

**AWDURDOD TÂN AC ACHUB GOGLEDD CYMRU**



**NORTH WALES FIRE AND RESCUE AUTHORITY**

A meeting of the **AUDIT COMMITTEE** will be held  
**MONDAY 17 March 2025** at **09.30 hrs**  
virtually **via Zoom**

Yours faithfully,  
Gareth Owens  
Clerk

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**AGENDA**

**1. Apologies**

**2. Declarations of Interest**

**3. Notice of Urgent Matters**

Notice of items which, in the opinion of the Chairman, should be considered at the meeting as a matter of urgency pursuant to Section 100B (4) of the Local Government Act, 1972.

**4. Minutes of the Meeting held on 16 December 2024**

**5. Matters Arising**

**6. Internal Audit Progress Report 2024-25**

**7. Internal Audit Plan for 2025-26**

**8. Annual Audit Summary 2024**

**9. Audit Wales Annual Risk Assessment (verbal)**

**10. Treasury Management Update**

**11. Payroll Benefits**

**12. IFRS 16 Update**

**13. Contract Procedure Rules**

**14. Urgent Matters**

To consider any items which the Chair has decided are urgent (pursuant to Section 100B (4) of the Local Government Act, 1972) and of which substance has been declared under item 3 above.

## **PART II**

It is recommended pursuant to Section 100A (4) of the Local Government Act, 1972 that the Press and Public be excluded from the meeting during consideration of the following item(s) of business because it is likely that there would be disclosed to them exempt information as defined in Paragraph(s) 12 to 18 of Part 4 of Schedule 12A of the Local Government Act 1972.

### **15. Dim**

**NORTH WALES FIRE AND RESCUE AUTHORITY**  
**AUDIT COMMITTEE**

Minutes of the **Audit Committee** of the North Wales Fire and Rescue Authority held on Monday 16 December 2024 virtually via Zoom. Meeting commenced at 09.30hrs.

**Councillor**

Mark Young (Chair)  
Gwynfor Owen (Deputy Chair)  
Marion Bateman  
Tina Claydon  
Adele Davies-Cooke  
John Brynmor Hughes  
Gareth R Jones  
Beverley Parry-Jones  
Arwyn Herald Roberts (left 10:15)  
Dale Selvester

**Representing**

Denbighshire County Council  
Gwynedd Council  
Flintshire County Council  
Flintshire County Council  
Flintshire County Council  
Gwynedd Council  
Conwy County Borough Council  
Wrexham County Borough Council  
Gwynedd Council  
Flintshire County Council

**Also present:**

Helen MacArthur  
Elgan W Roberts  
Dafydd Edwards  
Gareth Owens  
Anne-Marie Harrop  
Angharad Ellis  
George Jones  
Lisa Allington

Assistant Chief Fire Officer  
Head of Finance and Procurement  
Treasurer  
Monitoring Officer  
Mersey Internal Audit Agency  
Mersey Internal Audit Agency  
Translator  
Executive Assistant – Note taker

**1.0 APOLOGIES**

**Councillor**

Sharon Doleman

**Representing**

Conwy County Borough Council

**ABSENT**

**Councillor**

Bryan Apsley  
Jeff Evans  
Marc Jones  
Austin Roberts  
Michelle Walker

**Representing**

Wrexham County Borough Council  
Anglesey County Council  
Wrexham County Borough Council  
Conwy County Borough Council  
Denbighshire County Council

**2.0 DECLARATIONS OF INTEREST**

2.1 There were no declarations of interest to record.

### **3.0 NOTICE OF URGENT MATTERS**

3.1 There was no notice of urgent matters.

### **4.0 MINUTES OF THE MEETING HELD ON 16 SEPTEMBER 2024**

4.1 The minutes of the meeting held on 16 September 2024 were submitted for approval. It was noted that apologies had been recorded for Cllr Dylan Rees; however, as he was attending as an observer, this was not necessary and should therefore be disregarded.

4.2 Cllr Gareth R Jones asked that it be noted that he had been present at the meeting but his apologies had been recorded.

### **4.3 RESOLVED to:**

**i) approve the minutes as a true and accurate record of the meetings held, noting the above amendments.**

### **5.0 MATTERS ARISING**

5.1 ACFO HM confirmed that in relation to paragraph 5.2, confirmation had been received that the SCAPE pension was being fully funded by the Welsh Government at a sum of £627,000.

### **6.0 PROGRESS REPORT FROM INTERNAL AUDIT**

6.1 Angharad Ellis from MIAA was welcomed to the meeting and presented the progress report from Internal Audit, which aimed to provide Members of the North Wales Fire and Rescue Authority (the Authority) with an update of the work undertaken by the Authority's internal audit providers, MIAA, for the 2024/25 financial year to date.

