

TAYSIDE CONTRACTS FINANCIAL REGULATIONS

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PART 1 - STANDING FINANCIAL INSTRUCTIONS

1. INTRODUCTION

- 1.1 The Director of Finance (or equivalent) from one of the Constituent Councils is designated as being the Proper Officer for the purpose of Section 95 of the Local Government (Scotland) Act 1973. The current Proper Officer is the Executive Director of Corporate Services, Dundee City Council
- 1.2 The day to day financial administration of Tayside Contracts is undertaken by an employed officer (the Strategic Lead - Finance & Governance), employed by Tayside Contracts and answerable to the Joint Committee directly through the Managing Director, as stated in clause seventeen of the Minute of Agreement. The Proper Officer is empowered to ensure that these arrangements are in place.
- 1.3 The Strategic Lead - Finance & Governance is responsible for liaising with the Proper Officer, in determining the system of accounting control, form of accounts and supporting records, and to ensure that the accounting records are kept up to date.
- 1.4 The Strategic Lead - Finance & Governance shall ensure that Revenue and Capital Budgets are prepared annually from the information available. The Proper Officer shall be consulted on these budgets prior to their submission to the Joint Committee.
- 1.5 Treasury services shall be provided by one of the constituent Councils, as stated in clause seventeen of the Minute of Agreement. This service is currently provided by Dundee City Council.
- 1.6 Tayside Contracts shall at all times endeavour to secure the best value for the resources it uses, and to provide best value in the services it delivers.
- 1.7 All officers and employees of Tayside Contracts shall adhere to the Financial Regulations as detailed, or as may be amended.
- 1.8 Employees designated by the Managing Director as being Heads of Units shall be responsible for ensuring that Financial Regulations are complied with in respect of all matters arising within their Unit. The Proper Officer will monitor the application of the Financial Regulations and may require the Managing Director to take corrective or enforcement action.
- 1.9 In all instances, where additional procedures or guidance notes are applied, full reference to these should be made, and adhered to.

- 1.10 Any breach of the Financial Regulations shall be considered a serious matter and, following a full investigation, may lead to disciplinary action up to and including dismissal.

2. FINANCIAL STRATEGY AND PLANNING

- 2.1 Estimates of capital and revenue expenditure shall be prepared and submitted annually to the Joint Committee for approval by 31 March, for the next financial year.
- 2.2 The submission date of such estimates may be amended providing agreement is reached with the Proper Officer.
- 2.3 Heads of Units in conjunction with the Strategic Lead - Finance & Governance shall be responsible for the preparation and submission of revenue and capital budgets in respect of matters falling within their jurisdiction. These budgets shall be submitted to the Strategic Lead - Finance & Governance, within a timetable set by the Strategic Lead - Finance & Governance.
- 2.4 All reports that have financial implications must be discussed with the Strategic Lead - Finance & Governance and Proper Officer prior to submission to the Joint Committee. Any observations on such reports by the Strategic Lead - Finance & Governance and Proper Officer shall be incorporated into the report.
- 2.5 A medium term financial plan shall be prepared and submitted annually to the Joint Committee for approval by 30 June, for the following three financial years, or more as directed.

3. CAPITAL EXPENDITURE

- 3.1 Expenditure below £15,000 shall be accounted for as revenue expenditure. The Corporate Leadership Team shall consider all capital expenditure proposals above a level of £15,000. Capital expenditure up to £50,000 may be approved by the Managing Director, and up to £100,000 by the Managing Director and the Proper Officer. All capital expenditure in excess of £100,000 shall be submitted to the Joint Committee for approval following discussion with the Proper Officer. These threshold values may be amended in future by approval of the Joint Committee. All capital expenditure above £50,000 not included in the approved budget will be reported to the Joint Committee for noting.

- 3.2 Any developments required by the organisation, through the Joint Committee, at any of the properties owned by the constituent Councils, shall be funded by the constituent Council in whose ownership the property is vested, when financial resources are available. (Reference Minute of Agreement, Clause 13).
- 3.3 Any capital expenditure in respect of heritable property shall be funded by the particular constituent Council which owns or will own the property.
- 3.4 Where it is considered that funding of moveable property (including plant, vehicles and equipment at Collace Quarry) should be by loan capital, then the Joint Committee shall fund the purchase within the terms of the Prudential Code for Local Authorities under the Local Government in Scotland Act 2003, by means of loan funding organised through one of the constituent Councils. (Reference Minute of Agreement, Clause 20 (4)).
- 3.5 The Joint Committee's annual revenue budget shall include a provision in respect of purchase of plant, vehicles, and equipment, and in respect of Collace Quarry buildings, plant, vehicles, and equipment, and shall require the approval of the Joint Committee within the agreed budget timetable.
- 3.6 (Full reference should be made to the Minute of Agreement, Clause 20 (3)).
- 3.7 Capital expenditure that cannot be funded from the Annual Revenue Budget as approved by the Joint Committee shall be considered for funding through operating or finance leases or funding within the terms of the Prudential Code.

4. REVENUE EXPENDITURE

- 4.1 The primary responsibility for detailed monitoring and control of budgets for each Unit lies with the relevant Head of Unit, with assistance from the Finance Service as required.
- 4.2 The Strategic Lead - Finance & Governance has a responsibility to ensure that detailed monitoring by Heads of Units is carried out, and that financial information is provided in a format and within a suitable timescale to allow such monitoring.

- 4.3 The Managing Director shall be responsible for submitting to the Joint Committee on an agreed timetable, reports comparing estimates of income and expenditure with projected outturn and highlighting areas of major variation.

5. EXPENDITURE NOT PROVIDED FOR IN ESTIMATES

- 5.1 As a commercial trading organisation, the financial management of Tayside Contracts requires a degree of flexibility in anticipation of or in response to changing trading conditions. Heads of Units will therefore have authority to deviate from specific budget income and expenditure to meet prevailing business conditions, and will be responsible for reporting any significant variations to the Strategic Lead - Finance & Governance , the Managing Director, and the Corporate Leadership Team. The Strategic Lead - Finance & Governance shall put in place suitable procedures and controls to ensure that all revisions to the capital and revenue estimates can be accommodated within planned limits, and that all such revisions are properly reflected in the financial budgetary systems, and in forecasts reported to the Corporate Leadership Team and the Joint Committee.

