout the Subway | Director of Subway, Head of Service Availability & Maintenance and Head of Engineering |
| 14. To be responsible for the maintenance planning of the Subway, ordering stock and parts and quality control | Director of Subway and Head of Maintenance |

BUS OPERATIONS

In this section, reference to “officers” include only officers in the Network Analysis & Design directorate.

Function/Power Delegated

Delegated to

- | | |
|--|---|
| 1. To make arrangements for the management of bus stations including granting licences for the use thereof in consultation with the Senior Solicitor | Director of Finance & Corporate Support and Head of Bus Strategy & Delivery |
| 2. To exercise on behalf of the Partnership any right to object to the issue of a PSV licence | Head of Bus Strategy & Delivery |
| 3. To operate and maintain bus stations in terms of Section 81 of the Transport (Scotland) Act 1985 | Head of Service Operations & Security – Bus Stations |
| 4. To implement and manage agency agreements in respect of providing transport facilities for conveying children to school | Schools Agency Services & Compliance Manager |
| 5. To implement and manage agency agreements for the provision and management of bus infrastructure | Bus Development Manager |
| 6. To implement and manage all other agency arrangements agreed by the Partnership within the Bus Operations remit | Head of Service Operations & Security – Bus Stations |
| 7. To manage subsidised bus contracts in accordance with the procedures of the Partnership and in accordance with any Directions of the Partnership | Network Analysis & Design Manager |



- | | | |
|-----|---|---|
| 8. | To engage the services of specialist advisors, consultants, surveyors, engineers and building specialists or other related expertise where it is considered appropriate to do so in accordance with the Standing Orders relating to Contracts | Director of Finance & Corporate Support and officers at Grade G (in consultation with the Building/Estates Surveyor for the appointment of surveyors) |
| 9. | To contract and award subsidised bus services up to a value of £200,000 or regulated limited, whichever is greater, where budget is available and to maintain service levels subject to the Standing Orders relating to Contracts being applied and in compliance with the award guideline criteria | Head of Bus Strategy & Delivery |
| 10. | To manage the administration of multi-modal ticketing schemes promoted by the Partnership | Director of Finance & Corporate Support and Ticketing Commercial Team Leader |
| 11. | To manage and maintain all road vehicles owned and operated by the Partnership | Director of Finance & Corporate Support and Head of Service Operations & Security – Bus Stations |

PROJECTS

In this section, reference to “officers” includes only officers in the Projects directorate (namely Ticketing, Transport Planning and Project Delivery).

Function/Power Delegated

Delegated to

- | | | |
|----|---|---|
| 1. | In terms of the Construction (Design and Management) Regulations 2015, to act as or appoint a Principal Designer, Designer(s) and Principal Contractor in respect of relevant projects | Head of Projects and project delivery officers on Grade G and above |
| 2. | To agree specifications, bills of quantity or descriptions of work for all works contracts of a capital or revenue nature, including submission of building warrant and planning applications | Head of Projects and project delivery officers on Grade G and above |
| 3. | To act as or to appoint an Engineer’s representative to be responsible for the control of contracts under the Institution of Civil Engineers Conditions of Contract | Head of Projects and project delivery officers on Grade G and above |
| 4. | To act as or to appoint a Project Manager to be responsible for the control of r NEC Engineering Construction Contracts | Head of Projects and project delivery officers on Grade G and above |



- | | | |
|-----|---|--|
| 5. | To act as or to appoint an Engineer's representative to be responsible for the control of contracts under the Mechanical Engineer's/Institution of Electrical Engineers Model Form | Head of Projects and project delivery officers on Grade G and above |
| 6. | To engage the services of specialist advisors, surveyors, architects, engineers and building specialists or other related expertise where it is considered appropriate to do so in accordance with the Standing Orders relating to Contracts | Head of Projects and project delivery officers on Grade G and above |
| 7. | To be responsible for the safe, effective and efficient operation of Projects and the safety of any staff and contracted staff on the property and in any railway or other operational premises and compliance with any relevant Safety Case and compliance with internal policies and procedures | Head of Projects and project delivery officers on Grade G and above |
| 8. | To implement and manage agency agreements for the provision and management of the National Entitlement Cards within SPT area (Travel Card Unit) | Director of Finance & Corporate Support and Ticketing Commercial Team Leader |
| 9. | In consultation with the Senior Solicitor, to respond to planning applications including, where appropriate, to submit objections. | Head of Policy & Planning and officers on Grade F and above. Where planning applications have a material impact on land and property within SPT ownership, then consultation with the Senior Solicitor |
| 10. | To respond to consultations from planning authorities where the proposals accord with the relevant development plan and the Partnership's policies and strategies | Head of Policy & Planning and officers on Grade F and above. Where proposals have a material impact on land and property within SPT ownership, then consultation with the Senior Solicitor |



Strathclyde Partnership for Transport

Financial Regulations

April 2022

Prepared by

Finance
131 St Vincent Street
Glasgow G2 5JF

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FINANCIAL REGULATIONS

INTRODUCTION

Purpose

These regulations apply to Partnership employees and members (elected and appointed) of the Board.

The purpose of these Financial Regulations is to:

1. Establish the financial framework to minimise risk and protect the Partnership and its assets, as well as the recognising fiduciary duty (the Partnership's duty to tax payers, other funding partners and stakeholders within the Partnership area);
2. Reflect and provide guidance on best practice;
3. Ensure flexibility on compliance but still maintaining proper control over risk;
4. Balance risk, cost and control and effectiveness of operations; and
5. Clearly set out responsibilities for compliance and for ensuring compliance.

Responsibilities

The Director of Finance & Corporate Support (DFCS) or other designated officer, under section 95 of the Local Government (Scotland) Act 1973 is the nominated proper officer for the Partnership's financial affairs. The proper officer (also known as the section 95 Officer) is responsible for all financial affairs, advice and record keeping of all the Partnership's activities and as such can request any information which may have a bearing on the financial affairs of the organisation. Such information may also be requested by the Partnership or the Audit and Standards Committee. Where DFCS is referred to within these Financial Regulations it should be assumed that this also refers to any other officer that has been designated as the s95 officer. These Financial Regulations should also be read in conjunction with the associated Scheme of Delegation which can be found at Appendix 1.

All employees and members are expected to comply with the Regulations but it is the responsibility of every level of manager, particularly Directors, Heads and Managers, to monitor compliance and inform the DFCS or the Audit & Assurance Manager (AAM) of any non-compliance and proposed action. Audit & Assurance will log the breaches and report to the Proper Financial Officer, presently the DFCS.

It is the responsibility of all Directors, Heads and Managers to ensure at all times that they endeavour to secure best value from expenditure.

Deliberate disregard for any of these Regulations, or failure to comply with information requests, will be seen as gross misconduct and dealt with accordingly through the disciplinary procedure.

Waiving

Where a Financial Regulation is preventing a service from fulfilling its agreed business objectives, prior permission must be sought from the DFCS in writing to waive the specific



Regulation. Reasons must be given and the proposed substitute controls that are to be used or the change in risk explained. If permission is not sought or obtained and any Regulation is ignored, then it may be seen as gross misconduct and dealt with accordingly. Any such waiver, together with the reasons for the waiver and the substitute controls put in place, should be reported to the Partnership and Audit and Standards Committee for information as soon as reasonably practical thereafter.

Monitoring

The Chief Executive, Directors, Heads and Managers must ensure that they regularly monitor compliance with the Regulations and have a formal written record as evidence of this.

Review

Financial Regulations will be reviewed by the DFCS, at least biannually or when there is a significant change in policy, legislation, priority or risk, which has a consequent effect on the existing Regulations.

Queries

If you have any queries as to the use of these Regulations, please contact the DFCS or the AAM.

Accessibility

Directors, Heads and Managers should remind staff that Financial Regulations are available on the Intranet and each Director & Manager will be issued with a personal copy.

INTEGRATED FINANCIAL SYSTEMS

The integrated financial systems prescribe the procedures that must be used. Procedure details will be provided as part of user training. Any deviation from the procedures or deliberate circumventing of in-built controls can lead to disciplinary action.

These procedures are based on agreed processes and are subject to periodic review.

GUIDANCE

Corporate Governance

The Local Authority Accounts (Scotland) Regulations 2014 detail the statutory requirement for an annual review of the adequacy and effectiveness of the Partnership's system of internal control. The findings of this review must be considered at a meeting either of the Partnership or a committee whose remit includes audit or governance functions. Following consideration on the findings of this review, the Partnership/committee must approve an Annual Governance Statement which must be signed by the Chief Executive and the Chair of the Partnership.

The CIPFA 'delivering good governance in Local Government Framework and guidance notes for Scottish authorities 2016 edition' are used to support this annual review.



The Code of Corporate Governance outlines each of the seven principles of good governance. One of the key principles is “*Managing risks and performance through robust internal control and strong public financial management*”.

The Partnership will need to put in place effective risk management systems, including systems of internal control and an internal audit function. This is to ensure that public funds and resources are properly safeguarded and are used economically, efficiently and effectively.

Internal Control is a process designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- accomplishment of business objectives as outlined in the Partnership business plan;
- security of assets;
- effectiveness and efficiency of operations;
- reliability of financial reporting; and
- compliance with applicable laws and regulations.

Internal Control consists of the following five interrelated components:

1. **Control Environment** – This includes factors such as integrity, culture of the organisation, ethical values and the competence of personnel and the way they do business. Management’s philosophy and operating style also play a part.
2. **Risk Assessment** – Every organisation or department faces a variety of risks from internal and external sources. Management must be able to identify and manage those risks relevant to achieving the organisation’s objectives.
3. **Control Activities** – These are the policies and procedures that help ensure management directives are carried out properly and in a timely manner. In addition to segregation of duties, control activities include approval processes, authorisations, verifications, reconciliations, review of operating performance, security of assets and controls over information systems. Most importantly, policies must be implemented thoughtfully, conscientiously, and consistently; a procedure will not be useful if performed mechanically without a sharp continuing focus on conditions to which the policy is directed. Further, it is essential that unusual conditions identified as a result of performing standard procedures be investigated and appropriate action taken and documented.
4. **Information and Communication** – Pertinent information must be identified, captured and communicated in a form and timeframe that enables people to carry out their responsibilities effectively. This component of internal control is critical. It not only includes information systems’ reports of operational, financial and compliance related information, but it also includes the day to day communication processes.

It is important that information and communication flow up and down the organisational structure and flow across departments and divisions.

5. **Monitoring** – A process to assess the quality of internal control systems over time is essential. This can be accomplished through on-going monitoring activities, separate evaluations of internal control such as self-assessments and internal audits or a combination of the two. Ongoing monitoring activities include management and



supervisory activities that take place every day. Either management or Audit & Assurance may undertake separate evaluations.

HOW TO CONTRIBUTE TO A POSITIVE CONTROL ENVIRONMENT

1. Identify Goals and Objectives. Review your departmental goals (operational, financial and compliance) e.g.

Type of Goals	Definition	Example types
Operational Goals	Related to the reason the organisation exists.	<ul style="list-style-type: none"> • Contained in Service Plan
Financial and Administrative Goals	Related to the management of the organisations' resources	<ul style="list-style-type: none"> • Budgets • Human resources management • Efficient running of operations • Internal controls
Compliance Goals	Related to the adherence to laws/regulations and policy/procedures	<ul style="list-style-type: none"> • Software licensing terms • Environmental regulations • Accounts and Audit Regulations etc.

2. Familiarise yourself with departmental policies and procedures.
3. Make sure you understand your job responsibilities, limits to your authority, performance standards and reporting relationships.
4. Make sure that your dealings with your supervisor/manager, other employees, members (elected and appointed), stakeholders etc. are based on honesty and fairness.
5. Read, and adhere to, the principles in the code of conduct relating to staff and members.
6. Ask yourself the following four questions each time you are about to make an ethical decision:
 - **Is it legal?**
This question incorporates laws, regulations etc. but should also incorporate the Partnership's policies, rules, regulations and culture.
 - **Is it fair?**
This question considers the fairness of the decision to all parties involved (could I justify it to any stakeholder without any difficulty?).
 - **How will this decision portray the Partnership?**
This question considers the impact on the reputation and standing of the Partnership.
 - **How will it make me feel about myself?**
This question taps into your own personal beliefs about right and wrong.
7. You may talk to HR or Audit & Assurance if you have any concerns about ethical issues as they arise. Also, refer to the Partnership's Counter Fraud Strategy which contains the Whistle Blowing Procedures.

PROCEDURES FOR IDENTIFYING RISKS

Risk is the possibility that an organisation will **NOT**:

- Achieve its goals;
- Operate effectively and efficiently;
- Protect itself from loss;
- Provide reliable financial data;
- Comply with applicable laws/ regulations and defined policies/procedures.

To achieve goals, management needs to effectively balance risks and controls. By performing this balancing act, “reasonable assurance” can be attained. As it relates to financial and compliance goals, being out of balance causes the following problems:

Excessive risks	Excessive controls
Loss of assets, resources	Increased bureaucracy
Poor business decisions	Reduced productivity
Non compliance	Increased complexity
Increased regulation	Increased cycle time
Public scandals (reputation)	Increase of non-value activities

Internal controls should be pro-active, value added and cost effective. In summary, properly balancing risks and controls makes good business sense. With your management team, ask the following questions:

- What must go right for us to succeed?
- What can go wrong?
- How could we fail?
- Where are we most vulnerable?
- What assets do we need to protect?
- Where is our greatest exposure?
- What types of transactions in our area provide the most risk?
- How can someone bypass the internal controls?
- On what information do we most rely?
- On what do we spend the most money?
- How do we bill and collect our revenue?
- What decisions require the most judgement?
- What potential risk areas could cause adverse publicity?
- What activities are regulated?
- What is our greatest legal exposure?

Benchmark with others in similar situations. Are there risks in their areas that could occur in your area?

All employees should familiarise themselves with the Risk Management Policy and Strategy which can be found on the intranet.