6.2 It was confirmed that all outstanding actions would be followed up in 2025 to ensure that they were completed.

6.3 ACFO MacArthur noted that there were strong controls in place and thanked the Finance team and those at MIAA for their work in this area.

6.4 It was confirmed that while the training strategy had not been looked at in total this year, the business plan for the new Training Centre was on the forward work plan for review next year.

6.5 It was noted that MIAA delivered a number of free events and it was requested that Members be notified of these as they arose.

## **6.6 RESOLVED to:**

- i) Note the work undertaken by MIAA during 2024/25.**

## **7.0 TREASURY MANAGEMENT UPDATE Q2 2024/25**

7.1 Dafydd Edwards, Authority Treasurer, presented the Treasury Management Update, the purpose of which was to provide Members of the Authority with an update on the treasury management activity and compliance with the treasury management prudential indicators for the period 1 April 2024 to 30 September 2024.

7.2 It was highlighted that there would be a chance that the Authority may need to borrow funds over the next 12 months, and that this had been recorded as a risk as more interest would need to be paid as a result.

## **7.3 RESOLVED to:**

- i) note the treasury management activities and prudential indicators for the period 1 April – 30 September 2024.**

## **8.0 BUDGET SETTING 2025-26**

8.1 ACFO MacArthur gave Members a background to the establishment of the Budget Scrutiny Working Group and the involvement of MIAA in the budget setting process, and gave an overview of the high-level figures included within the report. This confirmed a gross budget requirement of £52.389m and the proposal to utilise £0.6m of reserves for non-recurring expenditure. The net levy requirement for 2025/26 would be £51.588m reflecting an increase of 7%, and fully incorporating costs of circa 2% arising from the recent increases to employer national insurance contributions. Adjusting for the national insurance contribution, the year on year increase would be 5%.

8.2 Elgan Roberts, Head of Finance and Procurement, then presented the Budget Setting 2025-26 paper which looked to provide Members with an update on the current financial planning assessment to set a balanced budget for 2025/26, and to seek endorsement to confirm the indicative levy with constituent local authorities.

8.3 The members of the Budget Scrutiny Working Group were thanked for their invaluable contribution to the budget setting process.

8.4 The key figures within the report were discussed at length and a Member asked whether the Airwave figures had been included within the budget. It was also queried whether a levy excluding the National Insurance figures could be included within the table presented to the Authority at its meeting in January 2025.

- 8.5 It was confirmed that an additional column would be added to show the levy less the National Insurance. Members were also advised that the court case for Airwave was currently being appealed and should it not be found in the Service's favour, reserves would be utilised to cover the cost. However, it looked likely that the Service would win the appeal.
- 8.6 A Member asked if there was a reason for the increase in levy for Gwynedd, despite the fact that the financial support from the Welsh Government placed them as the lowest in Wales per head of population. It was explained that the increased population in Gwynedd needed to be compared to the increase in population in Cardiff and Swansea, and the assessment of need for each local authority.
- 8.7 The Treasurer noted that by its nature, the budget setting process was based on a number of assumptions and so was not an exact science. Whilst officers tried to be prudential, there remained a number of risks as a result. However, it was felt that the budget that had been presented to Members was robust.

**8.8 RESOLVED to:**

- i) Note the findings of the Budget Scrutiny Working Group, including the planning assumptions being used to develop the revenue budget for 2025/26;**
- ii) note the current financial planning assessment of a budget requirement of £52.389m for 2025/26;**
- iii) note the proposal to utilise £0.601m of reserves for 2025/26; and**
- iv) endorse the communication of the draft financial levy of £51.788m from the constituent local authorities.**

**9.0 LOCAL GOVERNMENT (WALES) MEASURE 2009**

- 9.1 ACFO Anthony Jones presented all three of the Local Government (Wales) Measure 2009 papers, which confirmed to Members the outcome of the external audit of the Authority's Assessment of 2022-23 Performance, as required by the Local Government (Wales) Measure 2009 (the Measure).
- 9.2 It was noted that there had been three certificates of compliance received from Audit Wales in relation to the Measure; the Assessment of Performance for 2022-23; the Assessment of Performance for 2023-24; and the Improvement Plan for 2024-25.
- 9.3 Members were informed that the delay in the Assessment of Performance for 2022-23 had been due to a sickness absence within Audit Wales rather than any issue within the Service itself.