- 5.2 The Strategic Lead - Finance & Governance , after consultation with the Managing Director and Proper Officer, may approve any expenditure, which is considered essential in the interest of the organisation, and which, being of an emergency nature requires prompt action. The Managing Director will decide whether to consult with the Convener and Vice Conveners. This will depend on the scale of the expenditure, and the urgency of the situation. Expenditure incurred in these circumstances will be subsequently reported to the next available Joint Committee.

- 5.3 Any such expenditure shall be included in the estimates as soon as possible where the amounts are considered material.

6. ANNUAL REPORT AND ACCOUNTS

- 6.1 An annual Abstract of Accounts and Annual Report shall be prepared and submitted for audit by an auditor appointed by the Controller of Audit as stated in clause eighteen of the Minute of Agreement, and as per any legislative requirements.

6.2 A copy of the unaudited and audited accounts shall be provided annually to the Clerk to the Joint Committee, in accordance with the statutory dates for completion, for presenting to each of the constituent Councils and to the Controller of Audit, as stated in clause eighteen of the Minute of Agreement.

7. ACCOUNTING

7.1 The Strategic Lead - Finance & Governance in conjunction with the Managing Director and Proper Officer shall determine all accounting procedures and the nature and content of all financial records, taking cognisance of statutory requirements and proper accounting practices.

7.2 Whilst the Strategic Lead - Finance & Governance should consult with the Head of Unit concerned when such procedures and records are considered, in the event of any difference of view, the view of the Strategic Lead - Finance & Governance shall prevail.

7.3 All accounts and accounting records of the organisation, including the annual accounts, shall be compiled by the Strategic Lead - Finance & Governance, or under their direction and to their satisfaction.

7.4 Heads of Units have the duty to provide information requested by the Strategic Lead - Finance & Governance for the purpose of maintaining these accounts and records.

7.5 The following principles shall be observed in the allocation of accounting duties:

- i. The duties of providing information regarding sums due to or from the organisation and of calculating, checking, and recording these, shall be separated as completely as possible from the duty of collecting or disbursing them.
- ii. Officers charged with the duty of examining and checking the accounts of cash transactions shall not themselves be engaged in any of these transactions.
- iii. The Strategic Lead - Finance & Governance is responsible for completing or ensuring the

completion of claims for government grants and reimbursement.

8. INTERNAL AUDIT/INTERNAL CONTROL

- 8.1 The Strategic Lead - Finance & Governance shall arrange for the examination and evaluation of the adequacy and effectiveness of internal control, the efficiency with which resources are utilised and the quality of performance in carrying out operations for the organisation.
- 8.2 The Strategic Lead - Finance & Governance shall arrange for the provision of an internal audit service in such a manner deemed to provide an effective, professional service which delivers best value to the Joint Committee. This service may be provided either through directly employed staff, through a shared service arrangement or through an appropriately qualified external body.
- 8.3 The existence of internal audit does not diminish the responsibility of management to establish the extent of internal control in the organisations systems, and management should not depend on internal audit as a substitute for effective controls.
- 8.4 The Proper Officer, Strategic Lead - Finance & Governance , or their authorised representative shall have unrestricted access to premises, property, records, employees, and to receive any explanations deemed necessary concerning any matter under examination.
- 8.5 The internal audit service provider shall principally report to the Strategic Lead - Finance & Governance , with unrestricted access to the Managing Director and to the Proper Officer as required.
- 8.6 Heads of Units are required to notify the Strategic Lead - Finance & Governance of all financial irregularities or suspected irregularities, or of any circumstances which may suggest the possibility of such irregularities, including those affecting cash, materials, contracts, or property in accordance with the Fraud Policy. The Strategic Lead - Finance & Governance shall in turn notify the Managing Director.
- 8.7 Heads of Units shall consult the Strategic Lead - Finance & Governance on development projects affecting financial systems, procedures, or controls, so that appropriate guidance may be given.
- 8.8 All draft Internal Audit reports shall be submitted in the first instance to the Strategic Lead – Finance & Governance and the appropriate Head of Unit to provide formal

management response to the points arising, and subsequently to the Corporate Leadership Team. An annual report, supplemented by appropriate periodic reports, will be submitted to the Joint Committee summarising Internal Audit and control activities, and highlighting all significant findings and action plans.

9. BANKING ARRANGEMENTS

- 9.1 The organisation's main bank account shall be operated through the facilities of one of the constituent Councils, or as otherwise decided by the Joint Committee, with day to day control being the responsibility of the Strategic Lead - Finance & Governance .
- 9.2 All cheques shall be ordered only on the authority of the Strategic Lead - Finance & Governance or Managing Director, who shall make proper arrangements for their safe custody.
- 9.3 The Strategic Lead - Finance & Governance shall control the issue of cheques on behalf of the organisation. Cheques shall bear the signatures of two officers approved for that purpose.
- 9.4 All use of the Bankers Automated Clearing System (BACS), Direct Debit or similar facilities will be in accordance with instructions issued by the Strategic Lead - Finance & Governance .
- 9.5 All use of corporate procurement cards and credit cards will be in accordance with instructions issued by the Strategic Lead - Finance & Governance .

10. SECURITY

- 10.1 Each Head of Unit shall be responsible for proper security at all times of the property (including access to buildings after opening hours), cash, stock, stores, furniture, equipment, records, data etc. under their control. They shall consult with the Strategic Lead - Finance & Governance where security is thought to be defective, or where it is considered that special security arrangements are required.
- 10.2 Keys to safes and similar containers are the responsibility of the designated key holders who shall make suitable arrangements for their security at all times. Every possible step shall be taken to ensure that unauthorised persons do not become aware of the whereabouts of the

keys. The loss of any such keys must be reported to the Head of Unit immediately.

- 10.3 Each Head of Unit shall be responsible for ensuring proper security and confidentiality of information held in computer installations and the use to which such information may be put in accordance with the agreed IT Security Policy. The Managing Director shall make such arrangements as may be required to ensure confidentiality of information under the Data Protection legislation.