HOW TO IDENTIFY RISKS IN YOUR AREA(S) OF RESPONSIBILITY

1. **Overview**
Identify all significant activities or processes for which you are responsible.
2. **Risks**
List all identified risks to the achievement of each goal and objective. Consider both internal and external risk factors in accordance with the Partnership's Risk Management Strategy.

List the operations, financial reporting and compliance objectives associated with the activity.
3. **Goals/ objectives**
Make sure that the activities/ processes for which you are responsible have clear and measurable objectives – operations, financial reporting and compliance objectives.
4. **Significance**
For each risk, estimate the potential impact on operations, financial reporting or compliance with laws and regulations assuming the risk occurs. Consider both the quantitative and qualitative costs (e.g. large, moderate, small).
5. **Likelihood**
For each risk, assess the likelihood of the risk occurring. Use e.g. scale of 1 to 5.
6. **Actions to manage risks/control activities**
For each risk which was identified as having a large or moderate impact and high or medium likelihood of occurrence, list both the actions to mitigate the risk to an acceptable level and the control activities that help ensure that those actions are carried out properly.
7. **Control Deficiencies/Planned Corrective Action**
A control deficiency is a perceived, potential or real shortcoming, or an opportunity to strengthen the internal control system. A control deficiency would include a significant risk with high likelihood of occurrence, which is not addressed by actions to manage the risk or control activities. In addition, a control deficiency would include inadequate or ineffective actions or a failure to perform actions to manage risk or control activities. For each control deficiency there should be an action to address it with an associated timetable and responsibility. Support to identify risks and mitigations should be sought from the AAM.

TYPES OF CONTROL

1. Control Conscious environment (Directive control)

- Set the tone at the top
- Communicate the code of conduct and anti-fraud and corruption policy to employees
- Communicate that preventative control policies and procedures are important and will be followed
- Ensure employees have proper training on internal control
- Evaluate employees on their internal control performance
- Monitor internal controls on an on-going basis

2. Separation of Duties (Preventive control)

- Make sure that one person does not have control over all parts of a transaction
- Make sure that at least “two pairs of eyes” look at a transaction
- Separate: initiating/authorising/ recording/ reconciling/ physically controlling
- review compensating controls for small offices

3. Authorisation/ Approval (Preventive Control)

- Limit signature authority to a “need to have” basis
- Avoid “rubber stamping”; review supporting documents, question transactions
- Obtain original signatures or separate systems approvals
- Maintain written procedures on the delegation guidelines
- Keep passwords confidential

4. Physical control (Preventive and Detective/Corrective controls)

- Record all assets
- Make periodical checks of assets
- Store securely with limited access (physical safeguards)
- Investigate discrepancies
- Maintain proper authorisation of purchases

5. Monitoring (Detective/ Corrective control)

- Review reports for completeness and trends
- Carry out analytical reviews and ask questions about any discrepancies
- Review reconciliations and confirm reconciling items are investigated
- Have Audit & Assurance review your high risk areas
- Follow up on complaints, rumours and allegations
- Prepare annual performance evaluations

MONITORING PERFORMANCE

Monitoring is the assessment of internal control performance over time; it is accomplished by on-going monitoring activities and by separate evaluations of internal control such as self-assessments and internal audits. The purpose of monitoring is to determine whether internal control is:

- adequately designed;
- is working as intended; and
- is effective

Just as control activities help to ensure that actions to manage risks are carried out, monitoring helps to ensure that control activities and other planned actions to effect internal control are carried out properly that results in effective internal control.

On-going monitoring activities include various management and supervisory activities, which either validate or invalidate the design, execution and effectiveness of internal control. Separate evaluations, on the other hand, such as self-assessments and internal audits are periodic tests of internal control components resulting in a formal report on internal control.

Self-assessments are performed by departmental employees. Internal audits are performed by internal auditors to provide an independent appraisal of internal control.

To make sure that internal control is functioning properly in your area(s) of responsibility:

- Make sure that operating reports include information about the performance of control activities and other planned actions to effect internal control in your area(s) of responsibility.
- Consider whether problems which arise in your area(s) of responsibility (e.g. customer complaint, employee problem, regulatory violation, inaccurate report etc.) point to internal control deficiencies; consider how other information validates or invalidates internal control.
- Ask yourself the following questions:
 - Do I know whether my area's operations objectives are being achieved?
 - Do I know whether my area's financial statements are being prepared accurately and reliably?
 - Do I know whether my area is complying with all applicable laws and regulations?
- Perform a periodic self-assessment of internal control in your department, on its various activities.
- Make sure that you receive information that:
 - helps you identify and analyse risks;
 - measures the extent to which operations, financial reporting and compliance objectives for which you are responsible are being achieved;
 - is in a format that is user friendly;
 - is relevant, up to date and accurate.



FINANCIAL REGULATION A - TREASURY MANAGEMENT

BANKING, BORROWING, INVESTMENTS AND TRUST FUNDS

Definition

The current Treasury Management in the Public Services – Code of Practice and Cross-Sectoral Guidance Notes (2021) defines treasury management as:

“The management of the organisation’s borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

TREASURY MANAGEMENT – GENERAL

Objectives/Purpose

The purpose of the following Regulations is to ensure that the use of funds is optimised to the benefit of the Partnership stakeholders, risk is minimised and a proper management trail exists so that all transactions can be traced to their origins, accounted for and verified.

A1. The Partnership adopts the key recommendations of CIPFA’s Treasury Management in the Public Services: Code of Practice (The Code), as described in Section 5 of that Code. In particular, the following clauses:

1. The Partnership will create and maintain, as the cornerstones for effective treasury management:

- a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities; and

suitable treasury management practices (TMPs) setting out the manner in which the Partnership will seek to achieve those policies and objectives and prescribing how it will manage and control those activities.

- investment management practices (IMPs) for investments that are not for treasury management purposes

The content of the policy statement, TMPs and IMPs will follow recommendations contained in section 6, 7 and 8 of the Code, subject only to amendment where necessary to reflect the particular circumstances of this organisation. Such amendments will not result in the organisation materially deviating from the code’s key principles.

2. The Partnership will receive reports on its treasury and investment management policies, practices and activities, including as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed by the TMPs and IMPs.

3. Delegated responsibility for the implementation and regular monitoring of the treasury management policies and practices is given to the Strategy and Programmes Committee and for the execution and administration of treasury management decisions is given to the DFCS, who will act in accordance with The



Partnership's policy statement, TMPs and IMPs and if he/she is a CIPFA member, CIPFA's *Standard of Professional Practice on Treasury Management*.

4. The Partnership nominates the Strategy and Programmes Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.
- A2. A Treasury Management policy statement setting out the following matters shall be adopted by the Partnership, and thereafter its implementation and monitoring shall be delegated to the DFCS:
- A definition of the approved activities of the treasury management operation;
 - Formulation of treasury management strategy;
 - The policy on interest rate exposure;
 - Policy on external management of investments (other than relating to pension funds);
 - The policy on delegation;
 - Review requirements and reporting arrangements; and
 - Priority in terms of risk.
- A3. In accordance with A1 (2), at or before the start of the financial year, the DFCS) will report to the Partnership on the strategy for treasury management that it is proposed to adopt for the coming financial year.
- A4. In accordance with A1 (2), the DFCS) must report to the Partnership not less than twice in each financial year on the activities of the treasury management operation and on the exercise of delegated treasury management powers. Including an annual report on treasury management for presentation by 30th September of the succeeding financial year.
- A5. All Partnership decisions on borrowing, investment or financing are delegated to the DFCS who must act in accordance with CIPFA's Code.
- A6. All Partnership funds must be aggregated for strategic management purposes, and shall be under the control of the DFCS
- A7. Should the DFCS wish to deviate from the approved treasury management policy, approval must be obtained from the Partnership.

BANKING

Objectives/Purpose

To ensure that fraudulent activity is prevented (i.e. identification and control of all sources of income due to the Partnership and expenditure legitimately incurred by it), all monies due to the Partnership are accounted for in official accounts and there is consistency and economies of scale.

Bank Accounts

- A8. The DFCS or his/her delegated representative shall negotiate all arrangements with the Partnership's bankers.



- A9. Operation of all bank accounts shall be under the direction and authorisation of the DFCS. This includes any giro, credit and debit card accounts etc. as he/she considers necessary. Where the Partnership administers bank accounts, and monies which are not owned by the Partnership, e.g. Euro Accounts, advice and guidance must be sought from the DFCS.
- A10. Banking arrangements must be subject to tender every 5 years at a minimum. Merchant Services will must be reviewed every 5 years at a minimum.

Cheques

- A11. All cheques shall be ordered only under the authorisation of the DFCS who shall ensure that there are proper arrangements for their safe custody.
- A12. Cheques drawn on the Partnership's accounts shall bear the facsimile signature of the DFCS. Where there are historic cheque stocks that contain the signature of a previous s95 officer it is acceptable to utilise these as long as the officer is still in employment of the Partnership and an authorised signatory of the current account.
- A13. Cheques or electronic payments drawn for more than the limit specified (currently £50,000) must be authorised by the DFCS or the or another officer authorised to do so by him/her.
- A14. Blank cheques (i.e. cheques with no amount or detail completed) must be held in a locked, secure location e.g. a safe.

Electronic payments (e.g. BACs, CHAPs, purchase cards)

- A15. Where payments are to be transmitted electronically, the DFCS shall approve the procedures necessary to safeguard the Partnership against potential loss, either during preparation, transmission, or final receipt by the approved body.
- A16. All electronic payments will be authorised in accordance with the procedures approved by the DFCS.

Personal monies

- A17. Individuals must not use their own personal bank accounts or credit cards for any receipt or payment of monies related to the Partnership's affairs, other than routine expenses paid for and re-claimed.

Reconciliations

- A18. In respect of the Partnership's main transactional bank accounts, bank statements are accessed via the bank's secure website, promptly reconciled to the Partnership's records of transactions, and reconciled to ledger postings at least monthly.
- A19. Duties must be separated such that those responsible for drawing or paying monies in do not undertake the reconciliation.

BORROWING

Objectives/Purpose

To ensure that the Partnership:

- Borrows within the overall and short-term borrowing limits approved annually by the Partnership;
- Borrows for capital purposes in line with the Prudential Code;
- Borrows within medium to long term affordable and sustainable limits; and
- Borrows within procedures that minimise the possibility of money laundering.

A20. The DFCS is authorised to arrange such overdraft facilities and other borrowings as he/she considers reasonable so long as it is:

- In accordance with the Local Authorities (Borrowing) Regulations 1990 and the Local Authorities (Capital Finance) (Approved Investments) Regulations 1990; and the Local Government in Scotland Act 2003; and
- Within the borrowing limits and policy approved by the Partnership's detailed approval limits contained within the Treasury Management Practices.

A21. No account shall be overdrawn beyond the limit arranged by the DFCS

A22. The DFCS has the authority to raise loan monies to meet the expenses of the Partnership in the medium term.

A23. All borrowings and investments must be effected in the name of the Partnership.

INVESTMENTS

Objectives/Purpose

To ensure that:

- investments are intra vires; and
- whilst not incurring undue risk or adversely affecting the Partnership's longer-term position, returns are optimised.

A24. The DFCS has the authority to make investments providing they are made in accordance with the approved Treasury management strategy and within the framework of the *CIPFA Code for Treasury Management*.

A25. All securities in the name of the Partnership shall be held in the custody of the DFCS

A26. All vehicle, plant and equipment leasing on behalf of the Partnership shall be undertaken by the DFCS /Procurement.

FINANCIAL REGULATION B – BUDGETARY CONTROL, VIREMENT, ACCOUNTING AND FINANCIAL REPORTING

To be read in conjunction with delegations to officers and the annual Budget Guidance Notes.

Objectives/Purpose

To ensure that all budgets set are:

- legal;
- within any specified limits;
- linked to corporate objectives and any medium-term financial plan;
- identified to specified, Directors, Heads and Managers; and
- Properly monitored and controlled and timely remedial action taken on potential under/over spends.

Financial Management Code

B1. The Financial Management Code (CIPFA) identifies risks to financial sustainability, introduces an overarching framework of assurance and sets out standards of financial management.

B2. The principles, in applying standards of financial management, are:

- **Organisational leadership** – demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisational culture;
- **Accountability** – based on medium-term financial planning that drives the annual budget process supported by effective risk management, quality supporting data and whole life costs;
- Financial management is undertaken with **transparency** at its core using consistent, meaningful and understandable data, reported frequently with evidence of periodic officer action and elected member decision making;
- Adherence to professional **standards** is promoted by the leadership team and is evidenced;
- Sources of **assurance** are recognised as an effective tool mainstreamed into financial management, including political scrutiny and the results of external audit, internal audit and inspection;
- The long-term **sustainability** of local services is at the heart of all financial management processes and is evidenced by prudent use of public resources.

B3. SPT has arrangements in place to meet all these principles in application of the prescribed standards of financial management.

BUDGETARY CONTROL

B4. The Partnership is responsible for agreeing the budget and policy framework and it is the responsibility of the Partnership to implement it. This will be done having due regard to likely available funding and the funding to be made available following both comprehensive spending reviews centrally and the local government settlement.