#### **9.4 RESOLVED to:**

- i) Note the audit letters which confirm that the Authority has discharged its responsibilities under the Local Government (Wales) Measure 2009.**

#### **10.0 APPROVAL OF BANK MANDATE**

- 10.1 ACFO MacArthur presented the Approval of Bank Mandate paper which aimed to seek approval from Members in relation to the delegation of banking arrangements.
- 10.2 A Member asked whether requiring two signatures may cause issues with regards to availability.
- 10.3 Another Member enquired whether, with the above in mind, it may be prudent to have four signatories to account for the possibility of staff absence, and it was clarified that the signatories being approved today were for core functions only, such as approving signatories for day-to-day duties such as approving payments.

#### **10.4 RESOLVED to:**

- i) Approve the proposed delegation of the activities set out within the paper to any two signatories from the following; the Chief Fire Officer, the Authority's Treasurer or the Assistant Chief Fire Officer, Finance and Resources.**

#### **11.0 TRAINING CENTRE CONSULTANCY PROCUREMENT PROPOSAL**

- 11.1 ACFO Justin Evans delivered the proposed procurement strategy for the appointment of consultancy professionals for the new training centre project.

#### **11.2 RESOLVED to:**

- i) Endorse the proposed compliant procurement route of professional consultancy services through a public sector framework;**

#### **12.0 URGENT MATTERS**

- 11.1 There were no urgent matters to discuss.

Meeting closed 10:30

Report to	<b>Audit Committee</b>
Date	<b>17 March 2025</b>
Lead Officer	<b>Helen MacArthur, Assistant Chief Fire Officer, Finance and Resources</b>
Contact Officer	<b>Angharad Ellis (MIAA)</b>
Subject	<b>Internal Audit Progress Report 2024-25</b>



## PURPOSE OF REPORT

- 1 The purpose of this report is to provide to Members an update of the work undertaken by North Wales Fire and Rescue Authority (the Authority)'s internal audit providers as at 28 February 2025.

## EXECUTIVE SUMMARY

- 2 The Authority is required to put arrangements in place for the audit of systems of control. Mersey Internal Audit Agency (MIAA) have been appointed to provide internal audit services to the Authority.
- 3 The report contained within Appendix 1 provides an overview of the work undertaken during the 2024/25 financial year against the agreed internal audit plan. The report confirms the work undertaken between 1 December 2024 and 28 February 2025.
- 4 During that period, MIAA undertook the fieldwork for the National Fraud Initiative. The results will be provided to a future Audit Committee once all potential matches have been appropriately investigated.

## RECOMMENDATIONS

- 5 It is recommended that Members:
  - i) **Note the work undertaken by MIAA during 2024/25; and**
  - ii) **Note the work finalised between 1 December 2023 to 29 February 2025.**



## **BACKGROUND**

- 6 The Accounts and Audit (Wales) Regulations 2014 (the Regulations) require the Authority to make proper and effective arrangements for systems of internal control. This includes the arrangements for the management of risk and adequate and effective financial management.
- 7 The Regulations also require an adequate and effective internal audit of the systems of internal control, the findings of which must be reported to Members of the Authority. The Authority is required to approve the Statement of Internal Control annually.
- 8 The Authority appointed MIAA as its internal auditor at the Audit Committee meeting of the 18 June 2023. The Audit Plan was approved by the Audit Committee at its meeting of 18 September 2023.

## **INFORMATION**

- 9 The report contained within Appendix 1 provides an overview of the work undertaken during 2024/25 and confirms that the following reviews have been concluded during the financial year:
  - Key Financial Transaction Processing Controls
  - National Fraud Initiative field work (NFI)
  - Training Strategy Implementation Plan
  - Procurement
- 10 The final element of the 2024/25 audit plan relates to the Authority's risk management arrangements and this work is currently in progress and will be reported to the Audit Committee in June 2025.

## IMPLICATIONS

Wellbeing Objectives	The operation of financial systems that are properly controlled supports the delivery of the well-being objectives and longer-term sustainability of services.
Budget	Assurance on the existence and operation of internal controls supports the effective budget setting process.
Legal	An effective internal audit arrangement is a requirement of the Accounts and Audit (Wales) 2014 Regulations
Staffing	The review of key financial systems provides assurance that controls are present and that payments are in accordance with agreed policies and procedures.
Equalities/ Human Rights/ Welsh Language	The engagement lead with MIAA is bi-lingual and reports will be subject to normal translation processes.
Risks	<p>The Head of Internal Audit Opinion provides compliance with the Accounts and Audit Regulations and the Public Sector Internal Audit Standards. Without such assurance, the Authority would be unaware of the adequacy and effectiveness of the corporate governance, risk management and internal control arrangements and its associated ability to achieve its objectives.</p> <p>Any significant issues or weaknesses identified by Internal Audit would not be considered in the preparation of the Annual Governance Statement.</p>

# Internal Audit Progress Report Audit Committee (March 2025)

North Wales Fire and Rescue Service

# Contents

## 1 Introduction

## 2 Key Messages for Audit Committee Attention

Appendix A: Contract Performance

Appendix B: Performance Indicators

Appendix C: Assurance Definitions and Risk Classifications

## Public Sector Internal Audit Standards

Our work was completed in accordance with Public Sector Internal Audit Standards and conforms with the International Standards for the Professional Practice of Internal Auditing.