11. STOCKS AND STORES

- 11.1 Each Head of Unit shall be responsible for the care and custody of stocks and stores in their Unit, including periodical stock taking and test checks together with an annual stock check.
- 11.2 Stock and stores accounting systems, or alterations to such systems, shall be submitted to the Strategic Lead - Finance & Governance for approval.
- 11.3 Stocks and stores shall not be carried by any Unit in excess of reasonable requirements.
- 11.4 No adjustment in respect of stocks and stores shall be made to write off deficiencies or bring surpluses into account unless authorised by the Strategic Lead - Finance & Governance, or under procedures put in place to control such adjustments.
- 11.5 The Strategic Lead - Finance & Governance shall be entitled to receive from each Head of Unit any information required for the accounting, costing and financial records in relation to stocks and stores.
- 11.6 Surplus materials and stores in excess of £10,000 per item, or such sum as may be determined by the Joint Committee, shall be advertised for sale either by the invitation of sale offers or by public auction, unless in special circumstances of which the Managing Director shall be the sole judge. Such special circumstances shall be reported to the Joint Committee.
- 11.7 Procedures shall be put in place by the Managing Director to ensure that proper control is maintained over disposals of surplus materials

and stores under £10,000 per item, or such sum as may be determined by the Joint Committee.

- 11.8 Stocks and stores of the organisation shall not be removed or used, other than in accordance with the ordinary course of business, except in accordance with specific instructions of the Head of Unit concerned or the Managing Director.

12. ASSETS (NON-STOCK)

- 12.1 Each Head of Unit shall maintain inventories, in such form as specified by the Strategic Lead - Finance & Governance , of equipment (including computer equipment), machinery, scientific apparatus and other valuable property. Such inventories of assets are to be kept up to date throughout the year, and are to include items in excess of £1,000 or such value as specified by the Strategic Lead - Finance & Governance .

- 12.2 A return of such inventories shall be submitted to the Strategic Lead - Finance & Governance , by Heads of Units, when requested.

- 12.3 The property of the organisation shall not be removed or used, other than in accordance with the ordinary course of business, except in accordance with specific instructions of the Head of Unit concerned or the Managing Director.

- 12.4 Surplus assets in excess of £10,000 per item, or such sum as may be determined by the Joint Committee, shall be advertised for sale either by the invitation of sale offers or by public auction, unless in special circumstances of which the Managing Director shall be the sole judge. Such special circumstances shall be reported to the Joint Committee.

- 12.5 Procedures shall be put in place by the Managing Director to ensure that proper control is maintained over disposals of surplus assets under £10,000 per item, or such sum as may be determined by the Joint Committee.

13. INCOME

- 13.1 The Strategic Lead - Finance & Governance shall be responsible for ensuring the adequacy of arrangements for the recording of all income due to the organisation, and for the proper collection, custody,

control, and banking of all monies in all units of the organisation.

- 13.2 Details of all charges to be made for work done and services rendered, or for goods supplied by the organisation, and of all other amounts due to the organisation, shall be promptly notified to the Strategic Lead - Finance & Governance in an approved form.
- 13.3 Income arising from work done and services rendered, or for goods supplied by the organisation, and not paid for at the time must be the subject of accounts being rendered, and Heads of Units in conjunction with the Strategic Lead - Finance & Governance shall ensure the prompt issue and rendering of such accounts.
- 13.4 All accounts due to the organisation shall be rendered by, or under arrangements approved by, the Strategic Lead - Finance & Governance .
- 13.5 Only official Tayside Contracts invoices are to be issued for income where credit payment terms are authorised. Authorisation for Credit Payment terms must be submitted to the Strategic Lead - Finance & Governance or the officer designated by the Strategic Lead - Finance & Governance for approval.
- 13.6 All documents used in relation to income shall be in a form approved by the Strategic Lead - Finance & Governance , who shall satisfy themselves as to the arrangement for the ordering, supply, and control of such documents by each unit.
- 13.7 Each unit shall retain all such complete documents for a period stipulated by the Strategic Lead - Finance & Governance.
- 13.8 All monies received on behalf of the organisation shall be deposited with the Strategic Lead - Finance & Governance , or the organisation's bankers in accordance with the arrangements made by the Strategic Lead - Finance & Governance . No deduction may be made from, or payments made out of, such monies except where specifically authorised by the Strategic Lead - Finance & Governance .
- 13.9 No officer shall give a receipt for money received on behalf of the organisation on any form other than in a format approved by the Strategic Lead - Finance & Governance .

- 13.10 Personal cheques shall not be cashed out of monies held on behalf of the organisation.
- 13.11 All transfers of official monies shall be evidenced in the records of the departments concerned by the signature of the receiving person.
- 13.12 The Strategic Lead - Finance & Governance is authorised to write off bad debts of up to £50,000 without reference to the Joint Committee after all steps to recover the debt have been exhausted.

14. IMPREST ACCOUNTS

- 14.1 The Strategic Lead - Finance & Governance shall make appropriate imprest advances to officers as they consider necessary for the purposes of defraying petty cash and other expenses, or as a change float for cash collection duties.
- 14.2 Payments from petty cash imprests shall be limited to items of a minor nature, or other items of expenditure of a type or value as may have been approved in advance by the Strategic Lead - Finance & Governance . Cash received on behalf of the organisation shall not be used to defray such expenditure.
- 14.3 The Strategic Lead - Finance & Governance shall specify the conditions relating to the proper security for money advanced in this manner.
- 14.4 Officers nominated by a Head of Unit shall be responsible for such advances, including the keeping of cash and stamps in a safe and lock fast place. Imprest holders shall account for the total amount advanced on leaving the service of the organisation or when required by the Strategic Lead - Finance & Governance .

15. ORDERS FOR WORKS, GOODS AND SERVICES

- 15.1 Each Head of Unit shall be responsible for all orders issued by their Unit.
- 15.2 Each Head of Unit shall be responsible for ensuring that the costs of such orders are allocated to the appropriate budget, and are covered by the approved estimates, or in consultation with the Strategic Lead - Finance & Governance for items of a works nature.

