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# **Report: Amendment to Procurement Contract Procedure Rules**

## **Appendix B – Procedural Note: ECC Procurement and Contract Procedures**

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## Procedural Note: Approval to Procure/Award and Quality Assurance

**NOTE:** This Procedural Note forms part of the Procurement and Contract Procedures and shall be read in conjunction with those Procedures and any associated Procedural Notes

### Background

- 1) The purpose of this Procedural Note sets out the Approvals and Quality Assurance Procedure related to third party spend, e.g. what due diligence is necessary and proportional and how contractual spend decisions are to be authorised.
- 2) This Procedural Note does not negate the requirement to follow the Council's formal decision making process. The required decision making process shall be determined in advance.
- 3) All parties involved in the Approvals and Quality Assurance and Procedure shall give due regard to the Council's Constitution in particular "Delegation to Officers and Deputies" to ensure they have appropriate responsibilities to authorise.
- 4) Approval and Assurance and is required only at the establishment of the formal overarching contractual arrangements, hence in the case of a framework agreement it would be required to confirm the setting up of the framework but not for the intended subsequent call off's from that framework.

### Approvals and Quality Assurance and Procedure

#### Authorisation

- 5) Authorisation will be required at three key stages;
  - i. Firstly, when signing off on the business case stage which is the decision for the Council to self-deliver or purchase via a third party and if purchasing via a third party, the chosen procurement route) the form to be used is Approval to Procure/Award – "Stage 1". The Quality Assurance section (4.3) should be used for all procurements at £100,000 (ex VAT) or over. Under this value, use of the Approval to Procure/Award form is optional unless a formal tender exercise is being run.
  - ii. The second stage is at contract award (e.g. decision to appoint preferred supplier and;
  - iii. Contract variation – variation requirements should be set out in the Contract Variation section of the relevant Approval to Procure/Award form.
- 6) As part of the Authorisation process consideration shall be made around relevant areas of due diligence. The areas of assurance required will vary depending on the subject matter of the contract.
- 7) The Responsible Officer shall be responsible for carrying out appropriate due diligence to understand proportional risks related to the spend and ensure relevant and proportional means of mitigation are considered. This is to be done in conjunction with relevant Specialist Subject Matter Officers to consider risks and mitigations relevant to their area of expertise. This may include representatives from relevant functional areas of the Council and may include, as appropriate: legal, HR, finance, health and safety, ICT, asset management and others.

- 8) Due diligence outcomes shall be documented on the Quality Assurance (section 4.3)section of the Approval to Procure/Award form.

For higher value contracts, including all those valued at £5million and over, the Responsible Officer shall ensure that relevant Key Performance Indicators (KPI's) for the contract are recorded at section 4.2 of the Approval to Procure/Award form. The Responsible Officer will be responsible for ensuring that a named Contract Manager is appointed to monitor contract performance through the term of the contract.

**TABLE 1 – Summary of minimum Authorisation Requirements**

Authorisation Levels - Supplies, Works and Services	Authorisation Points	Completion of Approval to Procure/Award Form required?
<b>Total Contract Value</b> Below £25,000	The Responsible Officer with budget responsibilities in the Service area with the requirement will be responsible for taking a proportional approach to justifying the spend and holding all supporting documentation for audit and reporting purposes.	Not required
<b>£25,000-£100,000</b>	The Responsible Officer with budget responsibilities in the Service area with the requirement will be responsible for taking a proportional approach to justifying the spend and holding all supporting documentation for audit and reporting purposes.	Optional (except for complex requirements where a tender exercise is required).
Between £100k and the UK Procurement threshold for <b>Goods and Services</b>  Between £100,000 and £499,999 for <b>Works</b> .	Appropriate Head of Service / SMB Member in conjunction with the Procurement Manager	Required
Over UK Procurement threshold for <b>Good and Services</b>  <b>£500,000</b> and over for <b>Works</b>	SMB Member/ portfolio holder /Procurement Manager authorisation  SMB will advise if a report needs to be presented to Executive/Council for further approval.	Yes Required

### **Authorisation Sign off**

- 9) Authorisation sign off shall be made using the Approval to Procure/Award form and shall be endorsed by the responsible authorised officers as outlined in Table 1. Where authorisation is via formal board sign off (e.g. Senior Management Board sign off or Executive Committee) then this shall be a record of the date when discussed and any minute reference. Details of the formal decision to be captured in the appropriate minutes.
- 10) In exceptional circumstances, a senior Officer without direct responsibility for the contract may endorse on behalf of the Responsible Officer (e.g. because of absence or logistical urgency). In such cases where endorsing on behalf of the Responsible Officer, then the Responsible Officer with direct responsibility for the contract shall be notified that this has happened. Notification shall be made within 5 working days and shall include a justification for their actions.
- 11) In the case of query or dispute, a then it will be a case of escalating the matter to next Authorisation level point shall be made.