
FINANCIAL CONTROL PROCEDURES

Title: Financial Control Procedures

Purpose of Procedure:

Section: Finance

Date: November 2019

Review Date: June 2022

Performance Standards: Scottish Housing Regulator

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

FINANCIAL CONTROL PROCEDURE NOTES

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11.0 PROCUREMENT PROCEDURE

11.1 Introduction

The purpose of this procedure is to ensure that the procurement process (including issuing and receiving tenders) is handled in a demonstrably fair and open manner, ensuring probity and value for money in capital works projects and in procuring good and services.

The tendering policy will operate within the guidelines set out by the Scottish Social Housing Regulator and with due consideration to the procurement regulations of the European Union and the Scottish Government, as per the Procurement Reform (Scotland) Act 2014.

11.2 Summary Procurement Procedure

The table below summarises the procedure for works and for good/services based on the level of spend. The following thresholds apply to the full value of contracts, particular attention should be paid to multi-year contracts as it is the sum of the years and not annual contract cost that is considered in relation to the threshold. From 18 April 2016 the Scottish Government have set lower thresholds than the OJEU ones listed at section 11.3

Spend (on works or goods/services)	PROCEDURE
BOTH - Up to £5,000	Authorised by Director or Housing Services Manager
BOTH -From £5,000 to £20,000	Quotes from Public Contract Scotland Quick quote (from April 2017 for works apart from reactive maintenance where the Approved List will continue to be used) Management Committee approves the proposed selected quote
WORKS - £20,000 to £100,000 SERVICES/GOODS - £20,000 TO £50,000	ESPD (European Single Procurement Document) - for qualification Tender on price only
WORKS - £100,001 TO £2M	ESPD – for qualification Quality Assessment (30% - 70%)

	Bespoke to Project and Community Benefit Doc Price Assessment (70% - 30%)
REGULATED PROCUREMENT WORKS – FROM £2m TO OJEU SERVICES/GOODS – From £50,000 TO OJEU	ESPD – for qualification Quality Assessment (30% - 70%) Bespoke to Project and Community Benefit Doc Price Assessment (70% - 30%)

11.3 OJEU Thresholds

From 1 January 2016, the OJEU threshold limits are as below;

GOODS AND SERVICES - £164,176

WORKS - £4,104,394

Where a contract that the Association intends to procure falls in or around the Threshold which requires an OJEU Notice to be published, specialist advice will be commissioned to ensure that the Association fully comply with the law in relation to this aspect of procurement.

11.4 Miscellaneous

The Public Contract Scotland (PCS) website should be used to advertise all procurement opportunities over £20,001.

From April 2017, the PCS Quick Quotes facility should be used for works spend (excluding reactive maintenance where the suppliers on the Approved List can be used to obtain three quotation) over £5,001 and up to £20,000 to generate three quotations – refer to Appendix B for an example of a tender notice.

Where the quotations/tender is being evaluated on price only, if the lowest tender is not accepted then details of this must be clearly minuted at the appropriate committee or sub committee.

The European Single Procurement Document (ESPD) is a standard form used to select contractors by self declaration that they meet the selection and exclusion criteria. The Scottish Government have issued an ESPD (Scotland) form and the current version can be obtained from the PCS website.

A Quality Assessment Document will be prepared for each tender and this will include a Community Benefit Document – See Appendix A for the Community Benefit information.

The Association are keen to balance quality and price in the selection of successful contractors. A weighting of 60% to quality and 40% to price is given in making the overall assessment of a contractor.

A table detailing the manner in which scores should be arrived at for Quality and Price is included below

Appendix C: Quality vs Price Scoring Table

12.0 TENDERING PROCEDURE - GENERAL

12.1 Return of Tenders

The tenders will normally be returned before a specified time, to the Association's Offices, in a sealed A4 size envelope clearly marked with a form of words, e.g. "Tender for the works of" described in the tender documents, and with no company identification.