- 15.3 Electronic Purchase Orders shall be issued for all goods and services to be supplied with the exception of public utility services, periodical payments such as rent and rates, petty cash expenditure, purchases made through the internet using a Tayside Contracts credit card, orders made direct to suppliers by electronic means, or other such exceptions as the Strategic Lead - Finance & Governance may approve. All purchase orders must follow the correct procurement process and be arranged and authorised prior to the expenditure being committed.
- 15.4 Orders shall clearly indicate the quantity of goods, the nature of the work or service and whether these are covered by contract or by an agreed price specified on the order.
- 15.5 Only officers authorised by the appropriate Head of Unit shall approve official orders. A hierarchy of personnel authorised to approve electronic orders is contained within the electronic order system and numbers of such authorised officers and their levels of delegated authority shall be determined in agreement with the Strategic Lead - Finance & Governance . The levels of delegation to the Corporate Leadership Team and Heads of Units shall be determined by the Managing Director, within limits agreed with the Proper Officer. A formal list of delegated authority levels shall be maintained by the Strategic Lead - Finance & Governance .
- 15.6 Where authority is delegated for the approval of orders, the names of the officers who hold the delegated authority, their levels of delegated authority, and specimens of their signatures should be held by the Strategic Lead - Finance & Governance and staff responsible for accounts payable.
- 15.7 Daily food supplies will be ordered by the Head Caterer within an establishment.
- 15.8 All contracts entered into shall, where applicable, comply with the organisation's tendering procedures.

16. PAYMENT OF ACCOUNTS

- 16.1 The officer authorised for issuing orders is responsible for the examination and verification of the orders.

- 16.2 Where possible, arrangements should be made by each Head of Unit, for the separation of the authorisation of orders, as distinct from goods received notes or any other process that involves the certification of invoices. Variations to these arrangements are subject to the approval of the Strategic Lead - Finance & Governance .
- 16.3 Goods received notes for electronic orders must be processed on the financial system immediately or as soon as practicably possible following receipt of the goods or services. For all order methods, the goods received note must be signed by the appropriate receiving officer without delay.
- 16.4 Electronic orders which are 3-way matched, i.e. the order, the goods received note and the invoice all agree, within pre-set system tolerances agreed with the Strategic Lead - Finance & Governance , will be automatically approved for payment.
- 16.5 Before certifying invoices, payment vouchers, goods received notes, documents or accounts, the certifying officer shall have satisfied themselves with regard to:-
- i. The work, goods, or services to which the document relates have been received, carried out, examined, and approved and deemed to be satisfactory as regards quality and quantity, and are in accordance with the official order.
 - ii. The correctness of prices, discounts, and arithmetic.
 - iii. Non duplication of payments.
 - iv. Expenditure being within the estimates.
 - v. The invoice is a proper VAT document, and the VAT element is properly chargeable.
 - vi. Expenditure has been properly allocated to the appropriate expenditure head.

vii. Appropriate entries have been made in inventories, stores records etc as required.

- 16.6 Invoices and claims shall be examined by Units promptly and entered into the payments system in accordance with the procedures prescribed by the Strategic Lead - Finance & Governance . Certification of invoices shall be made without undue delay and within suppliers normal terms so that maximum discounts can be claimed.
- 16.7 The Strategic Lead - Finance & Governance shall be responsible, as far as considered necessary, for all invoices and claims passed for payment, and shall make such enquiries and receive such information and explanations, as may be required.
- 16.8 Payment shall not be made on duplicated invoices, statements, or photocopied invoices unless the appropriate officer certifies in writing that the amount in question has not previously been paid.
- 16.9 All accounts between Units shall be certified and initialled by the appropriate officers and the corresponding entries made in the books of account of the Units concerned within a period of two months from the date of issue. In the event of Units failing to agree as to the liability for the account or amount, the matter shall be referred to the Managing Director and the Strategic Lead - Finance & Governance for final determination.
- 16.10 Each Head of Unit shall notify the Strategic Lead - Finance & Governance as soon as possible after 31 March in each year, and not later than a date to be notified by the Strategic Lead - Finance & Governance , of all outstanding expenditure relating to the previous financial year.
- 16.11 Payments to the constituent Councils in respect of accrued surpluses may be authorised by the Strategic Lead - Finance & Governance .

17. TERMS AND CONDITIONS OF EMPLOYMENT AND PAYROLL ADMINISTRATION

- 17.1 Arrangements for the payment of all salaries, wages, pensions, compensation and other emoluments to all employees or former employees of the organisation shall be the responsibility of the Managing Director, delegated to the Head of Facilities Management and Human Resources Services, who has responsibility for the human resources and payroll functions.

- 17.2 All pay and conditions of employment for Tayside Contracts employees (with the exception of Chief Officers whose employment is regulated by the Joint Negotiating Committee for Chief Officials of Local Authorities (Scotland)) are regulated by the National Agreement on Pay and Conditions of Service of the Scottish Joint Council for Local Government Employees and by the terms and conditions detailed in Tayside Contracts' Terms and Conditions of Employment Handbook.
- 17.3 Any subsequent changes to an employee's terms and conditions of employment will be determined by collective agreements negotiated with the Scottish Joint Council for Local Government Employees as embodied in the National Agreement on Pay and Conditions of Service and/or as amended/supplemented by local collective agreements negotiated between Tayside Contracts and the appropriate trade union(s).
- 17.4 For Chief Officers any subsequent changes will be determined by changes agreed by the Joint Negotiating Committee for Chief Officials of Local Authorities (Scotland) or with the approval of the Tayside Contracts Joint Committee.
- 17.5 All payments for all employees are regulated and controlled by the Establishment Control and Vacancy Management Policy and the associated Authorised Signatory List and other human resources and payroll proformas, which have been approved by the Corporate Leadership Team.
- 17.6 Heads of Units shall conform to the requirements of the Establishment Control and Vacancy Management Policy and associated documents relating to payroll expenditure which will be monitored and controlled by the Human Resources (HR) Manager and the Business Support Manager to ensure the maintenance of controls, checks, submission of documents, records, procedures, and timetables for data processing.
- 17.7 The HR Manager and the Business Support Manager shall maintain the Authorised signatory list (including specimen signatures) which details the level of delegated authority each manager has for authorising all payroll related expenditure.
- 17.8 Any changes to the Authorised Signatory List can only be made by the

HR Manager under the instruction of the Managing Director or the relevant Corporate Management Team member, in accordance with the provisions of the Establishment Control and Vacancy Management Policy and associated Authorised signatory List.

18. CONTRACT HIRE

- 18.1 Employees who meet the qualification criteria under the above scheme, may make application to participate in these schemes, subject to the criteria set by the organisation.
- 18.2 The Managing Director is authorised to approve applications provided they are satisfied as to the financial ability of the applicant to meet the necessary commitment. Applications are subject to the terms and conditions of the above schemes.
- 18.3 The officer designated responsible for payroll processing shall thereafter make the appropriate deductions from the employee's salary or wage, and in the event of the employee leaving, may recover any outstanding sums due from any payments to be made to the employee.

