

 Executive and Council 4 February and 23 February 2009 respectively		Agenda Item No.
Title	Codes of Financial Practice and Contract Practice	
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Service Area	Finance	
Wards of the District directly affected	All	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006	No	
Date and meeting when issue was last considered and relevant minute number	Executive February 2008 Executive Council 1 December 2004 Minute 470	
Background Papers	None	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	Yes

Officer/Councillor Approval		
With regard to officer approval all reports <u>must</u> be approved by the report authors relevant director, Finance, Legal Services and the relevant Portfolio Holder(s).		
Officer Approval	Date	Name
Relevant Director	13/1/09	Mary Hawkins
Chief Executive	13/1/09	Chris Elliott
CMT	13/1/09	
Section 151 Officer	13/1/09	Mary Hawkins
Legal	13/1/09	Peter Oliver
Finance		Report from Finance
Portfolio Holder(s)	19/1/09	Michael Doody
Consultation Undertaken		
Please insert details of any consultation undertaken with regard to this report.		
Final Decision?		Yes
Suggested next steps (if not final decision please set out below)		

1. **SUMMARY**

- 1.1 This report presents proposed amendments to the codes of Financial Practice and Contract Practice.

2. **RECOMMENDATION**

- 2.1 That the Executive recommend that the Council adopt the updated Code of Financial Practice and the Code of Contract Practice as detailed in the attached Appendices.
- 2.2 That subject to acceptance of 2.1, the Executive agree to an exemption of the revised version of the Code of Contract Practice with regard to the use of select lists while framework agreements are being tendered. The period will not exceed 6 months.

3. **REASONS FOR THE RECOMMENDATION**

- 3.1 The Council's Code of Financial Practice was last formally reviewed and amended last year. It is recognised good practice to keep this document under review and make amendments as necessary to meet the changing environment in which the authority and its finances operate. This is also an expectation of the Use of Resources assessment.
- 3.2 Some of the notable updates proposed to the Code include:-
- Paragraph 3.11 To reflect the close relationship between the Code of Financial Practice and the Code of Contract Practice.
 - Paragraph 5.3 To reaffirm the need to receive income in advance rather than rely on retrospective debt collecting.
 - Paragraph 7.3 To increase the limit for cheques to be manually signed to £50,000 as this limit has not been increased for many year. At the same time, the Code of financial Practice will reflect the need for two signatures on such cheques, in line with the current bank mandate.
 - Paragraph 7.4 To specify similar arrangement for BACs payments to those for cheques (7.3)
 - Paragraph 7.5 To confirm the appropriate use of the Council's corporate credit cards.
 - Paragraph 13.2 (h) To clarify the usage of salary budget underspends to be used for temporary or agency staff.
- 3.3 The Council's Code of Contract Practice has been reviewed to reflect changes in the structure of procurement within the Council and legislation, and the Council now having a Procurement Manager with overall responsibility for procurement. These changes include:
- Section 2. A description of the role of the Procurement Manager.
 - The removal of the use of select lists. Select lists are to be replaced by framework agreements, re-tendered over a period not exceeding 4 years.
 - Section 7 Guidance on calculating contract costs.

- Section 9 Guidance and information on tender procedures, including processes and evaluation.
- 9.8 The provision for the use of e-tendering.
- Section 14 Information on how to secure the services of consultants.

3.4 In accepting the revised Code of Contract Practice there is a need to grant a temporary exemption of the code with regard to the use of select lists until the replacement framework agreements have been formalised. It is anticipated that these can be formalised within 6 months.

5. **ALTERNATIVE OPTION(S) CONSIDERED**

5.1 The amended documents sets out how the District Council's financial arrangements and procurement activities should operate so as to comply with best practice and current legislation. The updated Codes should therefore be accepted in their entirety.

6. **BUDGETARY FRAMEWORK**

6.1 The Code of Financial Practice sets out the Council's budget framework.

6.2 The Code of Contract Practice supports the Councils' budgetary framework.

7. **POLICY FRAMEWORK**

7.1 The Codes of Financial and Contract Practice form part of the Council's Constitution and provide the overall framework under which the Council's finances and procurement activities operate.