- B5. The process for developing the framework will be in accordance with the “Budget Guidance Notes” issued and reviewed annually by the DFCS.
- B6. Subject to the virement rules (paragraph B17) the Partnership, individual members of the Partnership and any officers discharging Partnership functions may only take decisions which are in line with the budget policy and framework.
- B7. The DFCS will advise if any decision would be contrary to the policy framework.
- B8. If any member of the Partnership wishes to make a decision contrary to or not wholly in accordance with the policy or budget approved by the Partnership, then that decision can only be taken by the Partnership, subject to urgent decisions as described in paragraph B7.
- B9. Decisions which are deemed to be urgent for business or operational reasons require the approval of the CEO plus a director, on the presumption that the implications of these decisions can be managed within the budgeted resources available. In circumstances where such decisions are to materially impact on the resources of the Partnership in the short and longer term, this decision requires to be approved by members and in line with the terms of reference relating to Chairs decisions.
- B10. Where it appears that the total budget for any service may be exceeded, it is the duty of the appropriate Director to report the matter to Finance at the earliest opportunity. The Director should indicate the over spend (or shortfall in income) with an explanation as to how the situation has arisen, how it can be controlled and proposals as to how it can be financed e.g. an overspend in one line could be offset against an underspend on another line. All outstanding commitments must be considered whenever overspends are reported. All overspends / outturn movements will be incorporated into the projected outturn contained within the 4-weekly revenue monitoring reports, which are presented to the Strategy Group. In addition, if any overspend will materially affect the Partnership’s year-end outturn position it will be specifically highlighted in the periodic revenue monitoring report that is presented to the Strategy and Programmes Committee and the report will include details of any remedial action to resolve the situation or recommending a form of action to facilitate a resolution.
- B11. Directors are required to ensure that all expenditure and income for the year relating to their service is properly identified when the annual budget is prepared.
- B12. In order to aid effective monitoring, budgets must be profiled to show when the expenditure or income is likely to occur where this appropriate.
- B13. Directors must put in place monitoring arrangements, to ensure that budgets are in accordance with approved estimates. The minimum that is expected is 4 weekly monitoring of actual to planned with a forecast of year end outturn and an explanation of any significant variances and remedial action necessary.
- B14. Medium term (two years’ where possible) budget plans must be drawn up for each service, based on stakeholder consultation and considering foreseeable resource requirements, and these must be reviewed each year.
- B15. All budgeted items must relate to the Partnership’s objectives as described in the corporate plan, and individual Service Plans.



B16. The original estimated budget must be held with the changes and virements made during the year shown as variances to the original budget.

VIREMENT

B17. Virement is a means of transferring a surplus budget from one area to another. Virements should only be undertaken in exceptional circumstances with the express approval of the DFCS, and will be subject to full reporting.

B18. Any “windfall” savings will not be classed as an efficiency saving and will not form part of the service’s cash limited budget. “Windfall” savings are those savings that are unplanned and the budget holder has not affected any action to cause the saving e.g. a change in legislation or tax such as a reduction in the National Insurance rate etc.

ACCOUNTING

B19. Account code formats must comply with rules laid down by the DFCS and must reflect a breakdown of cost centres / detail to enable sufficient management information and to meet statutory reporting requirements.

FINANCIAL REPORTING

B20. All financial report formats must be agreed by the DFCS and all actual against budget reporting must be consistent with the corporate finance reports.

B21. All financial reports to any committee must comply with any statutory requirements, financial accounting standards and associated guidance. Where a report is seeking approval of an award of contract or change in service the financial consequences must be clear and transparent.

FINANCIAL REGULATION C - EXPENDITURE

Objectives/Purpose

To ensure that all expenditure incurred, both revenue and capital

- has budgetary provision;
- is intra vires;
- is for genuine goods or services procured by the Partnership in pursuit of its aims and objectives as expressed in the Partnerships corporate plan and approved policies;
- is for the purposes intended;
- follows best value principles;
- has a clear management trail showing how expenditure was incurred, what for, who by, when and why;
- is promptly and properly accounted for;
- is/was the most cost effective and compliant method of procurement; and
- is/was authorised by an appropriate officer.

CORPORATE PURCHASE CARDS

- C1. Corporate purchase cards are limited in their distribution. This maximises the level of control while allowing flexibility for officers who have cause to incur expenditure which is not practical or can't be facilitated through the standard PO / Invoice process. A Purchase Card Manual is issued and updated by the DFCS from time to time.
- C2. All issues of corporate purchase cards must be with the departmental director and DFCS written approval.
- C3. Corporate purchase cards are only to be used for Partnership business. Using the card for personal expenditure is not permitted.
- C4. Expenditure must only to be incurred in accordance with the Purchase Card Manual as issued and updated by the DFCS from time to time.

It is not to be used to circumvent controls or to replace the purchasing system.

- C5. Where VAT is applicable, a VAT receipt must be obtained and attached and the nominated accounting officer must ensure that it is correctly coded where recovery is allowed. Advice on recoverable VAT is available from DFCS.
- C6. Card holders must manage cards, receipts and reconciliations in accordance with the Purchase Card Manual as issued and updated by the DFCS from time to time.
- C7. Card administrators must manage cards, receipts and reconciliations in accordance with the Procurement Card Manual as issued and updated by the DFCS from time to time.
- C8. The corporate purchase card limit will be determined by the DFCS.



PAYROLL

- C9. The appointment of employees must be made in accordance with statutory requirements and the Partnership's approved establishment and rates of pay. All appointments, including those posts that are in addition to the approved establishment, must be approved by the DFCS
- C10. All managers with budget responsibility must ensure that budget provision exists for all existing and new employees, including on-costs and overheads. The total number of budgeted posts should be included in the department's annual revenue budget.
- C11. Each manager with budget responsibilities must certify that the numbers of employees and rates of remuneration relating to his/her payroll are correct, as a minimum annually as part of the revenue budget process.
- C12. Each manager with budget responsibilities must notify the DFCS as soon as possible, of all appointments, resignations, dismissals, absences from duty and other such information required in connection with the accurate and timely calculation and payment of salaries.
- C13. Each manager with budget responsibilities must ensure that the DFCS and Payroll Section is notified of the details of any employee benefits in kind, to enable full and complete reporting within the income tax self-assessment system and for the annual issue of form P11Ds for Inland Revenue purposes.
- C14. All remuneration must be in accordance with Corporate HR Guidance or with the DFCS approval as appropriate.
- C15. The DFCS is responsible for the timely payment of all salaries and other emoluments.
- C16. The DFCS is responsible for ensuring the deduction, recording, and the accurate and timely payment of tax, pension and other deductions to the relevant bodies.
- C17. The DFCS must ensure that appropriate advice on national insurance and pension contributions, is available to managers and staff. Such advice will usually be provided by the Finance Section, and the SPFO.
- C18. Deductions from salaries must be in accordance with the Wages Act 1986, which requires specific written employee authorisation before any deduction can be made, other than for statutory deductions such as income tax and national insurance.
- C19. All payroll transactions must be processed only through the payroll system. The Partnership should give careful consideration to the employment status of individuals employed on a self-employed consultant or subcontract basis. HMRC applies a tight definition of employee status, and in cases of doubt advice should be sought from DFCS. When engaging with consultants / contractors / agency staff it is imperative that an employment status review is undertaken and appropriate action taken following the review to ensure that all tax and NI is accounted for appropriately where necessary. It is the responsibility of all hiring managers to contact Finance to ensure that the employment status reviews are undertaken.



- C20. Each manager with budget responsibilities is responsible for ensuring that all time sheets, other pay documents and expenses claims, must be in a form prescribed by the DFCS, and are properly completed and certified and must submit such returns as may be necessary to maintain all pay records, and within approved timescales. Delayed information can result in delays to employee's salary payments and additional costs to the organisation.
- C21. Certification of such documents is taken to mean that journeys were authorised and appear reasonable, expenses properly and necessarily incurred and that allowances are properly payable by the Partnership as well as ensuring that cost effective use of travel arrangements is achieved.
- C22. Certification/authorisation must always be made by an authorised signatory other than the claimant. Authorised signatories cannot authorise or certify their own claims.
- C23. Each manager with budget responsibilities must promptly provide the DFCS with an up to date list of the names of officers authorised to sign records/authorise claims together with specimen signatures, as well as amendments in the event of changes in authorising post holders (additions and deletions). Where electronic authorisation is to be carried out prompt notification must be given to DFCS re-responsibilities, hierarchies and financial limits.
- C24. Managers must monitor staff activity to ensure adequate control over costs such as sickness, overtime etc.
- C25. Managers must ensure that overtime is only undertaken with prior approval and for specific reasons, the work has been carried out, properly authorised and monitored and that claims are accurate and submitted promptly for payment.
- C26. Managers must ensure that any overtime undertaken by employees which will take them over the approved overtime threshold is explicitly approved by the appropriate Director or nominated deputy.
- C27. Financial Services, Payroll Section will issue overtime reports, 4-weekly listing those approaching the overtime payment ceiling to all Directors.
- C28. All appropriate payroll documents must be retained and stored for the defined period in accordance with the document retention regulation.
- C29. Members of the Partnership are required to submit claims to the DFCS in a form prescribed by the DFCS, for any travel and subsistence allowances on a monthly basis, and in any event, within one month of the financial year end.
- C30. Members' claims must be verified as far as possible with other documentation e.g., attendance registers and certified as correct by an officer within committee services, before payment is made.



PETTY CASH

- C31. The DFCS will provide petty cash arrangements in the form as considered appropriate for such officers of the Partnership who demonstrate a need for them for defraying minor items of expenditure best funded from petty cash.
- C32. Income received on behalf of the Partnership must not be paid into a petty cash account.
- C33. Petty cash disbursements are limited to minor items of expenditure where payment by other recognised payment methods is inappropriate e.g. the purchasing system. Under no circumstances should petty cash be used to circumvent an alternative method of payment e.g. payroll, creditors.
- C34. Payments must be supported wherever possible by a receipt. A VAT receipt should be obtained to enable the Partnership to reclaim this element of the expenditure wherever possible. Refer Regulation C5.
- C35. Individual payments are limited to £250 maximum. This amount can only be exceeded with the prior written approval from the DFCS. All travel and subsistence claims must be on the prescribed form and paid through the payroll so that information is captured for eventual disclosure to HMRC. Use of petty cash accounts for this purpose is not allowed except in relation to minor cash advances e.g. for foreign travel. However, where value for money can be evidenced, the direct purchase of travel tickets by procurement card is permitted.
- C36. Petty cash accounts must be balanced and evidenced, as a minimum, on a quarterly basis and discrepancies recorded, monitored, and appropriate action taken to remedy them. Any material discrepancies should be reported to DFCS (discrepancies greater than £10) Petty cash account holders must also complete and sign the certificate of petty cash proforma, annually, as required by the External Auditor.
- C37. Reimbursement requests must be made at periods not exceeding one quarter.
- C38. An officer responsible for a petty cash account must ensure its security, its regular reconciliation (at least monthly or at changes in shifts/ handovers) and give the DFCS an annual certificate as to the state of the account (at the end of the financial year). Security arrangements should include details of where it is kept, who has access to the funds, and the maximum amount to be kept at any one time. This should not exceed £500.
- C39. On leaving the employment of the Partnership or otherwise ceasing to be entitled to hold a petty cash account, an officer must account to the DFCS for the amount advanced to him/her.
- C40. Managers with budget responsibilities who are also responsible for petty cash accounts must keep the amount needed under review and ensure the smallest sum needed is retained.
- C41. The DFCS must keep an up to date record of all imprest accounts, the individual values and who holds them and carry out an annual check that they are still in existence or the money accounted for.

CONTRACTS – to be read in conjunction with Standing Orders Relating to Contracts

- C42. For specific details of all contract related guidance please refer to Standing Orders Relating to Contracts.
- C43. SPT currently does not participate in CITS as all construction operations relate to property used for the purpose of the organisation.
- C44. It must be a condition of the engagement of the services of any contractor / consultant who is to be responsible for the supervision of a contract on the Partnership's behalf, that in relation to those duties he/she will comply with these Regulations, Guidelines and Standing Orders Relating to Contracts, as though he/she were an officer of the Partnership.
- C45. Contract payments that are staged and require a payment certificate must be approved by authorised Partnership personnel, or in the case where outside professional services are contracted, must be issued by the employer.
- C46. Where contracts provide for payment to be made in instalments, the department responsible for the contract must keep a register of contract payments detailing:
- a) the contract title;
 - b) the total tendered sum;
 - c) the committee minute reference;
 - d) contractors name and address and payment address if different;
 - e) retention sum and retention settlement date;
 - f) each payment made including the date paid, the certificate number, sum paid and VAT cumulative total and VAT paid;
 - g) any fees/ liquidated damages applied, loss or expense claims and the like; and
 - h) variations/changes
- C47. Each variation to the original contract must be priced or estimated and authorised in accordance with Standing Orders Relating to Contracts referenced, issued and signed by the officer named in the contract, or in the case where outside professional services are engaged, by the employer.
- C48. Financial claims from contractors in respect of matters not clearly within the terms of an existing contract must be referred to the DFCS for consideration of the Partnership's legal liability and to the DFCS to assess the extent of any financial liability.
- C49. The Chief Executive (CE) has the responsibility for the custody of all title deeds, land certificates, leases, tenancy agreements, of property belonging or mortgaged to the Partnership and all formal contracts other than official orders.
- C50. All purchases of Information Technology hardware and software and peripheral supplies must be in accordance with the Partnership's corporate policy, and procured via the Digital Manager.
- C51. All software used must be properly licensed and installed in conjunction with the digital team.

GOODS AND SERVICES CONTRACTS

- C52. The Standing Orders Relating to Contracts should be referred to ascertain the requirement in relation to Goods and Services Contracts.
- C53. Purchases must not be made unless the cost is covered by the approved annual estimates or within the overall budget.
- C54. Orders must indicate the nature and quantity of the work, goods or services required and the contract or agreed price.