On receipt by the Association the tender will be:

- Stamped clearly with the date and time of receipt.
- Placed in a drawer of the lockable safe in the front office with the Tender Book.
- When received by post, entered as "Tender" in the mail book.
- Entered on a "Tenders Received" pro-forma completed for each contract, specifying the time and date of receipt, placed with the Tender Book.

The relevant Officer will inform admin. staff in advance of tender return dates to ensure that tenders received through the post are not opened in error.

Tenderers hand-delivering who require evidence of delivery may be given a receipt stamped with the date and time of receipt.

Tenders received after the tender deadline will be marked clearly "late" and tenders received other than in a sealed envelope correctly marked will be marked "invalid", as well as with the date and time of receipt. These will be placed with valid tenders for entry into the Tender Book.

12.2 Opening of Tenders

Tender opening will take place as soon as possible after the deadline for receipt has passed.

A tender opening will be convened and the Tender Book along with all tenders and the "Tenders Received" pro-forma removed from the safe.

Tender openings will be witnessed as follows:

- For projects up to an estimated value of £50,000:
3 staff members, one of whom will be the Director or Housing Services Manager
- For projects above £50,000:

Director or Housing Services Manager plus 1 staff members plus 2 Committee Members.

- For projects above £100,000:
As above, but invitations to attend extended to all Management Committee members.

Tenders will be opened and tender amounts entered in ink in the Tender Book, following the procedure set out in the Tender Book to ensure that:

- Recording of results cannot be tampered with.
- All present sign below the recorded results.
- The words "did not return" entered against the names of tenderers failing to return valid tenders.

The tender book will be pre-numbered to help reduce the possibility of tampering.

All valid tender documents will be handed over to the Quantity Surveyor/Supervision Officer.

12.3 Reporting Results

All invalid tenders will be set aside unopened to be uplifted by the originating contractors

The Quantity Surveyor/Supervising Officer will prepare a report on tenders for presentation to Committee and submission to Scottish Government. This will specify:

- Tenders received.
- Tender amounts before and after checking.
- Remarks on lowest tender.
- Comparison with Cost Plan.
- Recommendations.

The Community Regeneration Manager will present this report to Investment Sub-Committee with a recommendation for approval, which is within the Committee's remit to decide.

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14.0 BUDGETARY CONTROL

- 14.1 The Finance Section should prepare a budget statement, for committee consideration and approval, prior to the commencement of the financial year.

The budget for the year contained within the Business Plan may be valid or a revision of this estimate may be required.

The value of the budget statement as a management tool should be recognised and under no circumstances should an organisation be operating without a budget document which must also contain a cashflow projection.

- 14.2 In preparing the budget statement appropriate consultation and discussion with all sections of the organisation must take place and guidelines, allowances and guidance from Scottish Government must be recognised and considered.

The Director has ultimate responsibility for the terms of draft budget presented to Committee, to ensure that sectional responsibilities mesh together in a coherent and financially prudent manner.

Individual section heads are responsible for:

Finance

- Identifying development capital income and expenditure and associated allowances.
- Identifying additions to loan portfolio.
- Identifying costs of on-going loans and day-to-day administration and office overheads, including salary costs.

Housing Management

- Identifying rental income and bad debt figures.
- Liaising with maintenance over factoring, income & expenditure, service charges and void estimates.

Maintenance

- Identifying costs of day-to-day maintenance, cyclical maintenance and sinking fund provision.

- Liaising with Housing Management over factoring, income & expenditure, service charges and void estimates.

14.3 Management accounts should be prepared on a quarterly basis and will compare the estimated and actual income and expenditure for the period to date. These accounts are presented to the Finance and Audit Committee by the Finance Manager and provided to the Management Committee for information.

Any material variances must be highlighted and explained to committee and the effect of likely future events on the financial position of the organisation must be made clear.

14.4 The organisation's Business Plan should include projections for the current year and five years thereafter. A statement of assumptions made should accompany the estimates with "key" factors being highlighted to members of staff.