19. INSURANCE

- 19.1 The Strategic Lead - Finance & Governance shall be responsible for arranging all insurance cover and negotiating claims, in consultation with other Heads of Units.
- 19.2 Each Head of Unit shall give prompt notification to the Strategic Lead - Finance & Governance of potential liabilities, property or vehicles that require to be insured or affect existing insurances.
- 19.3 Each Head of Unit shall immediately notify the Strategic Lead - Finance & Governance in writing of any loss of property, liability, or damage in connection with their unit, whether or not covered by insurance.
- 19.4 The Strategic Lead - Finance & Governance shall annually or as necessary, review all insurances, in consultation with Heads of Units where necessary.
- 19.5 All employees of the organisation shall be included in a fidelity

guarantee insurance policy.

20. EXPENDITURE ON HOSPITALITY

- 20.1 Requests or proposals for the provision of hospitality or entertainment of persons or bodies visiting the organisation, or for functions considered necessary for maintaining the dignity or standing of the organisation, shall be dealt with by the Managing Director in consultation with the Strategic Lead - Finance & Governance .
- 20.2 A Head of Unit may authorise or incur expenditure not exceeding £300, or such sum as may be determined by the Managing Director, on any one occasion on the provision of appropriate hospitality to members of the constituent councils, officers of Government, Local Authorities, firms, consultants, or others who are assisting or co-operating with officers of the organisation in carrying out any of the functions of the organisation. Such expenditure shall be charged to the unit concerned.
- 20.3 Such provision of hospitality is subject to the limitations of the amounts included in the budget for any one year.
- 20.4 A record of all such hospitality or entertainment shall be kept in a format and location to be determined by the Managing Director.

21. APPOINTMENT OF EMPLOYEES

- 21.1 The appointment of all employees shall be based on merit.
- 21.2 Appointment to the post of Managing Director of Tayside Contracts and all other employees employed under the Chief Officials terms and conditions shall be made by the Joint Committee or the General Purposes Sub Committee of the Joint Committee.
- 21.3 The Managing Director of Tayside Contracts shall have delegated responsibility for the appointment of all other staff as considered necessary in accordance with the provisions of the Scheme of Delegated Powers which is approved by the Tayside Contracts Joint Committee.

22. RESTRICTION ON OTHER EMPLOYMENT

- 22.1 A person who is in full time employment of the organisation shall not

engage in any other regular remunerative employment without the sanction or approval of the Managing Director in accordance with the Employee Code of Conduct.

- 22.2 No person in employment of the organisation shall engage in any work in competition with any section of the organisation.

23. FEES AND COMMISSIONS

- 23.1 No person employed by the organisation shall be entitled to retain any fee, commission or other payment collected or received as a result of their office or employment except with the consent of the Managing Director, in consultation with the Strategic Lead - Finance & Governance.

24. GRATUITIES

- 24.1 Except where the retention of any fee or commission has been duly authorised under Financial Regulations, Standing Orders or otherwise, an employee of the organisation shall not accept any gift (other than minor tokens of an advertising nature), gratuity, bonus, or reward in accordance with the Hospitality and Gifts Policy.
- 24.2 This Financial Regulation shall apply to any gift of a value exceeding £50, which is recorded within 21 days in a register kept for that purpose by the Managing Director. It does not apply to reasonable hospitality received directly in connection with any meeting, function, or conference at which the employee is representing the organisation.

25. PUBLIC NOTICES, INVITATIONS TO TENDER

- 25.1 Subject to the provisions of any enactment, all public notices, advertisements and invitations to tender, whether by press advertisement or otherwise, required to be given by or on behalf of the organisation or any unit thereof, shall be made by and in the name of the Head of the Unit concerned or the Managing Director.

26. TREASURY MANAGEMENT

- 26.1 The Proper Officer and their staff shall observe the guidance laid down in the CIPFA Code of Treasury Management in Local Authorities.

27. DELEGATION OF AUTHORITY

- 27.1 The Managing Director has overall authority and responsibility for all functions and operations conducted by the organisation but may delegate specific authority for any aspects deemed necessary to ensure the economy, efficiency, and effectiveness of the organisation.

28. REVISION OF FINANCIAL REGULATIONS

- 28.1 The foregoing Financial Regulations may be altered or revoked by the Joint Committee provided that the motion for alteration or revocation is supported by the required majority of the members of the Joint Committee present and voting as specified in the Minute of Agreement and Standing Orders.

PART 2 – CONTRACTS

1. PRINCIPLES

- 1.1 The procurement process leading to the award of contracts will seek to achieve best value.
- 1.2 In securing best value, a balance will be maintained between the cost and quality of the supplies, services or works being contracted.
- 1.3 In maintaining the balance between cost and quality regard will be given to efficiency, effectiveness, economy, sustainability, and the need to meet equal opportunities requirements.

2. PROCESSES

- 2.1 The World Trade Organizations Agreement on Government Procurement (WTO GPA) will be adhered to when thresholds are reached for supply, service, or work contracts. It should be noted that thresholds relate to total expenditure values over the term of the contract, and not to the annual expenditure value. In addition, Scottish Procurement legislation will be adhered to when limits are reached for supply, service or works contracts. Similarly, this is for the total expenditure values over the term of the contracts, and not for the annual expenditure value.
- 2.2 Where collaborative contracts have been established through either the UK Government, Scottish Procurement Directorate, Scotland Excel,

or any other collaborative body in which Tayside Contracts is entitled to participate, orders may be placed against these contracts without the need for any tendering exercise by Tayside Contracts. However, it may be deemed that best value will be achieved through the running of a mini competition.

3. PROCEDURES FOR CONTRACTS BELOW SCOTTISH PROCUREMENT THRESHOLD LEVELS

3.1 Where contract values fall below Scottish procurement thresholds, the aim of achieving best value through adoption of good procurement practices remains. The following procedures will be followed, applying practices that broadly align with the processes required by Scottish legislation and the World Trade Organizations Agreement on Government Procurement.

