

### **3. PROCUREMENT**

#### **AUTHORITY TO INCUR EXPENDITURE**

- 3.1 Each Chief Officer shall have authority to incur expenditure included in the approved Revenue Budget for the service(s) for which he or she is responsible, up to the level of the budget provision, subject to 3.2 below.
- 3.2 For this purpose, a Chief Officer may devolve administration of expenditure to authorised staff in terms of the Council's Authorisation Policy, but the Chief Officer shall normally retain ultimate responsibility for the related budgets. The Authorisation Policy shall also apply within Educational Services notwithstanding that Head Teachers shall be responsible for budgets transferred in terms of the Devolved School Management arrangements.
- 3.3 Except where specific arrangements exist within a Service Level Agreement or for Response Maintenance to Council Housing, expenditure on new buildings or on the alteration, repair or maintenance of existing buildings may not be incurred without technical or professional advice having been sought.
- 3.4 Single items of expenditure relating to the purchase of equipment, supplies, goods, materials or services shall require to be procured in accordance with tendering arrangements and threshold values determined from time to time as disclosed in the Council's Procurement Procedures.
- 3.5 Each Chief Officer shall furnish the Chief Financial Officer with details of authorised signatories for recording in a centrally maintained database and shall notify the Chief Financial Officer promptly on the occasion of any change.
- 3.6 Chief Officers seeking approval to lease assets must obtain advice from the Chief Financial Officer and incorporate such advice into any report presented to a Committee.
- 3.7 Chief Officers seeking to appoint external consultants shall prepare a report outlining the reasons for and nature of the proposed appointment. Where the costs can be met from within approved budgets and the estimated cost does not exceed the limit specified in the Procurement Procedures, the Chief Financial Officer shall have delegated authority to approve the appointment. In all other cases approval of the Service committee shall be required. In each instance, the appointment must be subject to a competitive process unless, when approval is granted, it is agreed that this is not appropriate in the specific circumstances.

- 3.8 Expenditure on repairs, maintenance and jobbing works shall only be authorised when provided by Contractors registered under the terms of the Inland Revenue Construction Industry Scheme.
- 3.9 The Chief Legal Officer shall have delegated authority to settle legal claims against the Council. Any settlements exceeding the value specified in the Procurement Procedures shall be reported to the Policy and Resources Committee for information.

## **ORDERING AND PAYMENT PROCEDURES**

- 3.10 All purchases shall be ordered using the Purchase Management System (PMS) of the Financial Management System (FMS), other IT based ordering systems or instructed and recorded on an official Purchasing Card requisition form, except as provided for in paragraph 3.12 below. Where, in exceptional circumstances, it is impractical to use either of the foregoing methods an official order form may be issued in writing, and a limited supply of these orders shall be made available for this purpose.
- 3.11 Where by reason of urgency or necessity, a verbal order is issued, it must be confirmed as soon as possible using one of the methods referred to in paragraph 3.10 above
- 3.12 Order forms are not required where payments are pre-determined within a Service Level Agreement, for supplies of metered services, non-domestic rates, petty cash purchases, and other such exceptions as approved by the Chief Financial Officer.
- 3.13 Excepting purchasing card transactions, petty cash and other payments due from imprest accounts, the normal method of payment of money due by the Council shall be by cheque or other instrument drawn on the Council's bank account, or by electronic funds transfer arranged by the Chief Financial Officer. No payments shall be made in advance of delivery of goods and services or of completion of works unless prior permission is obtained in writing from the Chief Financial Officer.
- 3.14 The Chief Officer issuing an order shall ensure that effective arrangements are maintained for authorisation of that order in accordance with the Council's Authorisation Policy.
- 3.15 Before payment processing is effected in respect of any transaction, the officer concerned shall be satisfied that:-
- the works goods or services to which the documentation relates have been received, carried out, examined, or approved and the relevant expenditure has been properly incurred.

- the prices, extensions, calculations, trade discounts, other allowances, credits and value added tax are correct.
  - appropriate entries have been made in inventories, stores records or asset registers as required.
  - the documentation has not been previously passed for payment and is a proper liability of the Council.
- 3.16 Payment processing shall be effected through electronic goods receipting on the Purchase Management System; by annotation on the Purchasing Card requisition form; or by certified invoice processed through the Purchase Ledger. The Chief Financial Officer shall arrange for payment by any of the foregoing methods to be examined to the extent that he considers necessary. For this purpose, he shall be entitled to make such inquiries and to receive such information and explanations as he may require.
- 3.17 The Chief Financial Officer and his nominees as defined in the Council's authorisation policy shall have general powers to authorise invoices, refunds, journal entries, or other such vouchers to the extent necessary to secure the effective management of the Council's financial affairs.