PAYMENT OF ACCOUNTS

- C55. A manager with budget responsibilities, when issuing an order, has the responsibility for ensuring that the procedures for examining, verifying and authorising payment of relevant invoices are adhered to. The procedures must ensure that;
- a) the goods or services have been received or the work carried out satisfactorily;
 - b) the details and prices as stated on the invoice are in accordance with those quoted on the order;
 - c) the invoice is arithmetically correct;
 - d) any applicable discounts have been taken;
 - e) appropriate entries have been made in stores/ inventories and other records;
 - f) payment has not already been made;
 - g) VAT (if applicable) is correct; and
 - h) budgetary provision exists
- C56. Only original invoices will be accepted for payment. Where this is not possible, the certifying officer must be satisfied that the original invoice cannot be traced and has not already been paid. On no account should payment be made on a statement. Payments will be made electronically using the integrated financial system, which will determine the procedures to be used.
- C57. Invoices which match 100% with a goods received note for price and quantity will be processed without a requirement for further authorisation. The DFCS will establish acceptable tolerance levels for these invoices which do not match 100%. Any invoices which do not match the approved purchase order and goods received note, or agreed tolerance level, will require further authorisation from the Director with budget responsibilities or his/her approved delegate.
- C58. Where errors are discovered, or goods returned, or an incomplete delivery is made, the supplier should be informed immediately and a credit note obtained or replacement goods requested. The invoice must not be processed for payment until the credit note/ replacement goods have arrived.
- C59. Invoices must be paid in accordance with the payment terms agreed with the supplier and Government Legislation / Guidance on prompt payment. Invoices must be reviewed, approved and passed for payment as soon as possible to ensure that payment terms can be met.
- C60. To enable payment processing, a list of authorised signatories must be sent to DFCS together with their specimen signatures and any limits imposed by the Director



concerned. In addition, user requests including authorisation levels must be sent to the DFCS to ensure appropriate access is granted to the Financial Management system for the authorisation and receipting of purchases requisitions / orders.

C61. No officer may certify an invoice or claim form for reimbursement of expenditure to himself/herself, friend, relative, partner or business associate. It must be authorised by another appropriate authorising officer preferably one of a similar, or higher, level.

C62. As part of internal control, facsimile signatures will not be used to counter sign cheques.

GRANT AWARDS

C63. All Grant Awards for sums not exceeding £50,000 must be approved by the DFCS.

C64. All Grant Awards for sums exceeding £50,000 but not exceeding £200,000 must be approved by the Strategy and Programmes Committee or Operations Committee as determined in the Committee Terms of Reference.

C65. All Grant Awards for sums exceeding £200,000, whether it be by single award or cumulative in year awards, must be approved by the Partnership as determined in the Committee Terms of Reference.

C66. All Grant Awards will be offered subject to grant conditions determined by the Director concerned and Legal Services.

FINANCIAL REGULATION D - INCOME

Objectives/Purpose

To ensure that all income:

- is accounted for;
 - is collected promptly and cost effectively;
 - is intra vires;
 - has a clear management trail from origin to destination; and
 - has sufficient evidence to support the debt incurred to enable collection.
- D1. Collection of all money due to the Partnership must be in accordance with written procedures agreed by the DFCS.
- D2. All monies received must be banked as soon as practical and intact, in the Partnership's name. No deduction can be made from these monies unless specific written approval to do so has been sought from and given by the DFCS.
- D3. Where money is passed from one person to another the value of the transfer must be recorded, dated and signed by both the person transferring the money and the person receiving the money.
- D4. Under and over bankings must be recorded and monitored by a senior manager responsible for that area and action taken if material, unusual or too frequent. Any serious concerns or unreconciled discrepancy greater than £50 should be reported to Audit & Assurance. The DFCS will determine whether to advise SPT's insurers in line with existing policies.
- D5. The DCFS must ensure that the following particulars of each payment are recorded:
- The amount of the payment; and
 - A reference (such as the receipt number given or the name of the debtor) which will connect the payment with the debt or debts in discharge or partial discharge of which it is received.
- D6. Income received must be regularly reconciled to income due records and banked promptly.
- D7. The DFCS must review aged debtors analysis periodically but at least quarterly, in order to ensure that all debts are being pursued and also to make sufficient budget provision for likely default of payment.
- D8. Staff responsible for raising accounts should not be involved in the receipt of payments. Also staff responsible for the banking of cash should not be involved in raising accounts or receiving payments. If this causes difficulties then permission must be sought from the DFCS to waive this Regulation; however, the manager concerned must demonstrate that there are compensating controls in place.
- D9. Under no circumstances will personal cheques for employees be cashed.



- D10. Invoices for all sums payable to the Partnership shall only be in an electronic format utilising the financial management system as agreed by the Director of Finance & HR. All accounts must detail:
- a) the name and address of the customer and the address for the account if different;
 - b) a description of the debt, what it is for, how and when it was incurred and any special conditions relating to the supply e.g. standards, specifications, delivery dates;
 - c) the price to be paid for the goods or service, where appropriate the rate and value of VAT and the total sum to be paid;
 - d) the terms and conditions of payment including stage payments if appropriate
 - e) a contact name and number in the event of query;
 - f) a unique sequential number that enables it to be identified (invoice number); and
 - g) Chart of Account code(s) that the income is to be paid into.
- D11. Managers must ensure that any charge raised on an account is valid, accurate and, to assist in case of possible dispute, supported by reliable documentation such as a written agreement or as specified by the DFCS.
- D12. Any unidentified cash received must be paid into a suspense account for that purpose. All suspense accounts must be monitored at least monthly and balances cleared as soon as possible. Cash found by members of the public will be held for three months for reclaiming and, if unclaimed, will be donated to a local charity to be determined by the DFCS.
- D13. Each Department must keep under review any fees, charges and other levies made for goods and services, under their control and agreed with the DFCS or Partnership as appropriate. These must be reviewed annually and be consistent with the approved budget. All fare or fee changes require to be approved by the Partnership.
- D14. Any new charges to be introduced must be agreed with the DFCS and approval sought from the Partnership and be subject to an annual review.
- D15. In order to comply with VAT Regulations, accounts must be issued within thirty days of the supply of the goods or service, unless HMRC grant specific dispensation.

WRITE OFFS

- D16. Debts due to the Partnership may only be written off:
- a) Up to and including £10,000 by the DFCS; and
 - b) Over this sum **AND UP TO** £50,000 by the DFCS
- D17. The DFCS must report annually to the Partnership on the total debts written off.
- D18. All individual sums greater than £50,000 require to be approved for write off by the Partnership.
- D19. A debt in respect of agency activities is to be transferred timeously to the principal body.



D20. All debts greater than 60 days from date of invoice will be reviewed regularly, and at least quarterly by the DFCS, and decisions taken and documented as to any further action which may be required to ensure recovery.

Bad Debt Provisions - General

D21. Generally, provisions will relate to unpaid debts over 60 days. All debts unpaid over 90 days from date of invoice in respect of the Partnership direct activities shall be reviewed by the DFCS and if appropriate provided for in full, excluding the VAT element of the debt, at the year end, with the exception of:

- Debt with Scottish Local Authorities;
- Debt with suppliers with whom there is an active trading relationship; and
- Debt identified as requiring a specific provision

D22. All general bad debt provisions shall be discussed with and agreed, if necessary, by the DFCS.

Bad Debt Provisions - Specific

D23. Any debts that in the judgement of the DFCS may become irrecoverable at the year end shall be provided in full, excluding VAT element of the debt. Evidence to support the necessity to provide for the debts will include, inter alia:

- Letters from the Partnership legal department seeking to recover the debt, if appropriate;
- Any debts placed with an external agency for collection;
- Any debts where there is an unresolved dispute on an invoice; and
- There is evidence that the debtor has died, gone away, been declared bankrupt, is in administration, liquidation, receivership or administration, or otherwise financially distressed.

D24. Whilst the debt may be financially provided, collection of the debt will continue until such time as a decision is taken by the DFCS that to continue pursue the debt would be uneconomic and the procedures to write off said debt will be implemented as outlined in previous clauses.

FINANCIAL REGULATION E - INTERNAL AUDIT

E1. A professional, independent and objective Internal Audit service is one of the key elements of good governance.

Definition

E2. The Public Sector Internal Audit Standards (PSIAS) define Internal Audit as:

'an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes'.

Objectives

E3. In accordance with the Public Sector Internal Audit Standards (PSIAS), Audit and Assurance provide the following services to the Partnership:

- Assurance services – primary role, to objectively examine and independently assess governance, risk management and control processes;
- Consulting services – to provide advice and add value to service provision, without the auditor assuming management responsibility; and
- Fraud Prevention and Detection – to assist management to prevent, detect, investigate and report fraud in accordance with the Counter Fraud Strategy.

E4. Audit and Assurance services are conducted in conformance with the PSIAS and the Internal Audit Charter.

Independence

E5. Audit and Assurance must be independent in its planning and operation.

E6. The Audit and Assurance Manager has direct access to the DFCS including the reporting of audit outcomes, the Chief Executive (CE), and all levels of management. In the event that the Audit and Assurance Manager believes these specific reporting lines are compromised, he/she has direct access to the Chair of the Audit and Standards Committee.

Authority

E7. Audit and Assurance is granted the authority to:

- have unrestricted access to all Partnership premises;
- have unrestricted access to all assets, correspondence, documents, records and systems (computerised and otherwise);
- have access to all personnel relevant to the performance of engagements;
- receive any information and explanation, considered necessary, concerning any matter under investigation;
- require any Partnership employee to account for cash, stores, and any other asset(s) under their control; and

- access records belonging to third parties i.e. contractors and partner organisations, when required (this must be written into all agreements and contracts entered into with third parties).

Audit and Assurance will, at all times, act with integrity and take a professional, reliable, independent and innovative approach to their work. Audit and Assurance respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.

Audit and Standards Committee

- E8. Annually, Audit and Assurance shall submit an Internal Audit plan for the forthcoming year to the Audit and Standards Committee for approval. The annual Internal Audit plan will be developed using a risk-based methodology and will be aligned to the assurance framework, risk registers and strategic objectives. Consultation with key stakeholders (Strategy Group) will also be undertaken in the formulation of the annual Internal Audit plan. Any significant deviation from the formally approved plan shall be communicated to the Strategy Group and the Audit and Standards Committee.

DIRECTORS

- E9. Directors, Heads and Managers must ensure that:
- a) Auditors are given access to assets, correspondence, documents, records and systems (computerised or otherwise) that the auditors consider necessary for the purposes of their work;
 - b) Auditors are provided with any information and explanations that they seek in the course of their work;
 - c) All audit reports and recommendations are responded to promptly;
 - d) Any agreed actions arising from audit recommendations are carried out in a timely and efficient fashion; and
 - e) Any changes to/new systems, for maintaining assets or financial records must be discussed with the Audit and Assurance Manager prior to implementation.

EXTERNAL AUDIT

- E10. The Accounts Commission appoint External Auditors to the Partnership and Strathclyde Concessionary Travel Scheme. Audits are undertaken by Audit Scotland's Audit Services Group or by private firms. External Auditors appointed by the Accounts Commission undertake the audit of accounts including the wider-scope responsibilities in accordance with the Code of Audit Practice 2021.
- E11. Once appointed, auditors act independently in carrying out their responsibilities and in exercising professional judgement. The appointed auditor reports to the audited body and others on the results of audit work. Appointed auditor responsibilities are derived from statute, International Standards on Auditing (UK) and the Ethical Standard for auditors, other professional requirements and best practice, the Code and guidance from Audit Scotland.



- E12. Auditors produce outputs annually for each audit appointment including, an audit plan, an independent auditor's report and an audit report.
- E13. All records and systems must be kept up to date and available for inspection.
- E14. External auditors have the right to access all the Partnership premises, personnel, documents and assets that the external auditors consider necessary for the purposes of their work.



FINANCIAL REGULATION F - COUNTER-FRAUD AND CORRUPTION

Objectives/Purpose

The Partnership has an expectation that staff at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices, to ensure propriety and accountability.

The Partnership also expects that individuals and organisations (e.g. suppliers, contractors, and service providers) with whom it comes into contact will act towards the authority with integrity.

These Regulations are to be read in conjunction with the Partnership's Counter-Fraud Strategy which contains the Whistle Blowing Policy and Procedures.

- F1. The CE must ensure that the Partnership has an effective counter-fraud and corruption policy. It should be backed up by a culture that does not tolerate fraud or corruption.
- F2. All staff must act with integrity and lead by example.
- F3. Senior managers must deal swiftly and firmly with those who defraud or attempt to defraud the Partnership or who are corrupt.
- F4. The Partnership should promote high standards of conduct amongst members.
- F5. Any hospitality or gifts as described in the code of conduct must be recorded in a register of interests and monitored by the appropriate line manager. If any item seems excessive or there is a suspicion that an item has affected or influenced a decision, then the matter must be referred to the CE (as Monitoring Officer). Failure to declare or record items must also be referred.
- F6. The CE must ensure that the Partnership has effective whistle blowing procedures.
- F7. The CE must ensure that legislation including the Public Interest Disclosure Act 1998, the Ethical Standards in Public Life (Scotland) Act 2002 and Bribery Act 2011 is adhered to.
- F8. All suspected irregularities must be reported to the AAM in accordance with the fraud response plan, who is responsible for advising the CE, Partnership, DFCS and Head of HR (HHR).

FINANCIAL IRREGULARITY

- F9 A financial irregularity exists where, and for whatever reason there is an intentional or unintentional:
 - distortion of a financial statement or other record;
 - departure from accepted or authorised practice; or
 - unauthorised or dishonest action.
- F10. It is management's duty to develop and implement systems of internal control to help prevent financial irregularities.

- F11. Where there is a suspicion of financial irregularity, it is the duty of the individual to report the matter to his/her manager who must report it to the Audit & Assurance. It will be for the AAM to advise the CEDFCS and HHR as appropriate. If individuals suspect their manager of an irregularity, then they must refer the matter directly to the Audit & Assurance team or the CE.
- F12. All irregularities, other than minor procedural transgressions or errors, must be formally investigated and reported in accordance with the Partnership's Investigation Procedures.
- F13. Managers must take appropriate action during or at the conclusion of an investigation and in conjunction with recommendations made in any Audit report. This may include changes to internal controls to prevent repetition, steps to recover any losses incurred, disciplinary proceedings against individuals etc.
- F14. The DFCS may, at any time, issue directions on the conduct of any investigation of financial irregularity or the recovery of any loss suffered by the Partnership. Such directions will take account of views expressed by the AAM.

The CE will determine whether any matter should be referred to Police Scotland for investigation.

