

## **APPENDIX 9**

### **FINANCIAL PRACTICE OF THE BOARD**

#### **1. SIGNING OF CHEQUES**

- (a) Up to £3,000 to be signed by the Chief Executive or the Director of Finance and Corporate Services or the Finance Manager.
- (b) Cheques from £3,000 to £600,000 to be signed by two of the following: a member of the Board, the Chief Executive, the Director of Finance and Corporate Services, the Finance Manager.
- (c) Cheques above £600,000 to be signed by a member of the Board and one of the following: the Chief Executive, the Director of Finance and Corporate Services, the Finance Manager.

In the context of this section cheques are deemed to include payment by electronic means and the term "signing" will include the instruction to the Association's bankers by the relevant Officials (all provided that the level of signing authority is not exceeded).

#### **2. CONTROL OF EXPENDITURE**

No expenditure whatsoever shall be incurred unless the expenditure is in accordance with a budget approved by the Board.

#### **3. PROCUREMENT**

##### **3.1 Introduction**

Link will procure all goods and services in accordance with its Procurement Policy, Procurement Strategy and Procurement Manual. These documents set out how Link will incorporate efficient and transparent processes into practice and the purpose of this Section of the Standing Orders is to set the overall control framework within which this will be achieved.

##### **3.2 Compliance with Statutory Requirements**

The Asset Management Director and Director of Finance and Corporate Services will ensure that all staff responsible for procurement have sufficient guidance and support available to them to ensure that Link complies with all relevant statutory requirements, including but not limited to, the European Procurement Legislation.

Where Link is not required to advertise through the European Journal it will ensure that it provides sufficient opportunity for all suppliers of goods and services to be made aware of Link's requirements and intentions with regard to procurement activities. Link will give sufficient notice and information through Link's website and other appropriate channels of its intended procurement activities, for the forthcoming financial year.

##### **3.3 Annual Procurement Plan**

The Board will approve an annual plan of Link's procurement activities for the next financial year and will approve generally the balance of price and quality to be used in assessing tenders. The Board will also be asked to approve specific

procurement activities where the case is made for there to be a greater emphasis on quality. Should a procurement activity arise which was unforeseen then provided the procurement is in accordance with this section no further recourse to the Board is required. Where an unforeseen procurement activity is required and the selection of the tender will not be based solely on price, the Board will require to approve the procurement activity in advance.

### **3.4 Procurement of Goods and Services**

Link will seek competitive tenders (subject to the levels set out in this section and other matters set out below) and will select the appropriate supplier according to the lowest priced tender (after adjustment for quality assessment) The quality assessment will be derived from the operation of the quality / price matrix in accordance with the Procurement Manual in terms of consistency of methodology / practice.

### **3.5 Selection of Suppliers Invited to tender**

Link will advertise forthcoming procurement opportunities in advance of tenders being issued and will set criteria by which decisions will be made, as to whether suppliers can meet Link's requirements to supply goods / services. These criteria will be established at the outset of the procurement process.

The member of staff responsible for the procurement exercise will encourage submission of qualification criteria from as wide a selection of suppliers as practical and in particular will not prevent any supplier from expressing an interest or making a submission. Following the assessment of expressions of interest, the Director in responsible for the particular budget area will be required to sign off the outcome of the pre-qualification assessment process.

### **3.6 Tender Values**

Tenders will be issued to the suppliers who have successfully passed the pre-qualification stage and the number invited to tender will be:

Supply Value between £5,000 and £15,000	– Not less than 2 suppliers
Supply Value over £15,000 and less than £50,000	– Not less than 3 suppliers
Supply Value over £50,000	– Not less than 5 suppliers

In the case of supply values between £5,000 and £15,000; quotations organised and received entirely in accordance with the requirements of the Procurement manual will be valid as if they were formal tenders.

Should circumstances arise where it is not possible to invite the specified minimum number of tenders, a fewer number will be invited to tender provided that this can justified to the satisfaction of both the Asset Management Director and the Director of Finance and Corporate Services. In all cases the minimum number of tenders returned must not be less than two.