## Executive Summary

This report provides an update to the Audit Committee in respect of the progress made in against the Internal Audit Plan for 2024/25 and brings to your attention matters relevant to your responsibilities as members of the Audit Committee.

This progress report provides a summary of Internal Audit activity and complies with the requirements of the Public Sector Internal Audit Standards.

Comprehensive reports detailing findings, recommendations and agreed actions are provided to the organisation, and are included within the Audit Committee papers. In addition, a consolidated follow up position is reported on a periodic basis to the Audit Committee.

This progress report covers the period 1<sup>st</sup> December 2024 to 28<sup>th</sup> February 2025.

### 3 Executive Summary

#### 2024/25 Audit Reviews

The following reviews have been finalised:

- National Fraud Initiative – Preparations (N/a Assurance)

We have undertaken preparatory work has been undertaken and an initial review of the data matches (received December 2024 and January 2025). We have issued a National Fraud Initiative briefing note which provides a summary of the data matches received and an understanding of the respective responsibilities in clearing those matches. Further work will be undertaken as part of the Internal Audit Plan 2025/26 where a full report will be provided with a more detailed examination of the matches.

- Attendance at Budget Scrutiny meetings (N/a Assurance)

We have attended and provided support at the Budget Scrutiny meetings.

Refer to Appendix C for details of Key Areas and Actions to be Delivered

The following reviews are in progress:

- Risk Management (Fieldwork)

## Follow Up

Our follow up work is in progress and a report will be provided at the Audit Committee meeting in June 2025.

## Audit Plan Changes

Audit Committee approval will be requested for any amendments to the original plan and highlighted separately below to facilitate the monitoring process.

There are no current proposals to amend the approved audit plan.

## Global Internal Audit Standards

From April 2025 MIAA will be required to comply with the Global Internal Audit Standards and the UK Public Sector Application Note: *Global Internal Audit Standards in the UK Public Sector* (collectively referred to as GIAS here). These documents replace the Public Sector Internal Audit Standards (PSIAS).

To support our readiness to adopt the GIAS from April 2025 our Associate Director – Continuous Improvement has undertaken a baseline assessment of our current compliance levels with the GIAS.

Given MIAA's current full compliance with PSIAS we comply with the majority of GIAS requirements. We will ensure full compliance with all GIAS requirements from April 2025.

## Added Value

### Briefings

Our latest briefings/blogs/podcasts are:

- MIAA's Assurance Director, Louise Cobain contributed to HFMA's latest briefing: [The value of internal audit | HFMA](#)
- [24/25 MIAA Insight - EU Artificial Intelligence Act and its wider implications](#)





## Events

- [The Power of Collaboration \(26th March 2025\)](#): This online Masterclass will build on the insights from the Messenger and Darzi review, and eagerly anticipating the release of the 10-year health plan. Additionally, the social care workforce plan emphasises transformation and a unified workforce approach, underscoring the necessity for partnership and collaboration in our operations.

## Appendix A: Contract Performance

The Public Sector Internal Audit Standards (PSIAS) state that ‘The chief audit executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.’

The table summarises the delivery of your Head of Internal Audit Opinion for 2024/25:

HOIA Opinion Area	TOR Agreed	Status	Assurance Level	Audit Committee Reporting
Risk Management		Fieldwork		June 2025
Training Strategy Implementation Plan		Completed	Substantial	December 2024
Key Financial Transactional Processing Controls		Completed	Substantial	December 2024
Procurement		Completed	Substantial	September 2024
National Fraud Initiative (Preparations)	N/A	Briefing note issued	N/A	March 2025
Attendance at Budget Scrutiny meetings	N/A	Completed	N/A	N/A
<b>Follow Up</b>				
Q1	N/A	Completed	N/A	June 2024
Q4	N/A	In progress		June 2025

If due to circumstances beyond our control we are unable to achieve sufficient depth or coverage, we may need to caveat opinions and explain the impact of this and what will be done to retrieve the position in future.