Proceeds of Crime Act 2002

- F15. The Proceeds of Crime Act 2002 governs the law relating to confiscation of money and assets that have been gained through criminal conduct. It allows the authorities in Scotland to seek confiscation or forfeiture of cash and assets that it alleges are the Proceeds of Crime. Proceedings are judged on a civil law standard of proof.

Counter Fraud Strategy

- F16. SPT is an employer, service provider and purchaser of goods, services and works. As with other public sector organisations, the size and nature of services puts SPT at risk of loss due to fraud and corruption.
- F17. SPT is committed to the prevention, detection, investigation and reporting of fraud and corruption. SPT is also committed to recovering losses from fraud and taking action against those who perpetrate fraud or corruption.
- F18. The Counter Fraud Strategy incorporates the Fraud Response Plan and Whistleblowing policy and provides good practice guidance and is supplemented with regular awareness and signposting to all employees.

MONEY LAUNDERING

- F15. Money laundering has the objective of concealing the origin of money generated through criminal activity. HMRC defines money laundering as follows:

“Money laundering means exchanging money or assets that were obtained criminally for money or other assets that are ‘clean’. The clean money or assets don’t have an



obvious link with any criminal activity. Money laundering also includes money that's used to fund terrorism, however it's obtained."

Legislation has given a higher profile to the need to report suspicions of money laundering. The legal and regulatory framework for the UK comprises:

- The Terrorism Act 2000 (TA);
- The Proceeds of Crime Act 2002 (POCA); and
- The Money Laundering Regulations 2007 (2007 Regulations)

F16. Public service organisations and their staff are subject to the full provisions of the Terrorism Act 2000 and may commit most of the principal offences under the POCA, but are not legally obliged to apply the provisions of the Money Laundering Regulations 2007. However, as responsible public bodies, SPT is expected to employ policies and procedures which reflect the essence of the UK's anti-terrorist financing, and anti-money laundering, regimes. Accordingly, SPT will do the following:

- a) evaluate the prospect of laundered monies being handled by them;
- b) determine the appropriate safeguards to be put in place;
- c) require every person engaged in treasury management to make themselves aware of their personal and legal responsibilities for money laundering awareness;
- d) make all its staff aware of their responsibilities under POCA;
- e) appoint a member of staff to whom they can report any suspicions. This person is the CE
- f) in order to ensure compliance is appropriately managed, SPT will require senior management to give appropriate oversight, analysis and assessment of the risks of clients and work/product types, systems for monitoring compliance with procedures and methods of communicating procedures and other information to personnel; and
- g) The officer responsible for the creation and monitoring the implementation of a corporate anti money laundering policy and procedures is the CE and it shall be a requirement that all services and departments implement this corporate policy and procedures.

FINANCIAL REGULATION G – ASSETS

Objectives/Purpose

The Partnership holds assets in the form of property, vehicles, equipment, furniture, intellectual copyright, software development image rights and other items. It is important that assets are safeguarded and used efficiently in-service delivery, and that there are arrangements for the security of both assets and information required for service operations. An up to date asset register is a prerequisite for proper asset management. The asset register should include assets owned by the Partnership as well as those assets where the Partnership is the guardian but not the owner.

The objectives are to ensure that assets are identified, their location recorded, their existence monitored and that they are used efficiently and effectively.

- G1. Resources must only be used for the purposes of the Partnership and must be properly accounted for.
- G2. Resources must be available for use when required.
- G3. Resources identified as no longer required must be disposed of in accordance with law and the procedures laid down by the DFCS as appropriate. Assets that still have a value must be disposed of in a way that maximises and realises their market value.
- G4. The DFCS must ensure that an asset register is maintained for all fixed assets with a value in excess of £1,000. The purpose of the asset register is to provide the Partnership with information about fixed assets so that they can be:
 - identified;
 - accounted for; and
 - valued appropriately.

Operational asset registers must be maintained where appropriate to ensure that the Partnerships assets are safeguarded, used efficiently and effectively and adequately maintained

- G5. Each Director and Manager must ensure that they provide the DFCS with information required for accounting, costing and maintaining financial records for assets.
- G6. Assets must be valued by the appropriate officer, or a valuation obtained from an external expert, in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom*. Assets and should be re-valued no less than every five years with a mid-term desk top valuation also taking place in accordance with the Code.
- G7. All Directors and Managers must ensure the proper safe custody, use and security of all buildings and other assets, such as vehicles equipment, furniture, stock stores and other property under their control.
- G8. Where land or buildings are surplus to requirements and valued at more than £10,000, a recommendation for sale should be the subject of a joint report by the relevant Director and the DFCS to the Partnership, with a view to its sale and generation of capital receipts.



- G9. All title deeds should be passed to the Legal Services for secure custody.
- G10. Partnership assets are not to be used for personal use by staff without proper authority from their manager and subject to recording, monitoring, appropriate insurance arrangements (if necessary), and checking the implications of benefits in kind with the DFCS or Payroll section.
- G11. All assets must be appropriately marked, insured and recorded on an asset register.
- G12. The relevant Manager must be consulted in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.
- G13. Cash holdings on premises must be kept to a minimum and in accordance with guidance issued by the DFCS.
- G14. Keys to safes and similar receptacles must be carried on the person of those responsible at all times, wherever practicable or in a key safe; loss of any such keys must be reported to the appropriate supervising manager, DFCS and Audit & Assurance, as soon as possible.
- G15. Directors and Managers must ensure that:
 - a) Assets are valued for accounting purposes to meet requirements as specified by the DFCS; and
 - b) All employees are aware that they have a personal responsibility with regard to the protection and confidentiality of information, whether held in manual or computerised records.

INVENTORIES

- G16. All items that managers consider to be vulnerable because of their usefulness, portability or desirability and generally over £150, (although they may be less; as a guide, examples would include computer equipment and software, cameras, mobile phones, electrical tools and equipment, etc.) must be recorded on an inventory detailing:
 - a) item description, model and serial number;
 - b) supplier name/ Requisition number;
 - c) order number and date of purchase;
 - d) location held/person to whom issued;
 - e) value at date of purchase (purchase price); and
 - f) authority/date of disposal
- G17. All items should bear security markings (visible/invisible) identifying them as belonging to the Partnership and recorded as such on the standard form if applicable.
- G18. Partnership property must only be used on Partnership business. Any temporary removal from the normal workplace must be authorised by the manager, and the details recorded. Private use of equipment is generally not allowed. Private use may be permitted if it is appropriately authorised by the manager, recorded and monitored, and advice sought from DFCS or Payroll section re benefits in kind and taxation implications. It should be possible to know where any item is at any time.

- G19. Inventories must be amended when any modifications, damage, disposal or permanent relocation of items occur.
- G20. The manager responsible for the items in his/her area must verify, and record the accuracy of inventories at least annually and report any discrepancies to their respective Director. That Director should report any losses to the DFCS to arrange insurance claims where appropriate. Where items are attractive or easily removed, more frequent checks should be carried out.
- G21. The DFCS may write off redundant, obsolete or damaged items. All asset write offs with a value greater the £50,000 require to be reported annually to the Partnership.
- G22. The disposal of surplus items should include arranging alternative use elsewhere within the Partnership or as instructed by the DFCS.

STOCKS AND STORES

- G23. Each manager responsible for any stocks or stores must ensure that adequate records are maintained to account for all stock movement and arrange for periodical, independent examination of stocks at least once a year. Managers must complete and sign the certificate of stock proforma annually as required by the external auditor.
- G24. Lists of surpluses/ deficiencies resulting from these checks, together with explanations of any significant differences, must be sent to the DFCS in order to adjust the accounts accordingly.
- G25. Surplus stocks will be disposed of in accordance with guidelines issued by, or as instructed by, the DFCS, the aim being to obtain the maximum benefit to the authority.
- G26. Stock levels must be kept at reasonable limits. Their levels should be based on specific calculations taking into account demand (historic and predicted) balanced with costs of storage, shelf life and savings on bulk orders, so as to optimise cash flow as far as practicable. In addition, lead times for delivery must be taken into account. All Directors must make arrangements for stock levels to be reviewed periodically and no less than annually.

ASSET DISPOSAL

G27. Where it is determined by a head, manager, Director, DFCS, that an asset is:

- costly to maintain and the cost is outweighing its benefit;
- obsolete;
- non-repairable; or
- surplus to requirements,

advice must be sought from Procurement and Legal Services on the best method of disposal, the aim to consider and demonstrate:

- the most appropriate time;
- best interests of the Partnership;
- best price obtained;



- competitive tender/auction for items of significant value;
- protection to staff from accusations of personal gain; and
- environmental issues.

FINANCIAL REGULATION H - EXTERNAL ARRANGEMENTS

PARTNERSHIPS

Partnerships are likely to play a key role in delivering integrated transport. The Partnership works collaboratively with others – public agencies, private companies, community groups and voluntary organisations. Our distinctive leadership role is to bring together the contributions of the various stakeholders to deliver a shared vision of services.

Main objectives

- to share risk and skills;
- ability to access new resources;
- provide new and better ways of delivering the service;
- forge new relationships; and
- enabling role for others to deliver

Definition of a partner

“An organisation undertaking part funding or participating as a beneficiary in a project “or “A body whose nature or status give it a right or obligation to support the project”.

What participation could be expected by a partner(s):

- acting as a project deliverer or sponsor, solely or with others;
- acting as a project funder or part funder;
- being the beneficiary group of the activity undertaken in a project.

Common responsibilities

- to act in good faith at all times and in the best interests of the partnership’s aims and objectives;
- to be open about any conflicts of interest that might arise;
- 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; and
- to act wherever possible as ambassadors for the project.

H1. All partners should be made aware of their responsibilities under the Partnership’s Financial Regulations, Standing Orders Relating to Contracts, Code of Conduct, Data Protection and IT Security Policies, where appropriate. The responsibility to ensure that Partners are made aware is that of the lead Director or Manager on the particular project.

H2. There must be a risk management process in place to identify and assess all known risks and an action plan devised to minimise, transfer, avoid, and insure risks as appropriate. Risks must be allocated to those best able to control them. Risk awareness and management must form an integral consideration of all projects and plans. Documentation of this is required to be held on file.

- H3. The relevant Director/Manager for each project must liaise with the DFCS to ensure that appropriate insurance arrangements are made.
- H4. A project appraisal must be undertaken to assess the viability of a project in terms of resources, staffing and expertise and expected deliverable outcomes.
- H5. The roles and responsibilities of each of the partners involved in the project must be formally agreed before the project commences.
- H6. There must be regular communication between the partners throughout the project and any problems identified and resolutions agreed must be promptly and formally documented.
- H7. Resources must be used in the most effective, economic and efficient way. The DFCS and the Partnership must satisfy themselves that the Partnership's position within the partnership is properly protected by ensuring that there is satisfactory evidence of:
 - a) a scheme appraisal for financial viability in both the current and future years, including responsibility for any future revenue costs;
 - b) risk appraisal and management;
 - c) resourcing including taxation issues;
 - d) audit, security and control requirements;
 - e) carry forward arrangements;
 - f) accounting arrangements;
 - g) monitoring;
 - h) project plan, means of measuring and determining outcomes; and
 - i) value for money.
- H8. The relevant Director/Manager must keep a register of all contracts entered into with external bodies in a form agreed by the DFCS
- H9. Each relevant Director/Manager must make sure that any agreements and arrangements do not impact adversely on any service provided by the Partnership.
- H10. Each relevant Director/Manager must ensure that all agreements and arrangements are properly documented in a form agreed by the CE
- H11. Each relevant Director/Manager must provide appropriate information to the DFCS to enable a note to be entered into the Partnership's statement of accounts concerning material items.

EXTERNAL FUNDING

Funds from external agencies such as the project sponsors and the other public sector agencies provide additional resources to enable the Partnership to deliver services. Such funding is generally linked to tight specifications and may not be flexible enough to link to the Partnership overall plan. A reasoned decision should be documented and acted upon.

- H12. The relevant Director/Manager must ensure that the key conditions of funding and any statutory requirements are complied with and the responsibilities of the Partnership clearly understood. All funding applications and requests must be agreed and signed by the DFCS prior to submission.

- H13. Funds must only be acquired to meet the priorities approved in the policy framework approved by the full Partnership.
- H14. The relevant Director/Manager that wishes to enter into any match funding arrangements must consult with the DFCS and demonstrate that it has been given due consideration prior to entering long-term agreements and future revenue budgets reflect these requirements.
- H15. All funding notified and received must be properly recorded in the Partnership's accounts.
- H16. The DFCS must ensure that all audit requirements are met.
- H17. The relevant Director/Manager must ensure that all claims for funds are made by the due date on qualifying expenditure (reviewed prior to submission by the DFCS and reimbursed from the sponsoring agency).
- H18. The relevant Director/Manager must ensure that the project is monitored and that it progresses in accordance with the agreed project plan, that specific milestones have been met and that all expenditure is properly incurred and recorded.

WORK FOR THIRD PARTIES

Current legislation enables the Partnership to provide a range of services to other bodies. Arrangements must be in place to ensure that any risks associated with this work are minimised and that such work is intra vires (within the law or the powers available to the Partnership). All external work for third parties must be reported to the Partnership prior to final agreement, thus ensuring that the assets and resources of the Partnership are protected and adequately support the Partnership aims.

- H19. Additional resources must not be required specifically to meet any third party contract work, unless specifically funded, and not at the expense of the Partnership unless approved by the DFCS.
- H20. The DFCS must be consulted before any negotiations are made/ tenders entered into for third party work.
- H21. The relevant Director/Manager must liaise with the DFCS to ensure appropriate insurance arrangements are made.
- H22. The relevant Director/Manager must carry out a full risk analysis showing action to be taken to avoid, minimise (to an acceptable level), transfer and / or insure risks.
- H23. The relevant Director/Manager must ensure that proposals are costed properly and agreed by the DFCS. They must demonstrate that the Partnership will not be put at risk, and that the Partnership will not be subsidising any part of the contract.
- H24. The relevant Director/Manager must also demonstrate that the contract will not impact adversely on any other service provided either by or to the Partnership and will not contribute to a conflict of interest.