3.1.1 REQUEST FOR GOODS & SERVICES

- i. Any contract of employment.
- II. Any contract for the provision of consultancy or other professional services not constituting a defined activity for the purposes of the Local Government Act 1988, as amended by the Local Government in Scotland Act 2003.
- III. Any contract relating to the acquisition or disposal of land or any interest therein.
- IV. Any contract below £10,000 for supplies and services unless otherwise stated.
- V. Any contract for supplies, services, or works that in the opinion of the Head of Unit controlling the expenditure involved, and after consultation with the Managing Director and/or Strategic Lead - Finance & Governance where practicable, are urgently required to meet the exigencies of the Unit.
- VI. Contracts may be exempted by the organisation from any or all of the provisions of this part of the financial regulations, provided that the Managing Director or Head of Unit is satisfied that the exemption is justified by special circumstances. Such special circumstance may include but is not limited to specialist activities, contractor availability, or commercial factors.

3.2.2 Procedures for procuring these contracts will be specified in subsequent sections.

3.2 INVITATION OF TENDERS

3.2.1 GENERAL

- I. Tenders will be invited from people or organisations placed on the Public Contracts Scotland portal which is open to all suppliers. Where appropriate collaborative contracts have been established, approved lists will comprise those suppliers successfully accepted onto the relevant contracts. Otherwise, approved frameworks will be developed and maintained through appropriate application and review processes. Selection of contractors from whom tenders are invited will be made through suitably objective and predetermined criteria, and evaluation of tenders will also be by suitably objective and predetermined criteria.
- II. In all cases tenders shall be sought from at least three people or organisations, where possible.

3.2.2 SUPPLIES AND SERVICES

- I. The Managing Director or designated officer to whom such responsibility has been specifically delegated, shall be responsible for the issue of contract documents to those suppliers and contractors selected as set out above.
- II. Full tender documents that are issued shall contain a "Tender Offer" page on which the tenderer's formal offer shall be made.
- III. Tender documentation will be published through the Public Contracts Scotland (PCS) website and returned following the instructions provided. This will require tenders to be returned electronically to the Procurement Manager. Should the specified return instructions not be adhered to, the tender may not, at the discretion of the Strategic Lead - Finance & Governance or Managing Director, be considered.
- IV. Each set of contract documents that are issued shall clearly state that all suppliers or contractors must comply with anti-bribery and corruption legislation.
- V. Bidders may be excluded from the procurement process if specified

offences have been committed and the self-cleansing measures taken are insufficient to demonstrate reliability e.g., corruption, bribery, money laundering or certain types of fraud.

VI. Contract documents issued shall, where necessary, include reference to the following information required from each tenderer: -

1. Background information, including details of consortia or sub-contractor involvement
2. Suitability
3. Economic and Financial Standing, including insurance cover
4. Technical and Professional Ability
5. Quality Assurance Schemes and Environmental Management Standards
6. Business Probity
7. Supply Operations and Quality
8. Sustainability
9. Any other information specific to the contract being tendered.

3.2.3 WORKS

- I. There is a difference between the procedures adopted for supply and service tenders and works tenders. Works tenders can be sought as part of the submission of main contract tenders for works to be undertaken by the in-house labor force. These subcontract tenders are provided to assist the completion of the main contract tender and as such are often provided in an ad hoc manner and to exacting timescales. In order to accommodate normal commercial practice when dealing with subcontract tenders it is necessary to adopt procedures that provide a greater degree of flexibility than would be required for supply and service tenders. It is recognised that a balance must be achieved between commercial practice and public accountability, and the procedures below seek to achieve that balance in securing the most economically advantageous tender.

- II. The Head of Unit or an officer to whom the work is delegated shall ensure that tender information describing works is sufficient for the purpose of receiving offers that fully meet contract requirements. The tender information need not be in any prescribed format, but it must fully convey the requirements of a concluded contract.
- III. The offers received may be verbal or written but verbal offers must be evidenced in writing at the time the verbal offer is made and followed up with a written offer.
- IV. There is no requirement for a prescribed date of tender return. The tender period will be considered closed when a contract for the works is concluded between the parties.
- V. All offers shall be recorded and retained with the contract documentation. All tenders accepted in excess of £50,000 for goods/services and £100,000 for works must be reported to the Joint Committee for noting.

3.3 OPENING OF TENDERS

3.3.1 SUPPLIES AND SERVICES

- I. Tenders should be received electronically through the Public Contracts Scotland portal. The electronic post box will be unlocked by two members of staff who will be nominated at the time of tendering.
- II. If the tender has been returned late there is an option for it to be opened or not. If it is opened, then a reason for accepting or not can be logged on to the Public Contracts Scotland portal.
- III. Details of all submissions will be retained on the

Public Contracts Scotland website, downloaded and saved in the procurement folders.

- IV. If there becomes a requirement that is not covered by a framework and the value does not exceed the values of the Procurement Reform (Scotland) Act 2014 (currently £50,000), the Procurement Manager will retain a record of the appropriate process that is undertaken.

3.3.2 WORKS

- I. Tenders shall be placed in tender files as and when they are received.
- II. All tenders shall be held for the prescribed timescales in accordance with Procurement best practice.

3.4 CONTRACT VALUE/ROUTE TO MARKET

| Nature of Contract | Contract Value | Route to Market | Engagement Required |
|--------------------|-----------------------|--------------------|--|
| Goods / Services | £1 - £9,999 | Most appropriate | Service to determine the most appropriate route, to determine best value |
| | £10,000 - £49,999 | PCS Quick Quote | Minimum 3 quotes * |
| | £10,000 - £49,999 ** | PCS Website Notice | No restriction, open to all registering Category interest on PCS Website. PCS will automatically forward all exercises above WTO GPA thresholds to the UK "Find A Tender" |
| | £50,000 - £213, 476 | | |
| | £213,477+ | | |
| Works | £1 - £9,999 | Most appropriate | Service to determine the most appropriate route , to determine best value |
| | £10,000 - £249,999 | PCS Quick Quote | Minimum 3 quotes * |
| | £10,000 - £249,999 ** | PCS Website Notice | No restriction, open to all registering Category interest on PCS Website. PCS will automatically forward all exercises above WTO GPA thresholds to the UK "Find A Tender" |
| | £250,000 - £5,336,936 | | |
| | £5,336,936 | | |

* At least one local provider (where applicable) must be invited.

* Invitations should be rotated where larger supply bases exist in order to explore offering and provide opportunities to those you have no previous experience of.