### **3.7 Tender Organisation**

Tenders returned will be opened by two members of staff, one of whom will be a Manager provided that the value of the tender is less than £100,000. Tenders between £100,000 and £0.5M will also be opened by two members of staff, one of whom must be Director. Tenders over £0.5M will be opened by a Manager or Director and a Board Member. In all cases the Manager or Director involved shall not be the one responsible for the procurement exercise. All tenders will be recorded in one tender book covering the entire group.

If at any point in the tendering process the procedures specified in the Procurement Manual are not followed then the tender process is invalidated. The matter will be referred to the Asset Management Director who shall investigate and direct how the re-tendering process will be managed.

All tenders will be subject to the checking procedure specified in the Procurement Manual. A report on tenders received and the award of contracts will be made to the Board on a quarterly basis.

### **3.8 Selection of Successful Tender**

Tenders will be accepted on the basis of the lowest priced tender after checking. In the case of tenders selected other than solely on the basis of price the quality and price matrix specified in the Procurement Manual will be used to conclude which supplier offers best value. In these cases, the outcome of the process will be decided upon by a staff member (or external consultant) who has sufficient skills and knowledge to make the assessment, and he/she shall not be the same person as the staff member who concluded the exercise to evaluate whether specific suppliers would be allowed to tender.

All negotiated contracts including back to back deals will require specific approval by the Board.

### **3.9 Tenders of Higher Value Than Anticipated**

Where a situation arises where tenders were issued on the premise that they would fall within one of the cost categories set out above and the lowest tender received is such that it would have meant that the tender falls into the next category, such a tender can be accepted provided that either the Asset Management Director or Director of Finance and Corporate Services agrees that the difference in the tender cost and the cost category is not material, having regard to all the circumstances involved.

### **3.10 Framework Agreements**

The operation of Framework Agreements will follow the procedures set out in this Section with regard to tenders and selection. The Board's authority to create a Framework Agreement is required where the selection of suppliers will not be based on tendering. Creation of such a Framework Agreement will require demonstration that the outcome will be beneficial and that there will be sufficient processes in place to ensure that Link obtains the best value when selecting suppliers from that type of Framework Agreement.

### **3.11 Single Supplier Procurement**

Provided that the matter can be demonstrated to the satisfaction of both Director of Finance and Corporate Services and the Asset Management Director, a direct purchase of goods / services up to the value of £10,000 will be allowed if there is clear evidence that the transaction will provide both significant value and pricing. Such a situation must be not only in the best interests of Link but also both Directors must be satisfied that by undertaking the purchase this would not unduly prejudice other suppliers or be judged to be anti-competitive.

### **3.12 Procurement Through Specialist Advisers**

When there are justifiable business reasons for doing so Link may procure through specialist advisers who have skills and expertise in a particular area and Link is satisfied that using such advisers would achieve a greater benefit for Link than arranging the procurement internally. Approval of the Board is required to adopt this route and such approval would be forthcoming when the Annual Procurement Plan is presented to the Board.

### **3.13 Board Authority to Procure Outwith Standing Orders**

In exceptional circumstances and provided that the business case to do so is compelling, the Board has absolute authority to set aside all the processes and controls in this Section to procure any goods or services all provided that such an exercise is competent in law.

### **3.14 Suspension of the Requirement to Tender**

The Chief Executive may authorise suspension of the requirement to tender in an emergency situation including, but not limited to, any health and safety matter and any situation where action is need to safeguard people or property. If these emergency powers are invoked the Chief Executive will immediately advise the Chairman and Vice Chairman of the actions taken.

## **4. INVESTMENTS**

The Director of Finance and Corporate Services shall place funds on deposit in accordance with the Association's Treasury Management Policy.

No other investment shall be made without prior approval of the Board.

## **5. LOANS FROM THE ASSOCIATION**

No loans to staff (other than under approved Flexible Benefits Schemes) will be made unless with prior approval of the Board. Similarly, no loans to any party or organisation will be made unless with prior approval of the Board. All the foregoing is subject to Link's Rules in relation to the powers available to make loans.

## **6. LOANS TO THE ASSOCIATION**

All loans advanced to the Association will be approved by the Board on such terms and at such interest rates as the Board sees fit subject to the Rule on borrowing powers.

## **7. FINANCIAL CONTROL**

The Director of Finance and Corporate Services will ensure that financial procedures exist and are regularly reviewed and updated with regard to all monies received and disbursed.