- H25. There must be a contract drawn up prior to the arrangement commencing in a format agreed by the CE.
- H26. A register must be maintained of all contracts entered into with third parties as agreed by the CE.
- H27. The relevant Director/Manager must ensure that the department/unit has the appropriate expertise to undertake the contract.
- H28. The relevant Director/Manager must provide appropriate information to the DFCS to enable a note to be entered into the statement of accounts.

FINANCIAL REGULATION J - VAT

Objectives/Purpose

To ensure that legislation is complied with and that there is a clear management trail of transactions:

- J1. Officers responsible for processing invoices, payments and sundry debtor accounts, and miscellaneous income must familiarise themselves with Value Added Tax and establish the appropriate tax treatment on each transaction they deal with.

This should be done with reference to HM Customs and Excise Notice 700, the VAT guide and Notice 749, local authorities and similar bodies, further assistance can be obtained from Finance.

- J2. The appropriate VAT indicator must be shown against each financial analysis code on the invoices/payment vouchers. It is the responsibility of Finance to ensure that VAT coding is correct and that VAT is reclaimed wherever possible. Advice can be obtained from DFCS.
- J3. The Finance Act 1985 introduced penalties to improve enforcement of VAT and a number of local authorities have been heavily penalised for not complying with VAT legislation. Relying on another person and ignorance of the law are not regarded by Customs and Excise as reasonable excuses for making errors in connection with VAT.
- J4. VAT returns must be prepared centrally within Finance in accordance with timescales and format determined by HM Customs and Excise using information captured in J2 above.
- J5. All prime documents showing VAT due or collected must be kept for six years, unless legislation requires a longer period. Refer Financial Regulation K3.
- J6. In order to comply with VAT Regulations, accounts must be issued within thirty days of the supply of goods or service, unless HMRC grant specific dispensation.

FINANCIAL REGULATION K – CONTROLLED STATIONERY AND RETENTION OF DOCUMENTS

Objectives/Purpose

To ensure that all documentation representing “money’s worth” is properly accounted for and secured from loss or abuse and managed in accordance with the Public Records (Scotland) Act and SPT’s Records Management Policy.

- K1. The DFCS is responsible for ordering and safeguarding stocks of documents used to originate financial transactions. Examples include cheque printing stationery etc.
- K2. The issue and use of controlled stationery must be by authorised staff only and blank stocks must be kept securely.
- K3. The periods for retaining documents of a financial nature must be agreed with the DFCS and in accordance with the Document Retention Policy, who will issue guidance notes from time to time. Present requirements are:
 - All prime documents showing VAT due or collected must be kept for six years, unless legislation requires a longer retention period;
 - Prime documents required for other taxation purposes must be kept for six years;
 - Documents relating to grant claims and subsidies to be kept until examined by external auditors and for a further two years or as specified in the grant conditions;
 - All other relevant documents year of External Audit plus one (effectively three years); and
 - Legal agreements/ deeds: indefinitely or as directed by the CE.
- K4. Contract documents (excluding copy official orders) must be recorded and kept safe within Legal Services, who should maintain a register to record receipt/ release of these documents.
- K5. The duty to keep such records may be discharged by the preservation of the information contained in them by such methods specifically approved by HMRC. Any doubts should be raised with HMRC.
- K7. Documents that are to be destroyed and which contain personal and confidential information must be destroyed by shredding or placed in a sealed bag for incineration.



FINANCIAL REGULATION L - GRANT CLAIMS

Objectives/Purpose

To ensure compliance with Audit Scotland's *Statement of Responsibilities* in relation to grant claims and returns.

- L1. Directors must ensure that the DFCS is aware of all grants and returns and demonstrate that they are able to comply with the terms and conditions of a grant before it will be accepted. All offers and grant must be accepted by the DFCS only.
- L2. The DFCS is responsible for ensuring that supporting accounting records are sufficient to show the Partnership's transactions, and are maintained in accordance with proper practices and kept up to date, including a record of income and expenditure in relation to claims.
- L3. The DFCS must ensure that procedures are in place for ensuring that claims and returns are:
 - completed accurately and in accordance with the scheme terms and conditions;
 - authorised by an authorised signatory;
 - supported by systems of internal control, which are both adequate and effective in practice;
 - completed in a timely fashion so that deadlines are met;
 - supported by adequate working papers which satisfy the statutory requirement of the DFCS to maintain adequate records in relation to claims;
 - document the basis of the claim or return and the derivation of the information it contains;
 - are kept in a form which will help External Audit and reduce certification time and therefore cost to the Partnership;
 - are subject to proper supervision and review prior to the completion of the Partnership's certificate; and
 - are certified by the External Auditor or Internal Auditor as appropriate.



Strathclyde Partnership for Transport

Standing Orders Relating to Contracts

2022

Prepared by

Procurement
131 St Vincent Street
Glasgow G2 5JF



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STRATHCLYDE PARTNERSHIP FOR TRANSPORT

STANDING ORDERS RELATING TO CONTRACTS

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1. INTRODUCTION

The Standing Orders Relating to Contracts set out how the Partnership will invite bids and award contracts for the supply of goods, works and services. The purpose of the Standing Orders Relating to Contracts is to ensure that contracts are appropriate for their purpose, provide the right balance between price and quality and are procured in an open way that demonstrates probity and compliance with the law and the Partnership's policies. The Standing Orders Relating to Contracts should be read in conjunction with the SPT Procurement Strategy, and with the Scheme of Delegation to these (Appendix 9).

2. COMPLIANCE WITH STANDING ORDERS RELATING TO CONTRACT

2.1 Compliance

Every contract or Purchase Order placed or made by or on behalf of the Partnership will comply with these Standing Orders and:

- (a) the Financial Regulations of the Partnership;
- (b) the Scheme of Delegations and Committees' Terms of Reference;
- (c) the requirements of all applicable legislation relating to public sector procurement
- (d) all other relevant legislation.

2.2 Suspension of standing orders / Provisions relating to "Emergency" Contracts

These Standing Orders may be suspended by the Partnership or a relevant committee or set aside temporarily by the Chief Executive in the case of emergency where immediate action is required to protect the interests of the Partnership and the action is within the powers of the Partnership.

The Chief Executive is authorised to take such measures as may be required in emergency situations including without prejudice to the foregoing to enter into an emergency contract where such a contract would avert, alleviate or eradicate the effects or potential effects of an emergency or disaster (actual or potential) involving or likely to involve danger to life or health or serious damage to or destruction of property, but subject always to:

- (a) the requirement to advise the Chair of the Partnership at the earliest opportunity; and
- (b) the requirement to report the exercise of this power to the Partnership as soon as possible thereafter where the actions taken would ordinarily have been reported to the Partnership prior to the action being taken.



2.3 Reporting suspensions

Any suspension of Standing Orders will be reported to the Partnership as soon as reasonably practicable with the reasons that justified the suspension of the Standing Orders.

3. SCOTTISH PUBLIC PROCUREMENT REGULATIONS

3.1 Requirements in respect of Scottish Public Procurement Regulations

The Scottish Public Procurement Regulations apply to the Partnership and they specify several methods by which the requirement to advertise and award contracts may be satisfied. The Procurement Section must be contacted for advice and guidance on which is appropriate and where necessary the Chief Executive will determine the procedure to be used.

3.2 Implications of Failure to Comply

It is emphasised that a failure to adhere to the provisions of the above could result in the Partnership becoming subject to court action or enforcement action or to claims from potential contractors. Access to UK and/or European grant funding may also be adversely affected. Other implications could include adverse publicity, possible civil penalty or early cancellation/termination of any contract awarded.

3.3 Calculation of Contract Values (Goods, Works and Services)

The value of any contract shall be calculated as the aggregated value of all anticipated expenditure for the goods, works or services covered under its terms for the entire contract duration including any proposed extension, with consideration to all previous expenditure and current contracts.

The anticipated value of any contract will determine the procedure and legal framework to be followed in terms of its procurement and its award.

3.4 Calculation of Contract Values (Franchises and Concession)

Where the Partnership gives a contractor the right to deliver a service and/or to sell goods, the value of that contract shall be taken to be the total potential income that the contractor may accrue in delivering the services and/or selling the goods. Any sum paid to the Partnership by the contractor in connection with the contract shall be disregarded from this calculation.

3.5 Calculation of Contract Values (Mixed Procurements)

The determining factor in ascertaining the appropriate procurement process and threshold in the case of a mixed procurement, will be which element in terms of goods, works or services which has the greater value.



4. USE OF CORPORATELY PROCURED CONTRACTS

4.1 Arrangements for Cross Department Contracts

Where specific items or services are used by a number of Departments, the Chief Executive will, if the demand so warrants, make specific arrangements with one or more suppliers for the provision of such goods or services. Any such arrangements will be subject to the tendering procedures laid out in Section 5 to 11. Any officer who purchases goods or services for which the Chief Executive has entered into a specific arrangement must use those arrangements to the extent set out in Financial Regulations.

5. PUBLICITY FOR TENDERS AND CONTRACTS

5.1 Advertising of Tenders

The Partnership is under a duty to ensure that in relation to each contract it intends to award, that each is exposed to the market in a manner which is sufficient to enable open competition and to meet the requirements of the principles of equal treatment, non-discrimination and transparency. Accordingly, the following procedures shall apply:

- (a) The obligation to offer contract opportunities in a manner described within in the Public Contracts (Scotland) Regulations in terms of this standing order applies to contracts with a value of £50,000.
- (b) The Public Contracts Scotland website must be used for all advertising, as per legislative requirements.
- (c) In addition to advertising on Public Contracts Scotland, the Chief Executive may choose to advertise the contract in any other way such as in trade journals or newspapers.
- (d) The Chief Executive shall ensure that the Partnership's own website contains links to all websites for advertising Partnership contracts.

6. PRE-TENDER REQUIREMENTS

6.1 Sourcing Methodology

- (a) A Sourcing Methodology detailing the pre-tender analysis, market research and decision-making processes will be completed for all procurement exercises in excess of £50,000, with the exception of those derived from existing internal Frameworks and Dynamic Purchasing Systems unless the Chief Executive deems that this work is necessary due to the high value and/or high risk of the contract being procured.
- (b) The Chief Executive will approve both the format and content of the Sourcing Methodology and will ensure that this is revised at regular intervals as necessary to take into consideration any legislative or other changes.



6.2 Contract Reference Number

No quotations or tenders for goods, works or services with a value in excess of £5,000 shall be sought without a contract reference number having first been allocated. This reference shall be sought from Procurement in a manner approved by the Chief Executive.

6.3 Selection Criteria

- (a) Procurement in conjunction with the Client department will set the selection criteria for any procurement exercise, taking account of all appropriate legislation. The selection criteria will be restricted to a measurement of the capability, qualification and capacity of the bidder only as defined within the Single Procurement Document (SPD), and be proportionate and relevant to the subject matter of the tender.
- (b) The selection criteria must be clearly stated within the Contract Notice, with the tender documentation also defining both this and the criteria to be applied when it is evaluated.

6.4 Award Criteria

- (a) Procurement in conjunction with the Client department will set the award criteria for any procurement exercise, taking account of all appropriate legislation. The award criteria will be restricted to a measurement of how the bidder intends to deliver the requirement, and should specifically not repeat or re-evaluate in any way, the criteria previously measured at the selection stage, nor seek to evaluate any criteria which was deemed selection criteria but for any reason not previously measured.
- (b) The award criteria must be clearly set out within the tender documentation, as must the criteria for its evaluation, however there is no requirement to publish this in the Contract Notice.

6.5 Best Value Criteria

No contract regardless of value will be awarded unless best value has been considered and served.

The award of any contract in excess of £50,000.00 in value will be on the basis of the most economically advantageous tender in terms of a combination of both Technical (Quality) and Commercial (Price) elements. The ratio of each of these elements shall be determined by Procurement and the Client Department, following due consideration of the market, risk, nature and value of each contract being tendered and in a manner approved by the Chief Executive.

6.6 Sustainable Procurement Duty

- (a) The Partnership will, as appropriate, include sustainable elements in all procurement exercises in excess of £50,000.00. These elements may include whole life costing, mandated use of recycled or recyclable materials or the inclusion of sustainable working practices or similar. Any elements to be included will be detailed in the Sourcing Methodology and be embedded within the Specification.



- (b) The Partnership is committed to the delivery of high quality public services, and recognises that this is critically dependent on a workforce that is well-rewarded, well-motivated, well-led, diverse, has access to opportunities for training and skills development and is involved in decision making.

In order to ensure the highest standards of service quality we expect contractors to take a similarly positive approach to fair work practices as part of a fair and equitable employment and reward package. Bidders will be asked to provide details of the fair work practices embedded within their organisation as part of any procurement exercise in excess of £50,000, unless inclusion of this criteria is deemed inappropriate.

- (c) The Partnership shall seek to obtain community benefits through all procurement exercises in excess of £50,000 in value, in accordance with a methodology approved by the Chief Executive.
- (d) The Partnership shall seek to measure as appropriate the environmental reduction measures and carbon reduction practices/plans which its contractors have in place, and shall seek this information in all tenders in excess of £50,000.00 in value.

6.7 Arrangements for Electronic Tendering

Where tenders are invited for contracts in excess of £5,000, bids should be submitted electronically via an e-procurement system approved by the Chief Executive. Hardcopy, faxed or emailed submissions, no matter when or where received shall not be accepted unless otherwise authorised by the Chief Executive.

7. TENDERING PROCEDURES - OPENING OF TENDERS

7.1 Arrangements for Opening

Bids will only be accessible by Procurement following the deadline set for the return of tenders. The bids will thereafter be opened by Procurement, and this action recorded automatically within the system.