## **CONTRACTS - TENDER PROCEDURES**

- 3.18 Chief Officers shall be responsible for procuring works, goods or services in accordance with these Regulations, and with the Council's Procurement Procedures in relation to the letting of tenders and standard contract conditions, subject to approval having been obtained from the Council or its Committees where appropriate. These Officers, in consultation with the Chief Financial Officer and the Chief Legal Officer, shall also ensure compliance with all relevant statutory provisions.
- 3.19 Tendering Procedures for all works, goods and services shall be carried out in accordance with the Procurement Procedures, having regard to all current legislation and specifically to European and UK procurement directives. In particular the process must recognise and take account of the:
- European Union Public Sector Procurement Directive, which provides a single reference point for the procurement of Public Works, Supply of Goods and the Supply of Services together with details of current tendering thresholds.
  - Freedom of Information (Scotland) Act 2002, which determines the levels of information to be disclosed as part of the tendering process in certain circumstances.

- Mandatory Standstill period, which governs the time that must elapse in certain cases between the contract award notification and contract commencement.

3.20 The Procurement Procedures also specify conventions covering methods of inviting tenders that are consistent, transparent and appropriate in ensuring equality of opportunity to potential suppliers whilst providing genuine competition.

3.21 Where the relevant Chief Officer chooses to invite tenders by public advertisement, the following tendering procedures shall be used as appropriate:-

- (i) Open tendering procedure
- (ii) Restricted tendering procedure
- (iii) Negotiated tendering procedure
- (iv) Competitive Dialogue

Details of these procedures and their respective applications are contained within the Procurement Procedures.

All invitations to tender shall be registered on [www.publictender.co.uk](http://www.publictender.co.uk), a free service which benefits the Council by providing valuable contract information to local companies, achieves a more transparent tendering process, and builds strong communication links between suppliers and buyers generally. In exceptional circumstances Chief Officers may additionally advertise in the local press and any other journals where it can be justified that such practice is essential to the tendering process.

3.22 Deleted

3.23 Where the relevant Chief Officer considers that public advertisement is not the appropriate way of procuring works, goods or services for a particular tender, then tenders may be invited from an ad-hoc list of suppliers or contractors providing that adhoc list of suppliers has been subjected to advertisement in the preceding year. The reasons for so doing must be reported to the appropriate Service Committee together with an explanation of how the ad-hoc list has been drawn up prior to the issue of the invitation to tender.

Exceptions may be required when procuring works, goods and services in the following situations

- Special Circumstances
- Staffing
- Specialised or Urgent Contracts
- Contracts for Similar Works

all of which are specified in the Council's Procurement Procedures.

- 3.24 The Council's policy is to accept the tender, which is the most economically advantageous.

The criteria of what is the 'most economically advantageous' shall always include price, but may also include criteria, which the relevant Chief Officer considers appropriate to the individual circumstances. These criteria must be approved by the Chief Legal Officer and may include whole life cost, sustainability issues, environmental impact, time periods for completion or delivery, quality, technical merit, functional characteristics and supplier or contractor performance.

Suppliers or contractors shall be advised of the evaluation criteria to be used in a particular tender to ensure a fair and transparent tendering process.

- 3.25 Tenders for works, goods or services exceeding the value specified in the Procurement Procedures shall be formally accepted on behalf of the Council by the Chief Legal Officer; where the tender sum is below this amount the tender may be accepted by the relevant Chief Officer.

- 3.26 In order to demonstrate fairness, openness and transparency in the tendering process, all tender documents shall be issued, returned and evaluated in a manner consistent with the Council's Procurement Procedures generally and with any additional requirements as specified in the instructions for tendering in any particular contract.

- 3.27 After award of a contract, procedures governing

- Payments to contractors
- Instructions to Contractors for variations to approved capital works
- Claims from contractors in respect of matters not clearly within the terms of any existing contract
- Circumstances where approved costs are likely to be exceeded

shall be as defined in the Council's Procurement Procedures.

- 3.28 It shall be a condition of the engagement of the services of any consultant (not being an Officer of the Council) for the design or supervision of any contract, the carrying out of any investigation or feasibility study, or other assignment that in relation to such engagements they shall comply with these Financial Regulations and with instructions concerning the use of consultants as contained within the Council's Procurement Procedures.