** To be used where Quick Quote minimum quote criteria cannot be met, or the size of the market is unknown.

3.5 CHECKING OF TENDERS

3.5.1 Tenders shall be checked by an officer so delegated, and a record kept detailing the tender documents issued and received via Public Contracts Scotland

3.5.2 Where necessary a report shall be prepared for the Head of Unit containing a specific recommendation as to the acceptance of a tender or otherwise, a statement of costs and comparison with any previous estimate. The evaluation of tenders shall consider all criteria required to determine the tender which offers best value in terms of price, quality and service and is consistent with the requirements of equality and sustainability policies.

3.5.3 Where the Head of Unit is unable to recommend acceptance of any of the tenders submitted and considers that fresh tenders should be sought, they shall be entitled to seek such fresh tenders after discussion with the Managing Director, and prior to reporting to the Joint Committee.

3.5.4 Prior to acceptance or otherwise of submitted tenders, checks shall be made as to the accuracy of extensions or summations, and appropriate amendments made to the total sum quoted in the tender where required.

3.5.5 If on examination of the tender it is discovered that a tenderer has not complied with the requirements of the contract documentation, contact may be made with the tenderer. Where the tender does not meet the minimum requirements of the specification, the tender may be rejected at this point with no further evaluation in respect of prices quoted.

3.5.6 Such contact shall be limited to ascertaining if the tenderer is prepared to conform to the requirements of the contract documentation, without amendment to the total sum quoted in their tender.

3.5.7 Any tenderer who does not confirm this requirement shall have his tender rejected.

3.5.8 A full record of such contact shall be made and retained with the original tender.

3.5.9 Contact may also be made where it is considered that a tenderer has made a major error in the tender.

3.5.10 Such contact shall be limited to ascertaining if the tenderer wishes to confirm the tender as it stands, subject to arithmetical correction, or wishes to withdraw the tender.

3.5.11 A full record of such contact shall be made and retained with the original tender.

3.5.12 The Managing Director or, an officer to whom such responsibility has been specifically delegated, may authorise that contact be made with the contractor who has submitted the lowest tender, in order to clarify details within their tender submission, or to further negotiate elements of the tender submission in order to derive best value to Tayside Contracts.

3.5.13 A full record of such contact shall be made and retained with the original tender.

3.6 ACCEPTANCE OF TENDERS

3.6.1 The tender, which in the opinion of the Managing Director or Head of Unit, or an officer specifically delegated, provides best value, shall be accepted. The criteria on which the evaluation is based should be pre-determined to enable an objective and transparent selection.

3.6.2 Where a tender which is not the best value is being recommended, the matter shall be reported to the Head of Unit with the reasons why this tender should be accepted.

3.6.3 Once any contract has been agreed internally on a regulated, over £50,000 procurement exercise the appropriate mandatory standstill period of 10 days will commence. If this passes without any challenge, the Procurement Manager will write to the winning tenderer to commence the process and conclude the contract offer.

4. PROCEDURES FOR CONTRACTS LESS THAN £10,000

4.1.1 In the case of contracts where the estimated price is below £10,000, or such sum as may be determined by the Joint Committee, written quotations shall be sought from at least three persons or organisations on the approved framework or suitable supplier if required.

4.1.2 Information sufficient to confirm the sources and prices quoted shall be documented and retained for future reference.

4.1.3 An officer specifically delegated, via the Procurement Manager, may, after it has been confirmed in writing, accept any such quotation. Written acceptance must be retained in accordance with Tayside Contracts' retention policy.

5. PROCEDURES FOR CONTRACTS URGENTLY REQUIRED

- 5.1.1 Where practicable, written quotations shall be sought from at least three people or organisations competent to undertake the contract.
- 5.1.2 Information sufficient to confirm the sources and prices quoted shall be documented and retained for future reference.
- 5.1.3 An officer specifically delegated via the Procurement Manager may accept any such quotation. Written acceptance must be retained in accordance with Tay Contracts' retention policy.

6. PROCEDURES WHERE SPECIAL CIRCUMSTANCES IS INVOKED

- 6.1.1 The Managing Director or Head of Unit must specifically authorise the departure from regulations and a written record must be kept of the circumstance and the departure agreed.
- 6.1.2 All other procedures relating to the tender must be adhered to.

7. PLANT OR VEHICLE HIRING

- 7.1.1 Where prices are sought on an annual basis, or other such frequency as determined by the Managing Director, the tendering procedures as detailed above shall be followed as far as possible.
- 7.1.2 Where plant or vehicles are required in emergency situations, in particular where suppliers accepted onto a framework contract are insufficient to meet emergency needs, plant or vehicles may be hired from alternative suppliers held on an approved emergency supply list.

8. DELEGATION OF AUTHORITY

- 8.1.1 The Managing Director has overall authority and responsibility for contractual procedures but may delegate specific authority for any aspects deemed necessary to ensure the effectiveness and efficiency of the organisation.

PART 3 - BUDGETARY CONTROL FRAMEWORK

Roles and Responsibilities of Budget Holders/ Finance Staff Within the Budgetary Control Framework

1. INTRODUCTON

- 1.1.1 Sound Financial management is a fundamental building block of a successful, high quality service. It is not just about recording and monitoring expenditure, but about planning to meet new developments, knowing how money is spent, whether it is giving good value and how extra investment can be best used to improve services.
- 1.1.2 Tayside Contracts has a responsibility to prepare and submit financial plans in conjunction with the three constituent Councils and must deliver the level of services required by the Councils.
- 1.1.3 Tayside Contracts budget cycle will be coordinated with the business planning arrangements and timetables as approved by the Corporate Leadership Team. The annual budget will be submitted to the Joint Committee for approval at the March meeting prior to the start of the financial year to which the budget relates.

2. SCHEME OF DELEGATION

- 2.1.1 Overall responsibility for budgetary control rests with the Managing Director. The Managing Director will, in turn delegate the responsibility for overall budgets to the Strategic Lead - Finance & Governance who is accountable to the Managing Director and the Joint Committee for the financial performance of Tayside Contracts. The Managing Director, in accordance with Tayside Contracts Finance Regulations will delegate responsibility of a budget to Heads of Unit within Tayside Contracts, to permit the performance of defined activities. The delegated first line responsibility for the control of a budget or part of a budget therefore lies with the Head of Unit.