The Qualification, Technical and Commercial elements as appropriate to each tender will be opened in sequence, and only when the evaluation of each individual element is complete will the next element be opened.

7.2 Recording of Tenders

All tenders received will be recorded automatically on the system.

7.3 Confidentiality

During the period between the opening and evaluation of tenders through to the award of contracts and the stage when the content becomes publicly known an absolute obligation of preserving confidentiality will rest with officers.



All officers involved in the production, evaluation or award of contracts of any value must certify that they have no actual or potential conflict of interest, either to Procurement in the case of contracts over £20,000 in value, or to their Line Manager where the value is less than £20,000.00. Any conflict of interests declared or identified that cannot be mitigated, will result in that officer being excluded from the process.

8. TENDERING PROCEDURES - LATE TENDERS

8.1 Receipt after the time and date specified for receipt of tenders

All tenders received after the time and date specified for the return of tenders to SPT, will only be accepted where the bidder can provide verifiable evidence from the provider of the electronic procurement system that there has been a provider system issue which directly prevented the submission of the bid by the date and time of return stated. Any bid made after the date and time of tender submission where this evidence cannot be provided, will be rejected.

9. TENDERING PROCEDURES – EVALUATION OF TENDERS INCLUDING CORRECTIONS, CLARIFICATIONS, AMENDMENTS AND CHECKING

9.1 Arithmetical Checks

Arithmetical checks will be limited to verification that the rates submitted and any extensions and totals pertaining to those rates have been correctly entered by the bidder. Rates and totals may only be corrected where an obvious error has been made and can be clearly seen without ambiguity from the information provided.

Procurement and the appropriate client department technical officer will examine all tenders for arithmetical errors, and any found shall be advised to the bidder through the clarification process. Only after the clarification process has been completed shall a revised tender price be accepted and the bid altered accordingly.

Where tenders are found to be abnormally low in relation to either the pre-tender cost estimate and/or in relation to all other bids, the bidder should be asked to provide a detailed breakdown of their bid to include all costs, overheads and profit together with a written explanation in order that an assessment be made as to its validity and short/long term sustainability. Any bid found following these checks to be invalid or unsustainable may be rejected and the bidder informed.

9.2 Clarifications

Between the last date and time for the receipt of tenders and the date on which a decision is taken as to which, if any, tender is to be accepted, there may be a process of clarification in order to confirm or clarify the terms of the tender and any information within the bid which may be ambiguous. No entirely new information must be sought where the bidder has provided a clear and unambiguous response or where no response has been made to any part of the tender where the submission of new information may fundamentally affect the evaluation. No information concerning any tender other than their own will be



disclosed to the bidder. A full record will be retained of all such clarifications and held on the contract file.

9.3 Non-Arithmetical Checks

All tenders will be examined for the purpose of evaluating technical and professional issues in order to establish the tender representing the best value for money in accordance/ compliance with the stated award criteria.

Furthermore, it is a recommended good practice that evaluation panels consist of no fewer than two officers although the actual number should be dependent on the value and complexity of the contract in question. Each officer should sign and date their evaluation scoring to strengthen the audit trail.

9.4 Post Tender Clarification/Negotiation (PTC/N)

PTC/N as part of the competitive tendering process may be used to refine the bid(s) following evaluation from the preferred supplier(s) only, in order to ensure that prices, delivery or associated terms of the contract are competitive.

Competition must not be distorted by allowing a bidder not clearly ranked first after evaluation a chance to improve its offer. No changes should in addition be made which would result in a contract being awarded on terms more favourable to the bidder.

This process shall be undertaken by Procurement only and a full record must be retained of any negotiations and their outcomes and savings/benefits achieved in a format approved by the Chief Executive.

10. TENDER PROCEDURES - ACCEPTANCE

10.1 Approval Thresholds

On receipt of the appropriate documentary evidence, the following are authorised to approve the acceptance of tenders (i.e. authorise the issuing of contract award letters and/or Purchase Orders) on behalf of the Partnership:

- (a) Where the contract value does not exceed £50,000 and where it is proposed to accept the lowest priced quotation/tender, approval is per the Scheme of financial delegations
- (b) Where the contract value does not exceed £50,000 and it is proposed to accept a tender/quotation other than the lowest priced quotation/tender the Chief Executive must approve the award;
- (c) Where the contract value exceeds £50,000 but does not exceed £200,000 and the evaluation has been conducted on the basis of best value where both Price and Quality have been considered where it is proposed to accept a tender which is greater than the lowest priced tender by less than 10%), the Chief Executive, must approve the award;



- (d) Where the value of the contract exceeds £200,000 the Partnership or relevant committee must approve the award regardless of the outcome of the evaluation; and
- (e) Partnership or relevant Committee approval is also required for the formal appointment of contractors/suppliers/consultants to an SPT Framework Agreement or Dynamic Purchasing System (DPS). (i.e. the creation, variation, or renewal of an SPT Framework Agreement or DPS). With regards to the formal approval to award contracts from Frameworks or DPS – SPT or external – the financial thresholds are as outlined at Standing Orders 10.1 (a) to (d).

10.2 Acceptance Arrangements – Purchase Orders/Contract award letters

Quotations/Tenders not exceeding £20,000 will be accepted by way of submitting a requisition to the Procurement Section – with copies of all relevant information including terms and conditions, quotations and/or single source form (appendix 5) attached, which in turn will be responsible for the subsequent issuing of an official purchase order to the supplier/contractor concerned). Unless otherwise exempt as defined by the Purchase Order and Payments Policy, a PO must be issued in all cases prior to the delivery of goods and the execution of services or works. Such acceptances are not to be issued until any necessary financial and technical clearances have been obtained.

Tenders for contracts in excess of £20,000 will be accepted by way of an Award Letter and a purchase order issued from the Procurement Section.

10.3 Financial and Technical Clearances

No contract will be awarded unless authorised approvers as per 10.1 are satisfied as to the following:

- (a) as to the technical capability and the financial standing of the bidder;
- (b) that the tender provides best value for the Partnership; and
- (c) that sufficient budgetary provision has been approved by the Partnership for the contract.

10.4 Standstill period – Higher Regulated Contracts

For Higher Regulated contracts no tender will be accepted until the mandatory 10 day contract standstill period has expired and no challenge has been received.

10.5 Reporting Arrangements

The Chief Executive will arrange for all contracts accepted with an estimated value exceeding £5,000 to be publicly displayed on the Partnerships externally facing website. This will be in the form of a Register of Contracts awarded and will contain the following information:

- the name of the contract;
- the value of each contract awarded;



- the identity of the contractor to whom it was awarded;
- the date of award;
- the duration of the contract
- such other information (if any) as may be necessary to provide a proper summary of the contract awarded.

The Chief Executive will arrange for an Annual Procurement Report to be submitted to the Partnership for approval.

This report will be in the format and contain the content as described within the Procurement Reform Act (Scotland) 2014

11. TENDER PROCEDURES - CONTRACT DOCUMENTATION

11.1 Contract Inclusions

Every contract will be in writing and will include where appropriate as a minimum:

- (a) The purchase order number and/or Award Letter;
- (b) The bidder's offer;
- (c) The scope and specification of the required goods, works or services;
- (d) The price to be paid;
- (e) The time or times within which the contract is to be performed as;
- (f) Applicable Service Level Agreement; and
- (g) The conditions of contract applicable.

12. SINGLE SOURCE / NON-COMPETITIVE PROCUREMENT PROCEDURE

12.1 Contracts greater than £5,000 and less than £50,000.00 in value

Where it may be demonstrated that best value will be served by the appointment of a contractor without competition, then an award may be progressed provided that the value of the contract and the value of all aggregated contracts for the same commodity is less than £50,000.

Prior to any award being made, a Single Source Approval form (Appendix 5) must be completed and approved by the Chief Executive and submitted to Procurement for approval and recording.

12.2 Contracts equal to or greater than £50,000 in value

Contracts may be awarded to a contractor without competition and following the Negotiated Procedure as defined within the Public Contracts (Scotland) Regulations where either the value of the contract or the value of all aggregated



contracts from the same commodity is greater than £50,000, and where any of the following circumstances are present:

- (a) where no tenders or no suitable tenders have been received following an Open or Restricted procedure having been observed.
- (b) where competition is absent for technical reasons and no other reasonable alternative exists
- (c) for reasons pertaining to the protection of exclusive or intellectual property rights
- (d) in circumstances of extreme urgency brought about by events that could not have been reasonably foreseen and could not have been influenced by the Partnership, where the timescales required for a standard procurement procedure cannot be complied with.
- (e) for supply contracts only, where a change in supplier would oblige the Partnership to obtain goods of a different characteristic which would result in incompatibility or disproportionate technical difficulties in their operation or maintenance from those presently supplied
- (f) where goods are being purchased from a supplier being wound up or directly from the liquidator, and are offered at particularly advantageous terms from those normally offered.

Where any of these circumstances exist, the applicable reason should be stated on the Negotiated Procedure Approval form (Appendix 5A) and authorisation sought from the Chief Executive then submitted to Procurement for approval and recording prior to the contract being formed.

12.3 Obligation to Publish Notices

Where approval is granted at 12.2, a Contract Award Notice must be published within 30 days of contract award to notify this, either Scotland or UK wide as appropriate to its value.

12.4 Non-Procurement Contracts

The following are examples of non-procurement contracts, where procurement regulations do not apply, however other relevant regulations will apply to the contracting of these services:

- (a) the contract relates to the transfer, acquisition, disposal or rental of land or an interest in heritable property including a licence to occupy or use heritable property;
- (b) it is a contract of employment or secondment;
- (c) purchase of media airtime, however not its content.
- (d) a contract between two Public Bodies, subject to the terms of the Scottish Procurement Regulations being met



- (e) provision of communications networks or services to the general public

12.5 Value for Money

Where formal competitive tenders have not been sought, the Officer requisitioning goods or services must ensure that there is evidence retained in the contract file to show that good value for money has been obtained, and that the transaction has been carried out in the best interests of the Partnership.

12.6 Contracts not to be split

Contracts or Purchase Orders must not be artificially split (i.e. disaggregated) in order to bring them below any relevant threshold, either Regulatory or otherwise defined within these Standing Orders.

13. ASSIGNATION AND SUB-CONTRACTING

13.1 Prohibition of Assignations unless Written Approval given

In every written contract for the execution of work or the supply of goods or services, a clause will be inserted which reflects the following:

“The Contractor is prohibited from transferring or assigning directly or indirectly, to any person or persons, any portion of the contract without the written permission of the Chief Executive. Sub-letting of any part(s) of the work, except to the extent authorised in writing by the Chief Executive is also prohibited.”

13.2 Arrangements for the appointment of nominated sub-contractors

Where the contract provides for the appointment of a nominated sub-contractor, the name and address of the proposed sub-contractor must be submitted for approval by the Partnership prior to any appointment being made. The Partnership will reserve the right to accept or reject any sub-contractor and to require that an alternative be proposed for approval.

14. LIQUIDATED DAMAGES

14.1 Contract Levels

A contract which has been determined as having inherent risks whereas any delay in delivery may adversely affect the operation of the Partnership’s services, must provide for liquidated damages. The amount and the terms applicable in each such contract will be determined by the Chief Executive.

14.2 Claims against Liquidated Damages

Where defined in the contract documents, if the completion of a contract is delayed or defaulted by the periods so defined it will be the duty of the Chief Executive to take appropriate action in respect of any claim for liquidated damage

15. PERFORMANCE BONDS



15.1 Contract Levels

Where a contract is for the execution of works or for the supply of goods, or services by a particular date or series of dates where risk has been identified, the Chief Executive will either certify that no such security is necessary or, in consultation with appropriate Officers, will specify in the conditions of tender the nature and amount of the security to be given. In the latter event, the Partnership will require and take a bond or other sufficient security for the due performance of the contract.

16. INDEMNITIES

16.1 Scope

Any contractor on entering into a contract with the Partnership will be required to indemnify the Partnership to levels defined by the Chief Executive, where applicable, against:

- (a) any claim which may be made in respect of Employers' Liability against the Partnership or the contractor by any workers employed by the contractor or any sub-contractor in the execution of the works; and
- (b) any claim for bodily injury or damage to property or third parties,
- (c) any claim covering the failure of the contractor to use the skill and care normally used by professionals providing the services described in the contract to a pre-defined level in respect of each claim, without limit to the number of claims.

17. SPECIFICATION AND STANDARDS

17.1 Contracts to be based on a Defined Specification

All quotations/tenders for the execution of works or the supply of goods or services will, except to the extent that the Partnership in a particular case or specified categories of contract otherwise decides, be based on a defined specification. The specification must be sufficiently detailed to enable the contractor to perform the contract and for the Partnership to be satisfied with the quality/quantity of that performance. See Appendices 1 to 4 for guidance purposes.

17.2 Standards

All written contracts, where a specification issued by the British Standards Institution or the Agreement Board of the European Union is current at the date of the tender and is applicable, will require, as a minimum, that goods used in their execution will be in accordance with that or an equivalent specification.

18. PREVENTION OF COLLUSION AND FRAUD/CANCELLATION OF CONTRACTS



18.1 Assurances that there has been no collusion

Before entering into a contract, the Partnership will obtain from the contractor an assurance, in writing, that to the best of his knowledge and belief, neither he nor any person employed by him or acting on his behalf has practised collusion in the tender for this contract or any other contract with the Partnership.

18.2 Circumstances in which Contracts may be cancelled

Clauses will be included in every contract to ensure that the Partnership will be entitled to cancel the contract and recover from the contractor the amount lost due to such cancellation.

The reasons for cancellation will be defined, particular to each contract and contract type, within their terms and conditions and be as a minimum in accordance with the "Exclusion Grounds" detailed at Regulation 58 of the Public Contracts (Scotland) Regulations 2015 or any update to these.

18.3 Cancellation/Termination of Contracts – General

Contracts which require to be cancelled (or terminated) will be cancelled/terminated under the hand of the Chief Executive

Cancellation/Termination letters may only be issued in accordance with the applicable conditions of contract.