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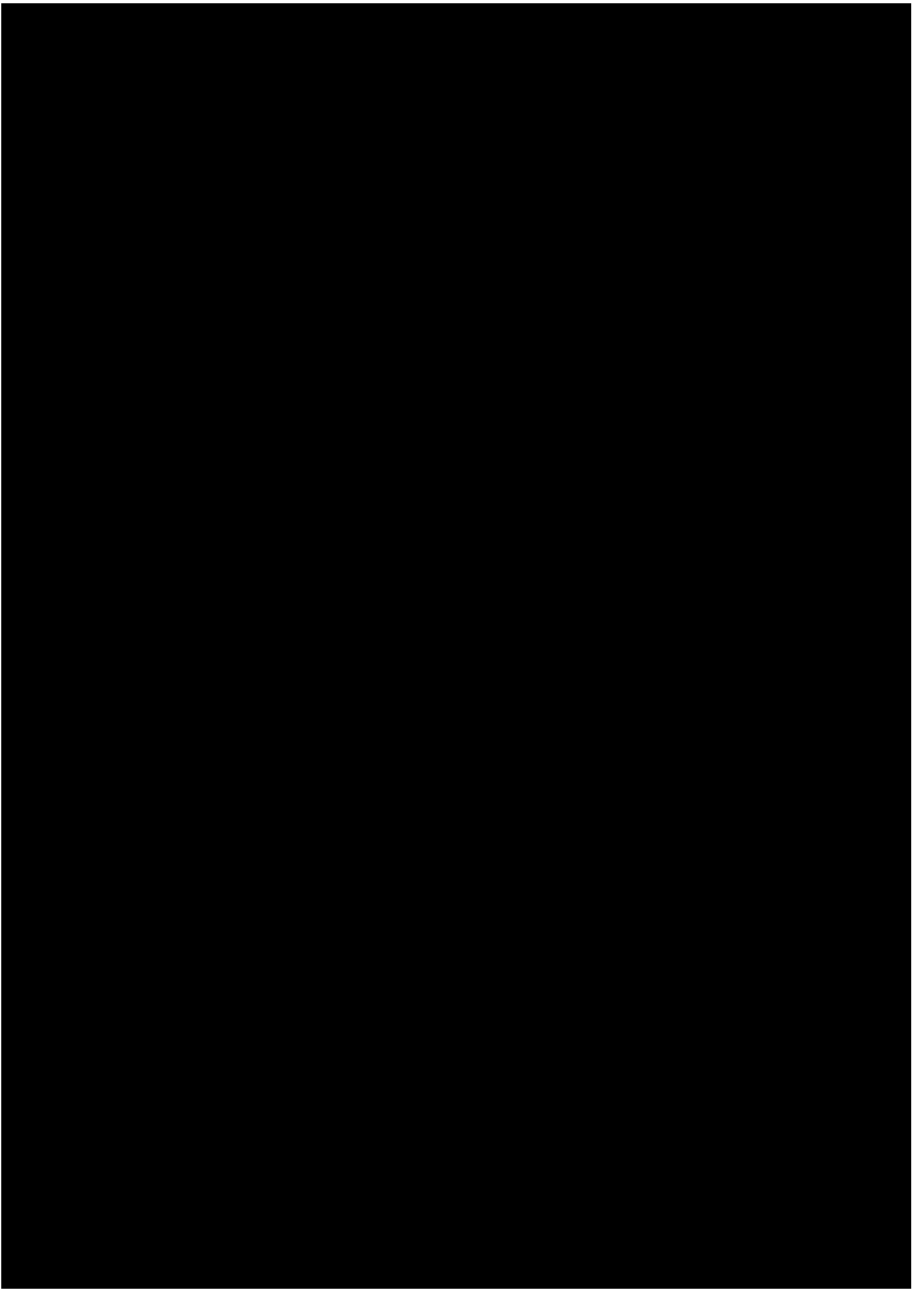
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