3. RESPONSIBILITY OF THE HEAD OF UNIT

3.1 Heads of Units are responsible for ensuring that:

- 3.1.1 Expenditure is contained within the budgets allocated, within the terms of Schemes of Delegation.
- 3.1.2 Expenditure is only incurred relating to the terms for which the budget was approved.
- 3.1.3 Employees are only appointed within the constraints of the budgeted establishment.

- 3.1.4 The procedures for ordering goods and services or committing Tayside Contracts to expenditure are tightly controlled and are in accordance with Tayside Contracts' Financial Regulations.
- 3.1.5 Budget variances arising as a result of an overspend position (either through an excess of expenditure or a shortfall in income) are investigated and corrective action is taken promptly.
- 3.1.6 Any substantial slippage of funds arising from delays in the implementation of projects are reported to the Corporate Leadership Team.
- 3.1.7 Expenditure for which no provision has been made in an approved budget shall only be incurred after authorisation by the Corporate Leadership Team or the Managing Director.
- 3.1.8 Budgetary limits are not exceeded, and control procedures set by the Managing Director, are strictly observed.

3.2 Heads of Units have delegated authority to:

- 3.2.1 Manage a budget or part of a budget, to permit the performance of defined activities. The terms of delegation include a clear definition of individual and group responsibilities for control of expenditure, achievement of planned levels of service and the provision of regular reports upon the discharge of those delegated functions to the Managing Director.
- 3.2.2 Heads of Unit do not have the power to transfer funding from one main budgetary heading to another even if both are within the Head of Units remit. A main budgetary heading in this context is any of the following headings:

- I. Catering Services
- II. Facilities Management Services
- III. Support Services
- IV. Roads Maintenance Services
- V. Street Lighting Services

- VI. Quarry Services
- VII. Transport/Fleet Management Services
- VIII. Sign Shop Services

3.2.3 If a transfer of funds is required between main budgetary headings, authorisation is required by the Corporate Leadership Team.

4.1 RESPONSIBILITY OF FINANCE STAFF

4.1.1 The Strategic Lead - Finance & Governance and/or his/her finance staff are responsible for assisting Budget Holders in monitoring budgets through the provision of management accountancy support and providing Budget Holders with detailed financial information and advice.

4.1.2 Whilst the Strategic Lead - Finance & Governance and/or his/her staff will provide information and financial advice, the first line responsibility for the control of the budget clearly rests with the Budget Holder.

4.2 The Strategic Lead - Finance & Governance and/or his/her finance staff will:

4.2.1 Meet with Budget Holders on a regular basis (to be agreed with each Budget Holder) to discuss financial monitor reports, commentaries, and any relevant financial issues, with the purpose of ensuring that resources are used for their intended purpose and are properly accounted for. Particular emphasis should be made on corrective action required as a result of significant variances. It is incumbent on both parties to ensure that these meetings take place. A record of the meetings held including formal note of the action points raised and actions taken to address the points raised should be kept and filed.

4.2.2 Provide timely and accurate budget monitoring information with financial commitments recognised as soon as possible and reflected in financial monitor reports to ensure that Budget Holders can properly control costs.

4.2.3 Be expected to provide Budget Holders with detailed monthly financial monitor reports, showing:

- I. Current year budgets for income and expenditure.
- II. Income and expenditure to date against budget to date, the variances being the difference between actual and budgeted amounts to date and projected financial year end outturns.

- 4.2.4 Provide Budget Holders with explanations for any changes in the approved budget.
- 4.2.5 Provide accurate and timely information to provide 'early warning' of problems so that prompt corrective action can be taken where necessary.
- 4.2.6 Provide Budget Holders with explanations for any changes in the approved budget.
- 4.2.7 Provide accurate and timely information to provide 'early warning' of problems so that prompt corrective action can be taken where necessary.
- 4.2.8 Provide financial monitor reports in sufficient detail to ensure all significant variances are identified so that any necessary corrective action can be properly identified.
- 4.2.9 Assist Budget Holders in monitoring budgets through the provision of management accounting support and the provision of detailed financial information, where appropriate.
- 4.2.10 Provide monthly commentaries on each Budget Holders financial position identifying, as far as is reasonably possible, areas for investigation by budget holders, trends etc.
- 4.2.11 Determine the phasing of budgets, allocated to Budget Holders, prior to the commencement of the financial year and ensure that financial reports are produced on the appropriately phased basis. If necessary budgets will be re-phased in year, after discussion with Budget Holders.
- 4.2.12 Provide advice on all aspects of budgetary control and training where required
- 4.2.13 Submit monthly financial report to the Corporate Leadership Team and the Joint Committee. The reporting of performance against budget and the corrective action taken as a result is an essential element of financial management in Tayside Contracts.

5. SETTING OF BUDGETS AT BUDGET HOLDER LEVEL

5.1.1 Tayside Contracts uses a budget setting process aligned with service needs in conjunction with the Constituent Councils. Each year budgets are set based on an agreed set of principles that provide a baseline budget for the year. Budgets are agreed with each of the Service Managers/Budget Holders, with pressures and developments identified and reviewed before inclusion in the budget.

5.1.2 Budgets for each financial year are prepared in the six-month period to the commencement of the financial year in question. The steps involved in the process are as follows:

- I. Detailed budget templates are completed by finance staff, using the agreed set of principles. Pay costs are based on current staff in post aligned to workforce places/current workforce establishments and adjusted for known and anticipated pay awards, uplifts etc. No pay costs are based on historical trends adjusted for price uplifts and known growth.
- II. Discussions with the Heads of Unit and Corporate Leadership Team take place to review the data and assumptions. Areas of cost pressures and investment are discussed and collated. Following the appropriate governance route for each the investment will be included in the budget.
- III. Discussion and agreement of the budgets will take place with appropriate Officers within the Constituent Councils.
- IV. A medium term financial plan, for a three year period, will be produced. It will detail the total annual income available, including baseline uplifts and additional anticipated income, against the total annual projected expenditure for each financial year.

5.1.3 Following completion of the process, individual budgets are set and will include anticipated monthly phasing. The detailed budgets will be monitored within the budgetary control monitoring system to ensure that resources are used for their intended purposes and are properly accounted for. Monthly financial monitor reports are prepared from

May onwards. The reporting of performance against budget and the corrective action taken is an essential element of financial management in Tayside Contract