19. REGISTRATION OF INTERESTS

19.1 Members' interests

A Member (Councillor Member or Other Member) of the Partnership who has either a financial or non-financial interest in a contract which is being considered must declare an interest as soon as the interest becomes apparent and comply with the Members Code of Conduct in terms of the Ethical Standards in Public Life (Scotland) Act 2000.

19.2 Officers' interests

- (a) If it comes to the knowledge of a person who is an employee of the Partnership that they have a direct or indirect pecuniary interest in a contract that is proposed to be offered to the market by the Partnership that person will give written notice of that fact to the Chief Executive who will keep a Register of all such interests.
- b) If a conflict has been declared the person in question must not engage in the creation, evaluation or approval of the tenders, or issue variations to the contract.

20. SUPERVISION OF CONTRACTS BY CONSULTANTS

20.1 Arrangements for Appointment

It is essential that the Partnership makes the best use of its resources. As such, consultants should be used sparingly, effectively and only where their use is unavoidable to deliver business objectives. The Scottish Government guidance on use of consultancy procedures defines 'consultancy' as including a wide range of professional services such as management consultancy, IT consultancy, financial consultancy, construction or infrastructure related consultancy, research and evaluation and policy development (including feasibility studies). It should be noted that the definition applies to the services which are being procured, not the name of the supplier or the supplier's own description of the service.

<http://www.gov.scot/Topics/Government/Procurement/buyer-information/standardformsanddocs/ConsultProc>

If external consultants are to be engaged, Procurement should:

- (a) verify that there is no alternative in-house resource available;
- (b) where consultants are utilised to assist in a tender process including its evaluation, that this is clearly stated within the tender documentation;
- (c) An associated business case has been completed and approved by the Chief Executive (the business case is still required even if the appointment makes use of a framework agreement); and
- (d) There is in place a process for monitoring and evaluating the output of the consultants.

For audit trail purposes, the appropriate form (Appendix 7 – Appointment of External Consultants) should be passed to the Chief Executive, for authorisation prior to the commencement of any tendering/ sourcing exercise).

It will be a condition of the engagement of the services of any architect, engineer, surveyor or other consultant (not being an Officer of the Partnership) who is to be responsible to the Partnership for the supervision of a contract on its behalf, that in relation to that contract they will:

- (e) act as an Officer of the Partnership;
- (f) at any time during the carrying out of the contract, produce to the Chief Executive on request, all relevant records or copies maintained in relation to the contract; and
- (g) on completion of a contract, transmit appropriate records or copies to the Chief Executive.



21. CONTRACT PAYMENTS AND OTHER PROVISIONS

21.1 Contract Register

The Partnership shall be responsible for publishing a contract register detailing all active contracts. This shall be published on the Partnership's website.

21.2 Contractors' Certificates

Certificates for payment will be issued for payment after the application for payment has been validated by an authorised officer. The validation shall include ensuring all materials and labour applied for is accurate, and that the retention has been accrued. Any withholding advice notes must be issued to the contractor within 14 days upon receipt of the application for payment.

21.3 Variations/Modifications

Subject to the provisions of the contract in each case every modification or variation will be authorised in writing by the Chief Executive. Letters to contractors (which affect the award price and/or contract payments) shall be issued by the Procurement Section on the instruction of the relevant client department (using Appendix 6) on the basis such variations can be contained within the approved budget. Variations which will result in a 'Significant' increase in the value of the contract should be approved in consultation with the Chief Executive.

Variations should not increase the total value of an existing contract by more than 50% unless provision for this has been clearly and unequivocally made within its terms. Proposed increases above this threshold should be considered as a new contract and dealt with in accordance with these Standing Orders.

For the avoidance of doubt all variations which cannot be contained within approved budgets require to be approved by the relevant committee.

21.4 Reporting of Variations/Modifications

For contracts which had an original contract award price of more than £50,000 all such modifications or variations will be reported to the Partnership retrospectively on a 6 monthly basis if the cumulative effect of these is to increase or decrease the value of the contract by 50% of the award price.

21.5 Special Claims

Claims from contractors in respect of matters not clearly within the terms of any existing contract will be referred to the Chief Executive for consideration of the Partnership's legal and financial liabilities before a settlement is reached.

22. EQUALITY POLICY

22.1 Compliance with Legislation

Before entering into a contract, the Partnership will obtain from the contractor an assurance, in writing, that to the best of their knowledge and belief:



- they comply with all statutory obligations in terms of the Equality Act 2010; and
- they comply to the fullest extent possible with the Equality and Human Rights Commission Codes of Practice on Employment and Equal Pay.

23. GOVERNING LAWS

23.1 Contracts to be subject to Scots Law

Except where otherwise agreed by the Chief Executive, all contracts entered into by the Partnership will be in writing and will be subject to Scots Law and to the exclusive jurisdiction of the Scottish Courts.

24. OBSERVANCE OF STANDING ORDERS RELATING TO CONTRACTS

24.1 Responsibility of the Executive and Directors

It will be the duty of the Chief Executive, to ensure that these Standing Orders Relating to Contracts are made known to the appropriate persons within their management control and to ensure that they are adhered to.

24.2 Breaches or Non-Compliance

Any breach or non-compliance with these Standing Orders Relating to Contracts must, on discovery, be reported immediately to the Chief Executive who will determine the proper action to be taken.

25. REVIEW OF STANDING ORDERS RELATING TO CONTRACTS

25.1 Variation

These Standing Orders Relating to Contracts may be varied or revoked subject to a report by the Chief Executive on any variations and revocations being approved by the Partnership and, where it affects the interests of the Partnership. The Standing Orders Relating to Contracts will be reviewed no less frequently than biennially or as required to take into consideration any changes in the law

25.2 Practice Notes

These Standing Orders Relating to Contracts may be supplemented by Practice Notes issued from time to time by the Chief Executive. Such Practice Notes will be reported to the Partnership for noting. The Practice Notes will be complied with as if they formed part of the Standing Orders Relating to Contracts.

26 CONTRACT EXTENSIONS

26.1 Extension Procedures

An existing contract may be extended where the intention to and the period/s of extension have been clearly described with the contract notice and tender documents. Extensions to contracts are however subject to the following provisions:

- (a) the financial stability of the contractor can be established
- (b) the performance of the contractor is satisfactory
- (c) that best value can be secured
- (d) if the extension is to be made in instalments, then those instalments were clearly described in the original tender documentation.
- (e) where the original tender was not advertised in the EU Journal/Find a Tender Services as applicable, and the value of the extension now takes the total value over the applicable threshold, then the extension cannot be awarded and a new procurement exercise will be required.

26.2 Extension Approval

Any application to extend an existing contract must be made using the format and contain the information required by the Chief Executive.



SUMMARY OVERVIEW OF SPT PROCUREMENT PROCEDURES – FOR GOODS, SUPPLIES, SERVICES AND WORKS CONTRACTS BASED ON STANDING ORDERS RELATING TO CONTRACTS (EXCLUDES SUBSIDISED LOCAL BUS SERVICES AND SCHOOL TRANSPORT CONTRACTS)

VALUE OF CONTRACT/ORDER	OBTAINING QUOTES/TENDERING PROCEDURES	REQUISITIONS/PURCHASE ORDERS	APPROVAL THRESHOLDS TO ENABLE THE ISSUING OF CONTRACT AWARD LETTERS	AWARD OF CONTRACTS AND BEYOND
<p>Up to £5,000</p>	<p>Client department demonstrates best value</p> <p>Client departments are responsible for the proper evaluation of quotations as well as ensuring that there is no conflict of interest</p>	<p>Requisition input on FMS by Client Department (Requisitioners determined by DIRECTOR/HEAD OF DEPARTMENT).</p> <p>Requisition approved by nominated officer within client department (as per scheme of financial delegations) and then passed to Procurement Section.</p> <p>Purchase Order issued by Procurement Section.</p>	<p>No contract award letter</p>	<p>No formal contract award letters are issued</p> <p>Expediting of delivery of goods or services undertaken by Client Department. Delivery of goods/services should be receipted on FMS by client department when goods delivered.</p>

<p>£5,001 to £20,000</p>	<p>Client department obtains Contract Reference Number from Procurement then seeks to obtain a minimum of three quotations via an electronic procurement system, scanned copies of which will accompany the approved Requisition.</p> <p>(Alternative procedure is a single source quotation, and for which if valued at more than £5,000, an authorised Single Source Approval form (Appendix 5) should accompany the approved requisition.</p> <p>Client departments are responsible for the proper evaluation of quotations as well as ensuring that there is no conflict of interest by the evaluation panel.</p>	<p>Requisition input on FMS by Client Department (Requisitioners determined by DIRECTOR/HEAD OF DEPARTMENT).</p> <p>Requisition approved by nominated officer within client department (as per the scheme of financial delegations and then passed to Procurement.</p> <p>Purchase Order issued by Procurement.</p>	<p>If quote is the lowest: as per the scheme of financial delegation</p> <p>If quote is not the lowest CHIEF EXECUTIVE must approve the award</p>	<p>No formal contract award letters are issued</p> <p>Expediting of delivery of goods or services undertaken by Client Department. Delivery of goods/services should be receipted on FMS by client department when goods delivered.</p>
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<p>£20,001 to £50,000</p>	<p>Client department develops the specification and provides this to Procurement</p> <p>Quotation Exercise is undertaken by Procurement via an electronic procurement system</p> <p>Alternative procedure is a single source quotation, and for which if valued at more than £5,000, an authorised Single Source Approval form (Appendix 5) should accompany the approved requisition.</p> <p>Procurement are responsible for ensuring the client departments evaluate the tenders/quotations in a transparent and fair manner as well as ensuring that there is no conflict of interest by the evaluation panel.</p>	<p>Requisition input on FMS by Client Department (Requisitioners determined by DIRECTOR/HEAD OF DEPARTMENT).</p> <p>Requisition approved by nominated officer within client department (as per the Scheme of financial delegation) and then passed to Procurement</p> <p>Purchase Order issued and will be referred to in contract award letter issued by Procurement</p>	<p>If quote is the lowest: as per the scheme of financial delegation</p> <p>If quote is not the lowest CHIEF EXECUTIVE must approve the award</p>	<p>Contract award letter issued by Procurement. Rejection letters (which may include some background narrative) issued by Procurement to unsuccessful bidders inviting them to contact client departments direct should they require a de-brief</p> <p>Expediting of delivery of goods or services undertaken by Client Department. Delivery of goods/services should be receipted on FMS by client department when delivered.</p>
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<p>£50,000 to £200,000</p>	<p>Client Department develops the specification and provides this to Procurement. Tendering exercise is undertaken by Procurement</p> <p>The tender must be advertised on the Public Contracts Scotland Website where either an existing Framework or DPS is not being used.</p> <p>(Alternative procedure is a Negotiated Contract where suitable justification can be evidenced and noted on the Single Source Approval form, a scanned copy of which together with an Appendix 5A Form should accompany the approved requisition).</p> <p>Procurement is responsible for ensuring the client department evaluates the tenders in a transparent and fair manner as well as ensuring that there is no conflict of interest by the evaluation panel.</p>	<p>Requisition input on FMS by Client Department (Requisitioners determined by DIRECTOR/HEAD OF DEPARTMENT).</p> <p>Requisition approved by nominated officer within client department (as per the scheme of financial delegation) and then passed to Procurement.</p> <p>Purchase Order issued and will be referred to in contract award letter issued by Procurement.</p>	<p>If quote is the lowest: CHIEF EXECUTIVE</p> <p>If quote is not the lowest: Partnership or relevant committee</p>	<p>Contract award letter issued by Procurement. Rejection letters issued by Procurement to unsuccessful bidders detailing the strengths and weaknesses of the unsuccessful bid when compared to the winning bid</p> <p>Expediting of delivery of goods or services undertaken by Client Department. Delivery of goods/services should be receipted on FMS by client department when delivered.</p>
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<p>Over £200,000</p>	<p>Client Department develops the specification and provides this to Procurement. The most appropriate tendering procedure is undertaken by Procurement in accordance with applicable Regulations.</p> <p>Procurement is responsible for ensuring the client department evaluates the tenders in a transparent and fair manner as well as ensuring that there is no conflict of interest by the evaluation panel.</p>	<p>Requisition input on FMS by Client Department (Requisitioners determined by DIRECTOR/HEAD OF DEPARTMENT).</p> <p>Requisition approved by nominated officer within client department (approval as per the scheme of financial delegation) and then passed to Procurement.</p> <p>Purchase Order No. will be referred to in contract award letter issued by Procurement.</p> <p>Expediting of delivery of goods or services undertaken by Client Department.</p>	<p>PARTNERSHIP or relevant COMMITTEE.</p>	<p>Contract award letter issued by Procurement following confirmation of approval from the Partnership or committee</p> <p>Unsuccessful Standstill letters issued by Procurement to the unsuccessful bidders detailing the strengths and weaknesses of the unsuccessful bid against the winning bid. Unsuccessful bidders may be invited to a further debrief, but all can request a debrief</p> <p>Contract award letter is issued by Procurement following completion of the Standstill Period</p> <p>Expediting of delivery of goods or services undertaken by Client Department. (Delivery of goods/services should be receipted on FMS by client department in accordance with the pre-determined payment schedule or when goods delivered).</p>
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APPENDICES TO SUMMARY PROCEDURES REFERRED TO:

- Appendix 1** Tendering procedure for contracts up to and including £20,000.
- Appendix 2** Tendering procedure for contracts over £20,000 and up to and including £50,000.
- Appendix 3** Tendering procedure for contracts over £50,000 and up to and including £200,000.
- Appendix 4** Tendering procedure for contracts over £200,000.
- Appendix 5** Single Source Supply Form.
- Appendix 5A** Negotiated Contract Form
- Appendix 6** Variation request form
- Appendix 7** Appointment of external consultants
- Appendix 8** Transport services Best Value Pro Forma