## Appendix B: Performance Indicators

The primary measure of your internal auditor's performance is the outputs deriving from work undertaken. The following provides performance indicator information to support the Committee in assessing the performance of Internal Audit.

Element	Reporting Regularity	Status	Summary
Delivery of the Head of Internal Audit Opinion (Progress against Plan)	Each Audit Committee	Green	No issues to report
Issue a Client Satisfaction Questionnaire following completion of every audit.	Every Final report includes a questionnaire for client feedback	Green	
Percentage of recommendations raised which are agreed	Each Audit Committee	Green	
Percentage of recommendations which are implemented	Follow Up will be reported twice per year	Green	
Qualified Staff	Annual	Green	MIAA have a highly qualified and diverse workforce which includes 75% qualified staff.
Quality	Annual	Green	MIAA operate systems to ISO Quality Standards. The External Quality Assessment, undertaken by CIPFA, provides assurance of MIAA's compliance with the Public Sector Internal Audit Standards. MIAA conforms with the Public Sector Internal Audit Code of Ethics.

## Appendix C: Assurance Definitions and Risk Classifications

Level of Assurance	Description
High	There is a strong system of internal control which has been effectively designed to meet the system objectives, and that controls are consistently applied in all areas reviewed.
Substantial	There is a good system of internal control designed to meet the system objectives, and that controls are generally being applied consistently.
Moderate	There is an adequate system of internal control, however, in some areas weaknesses in design and/or inconsistent application of controls puts the achievement of some aspects of the system objectives at risk.
Limited	There is a compromised system of internal control as weaknesses in the design and/or inconsistent application of controls puts the achievement of the system objectives at risk.
No	There is an inadequate system of internal control as weaknesses in control, and/or consistent non-compliance with controls could/has resulted in failure to achieve the system objectives.

Risk Rating	Assessment Rationale
Critical	Control weakness that could have a significant impact upon, not only the system, function or process objectives but also the achievement of the organisation's objectives in relation to: <ul style="list-style-type: none"> <li>the efficient and effective use of resources</li> <li>the safeguarding of assets</li> <li>the preparation of reliable financial and operational information</li> <li>compliance with laws and regulations.</li> </ul>
High	Control weakness that has or is likely to have a significant impact upon the achievement of key system, function or process objectives. This weakness, whilst high impact for the system, function or process does not have a significant impact on the achievement of the overall organisation objectives.
Medium	Control weakness that: <ul style="list-style-type: none"> <li>has a low impact on the achievement of the key system, function or process objectives;</li> <li>has exposed the system, function or process to a key risk, however the likelihood of this risk occurring is low.</li> </ul>
Low	Control weakness that does not impact upon the achievement of key system, function or process objectives; however implementation of the recommendation would improve overall control.

## Limitations

The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. Whilst every care has been taken to ensure that the information in this report is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regards to the advice and information contained herein. Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

Responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

Reports prepared by MIAA are prepared for your sole use and no responsibility is taken by MIAA or the auditors to any director or officer in their individual capacity. No responsibility to any third party is accepted as the report has not been prepared for, and is not intended for, any other purpose and a person who is not a party to the agreement for the provision of Internal Audit and shall not have any rights under the Contracts (Rights of Third Parties) Act 1999.

**Anne-marie Harrop**

Regional Assurance Director

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**Angharad Ellis**

Deputy Regional Assurance Director

Tel: 07469 378328

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Report to	<b>Audit Committee</b>
Date	<b>17 March 2025</b>
Lead Officer	<b>Helen MacArthur, Assistant Chief Fire Officer, Finance and Resources</b>
Contact Officer	<b>Angharad Ellis (MIAA)</b>
Subject	<b>Internal Audit Plan 2025/26</b>



## PURPOSE OF REPORT

- 1 The purpose of this report is to present to Members the proposed internal audit plan for the 2025/26 financial year.

## EXECUTIVE SUMMARY

- 2 North Wales Fire and Rescue Authority (the Authority) is required to put arrangements in place for the audit of systems of control. This includes the management of risk and adequate and effective financial management.
- 3 The existence and operation of appropriate internal controls underpins the Authority's governance arrangements and the Authority is required to approve an annual Statement of Internal Control. In approving the Statement of Internal Control, the Authority relies on the work of internal audit and therefore, the internal audit arrangements must be sufficient to provide assurance.
- 4 The Authority's internal audit function is provided by Mersey Internal Audit Agency (MIAA). Internal audit reviews are planned and prioritised using a risk-based approach ensuring that key controls are reviewed on a three-year cycle. The proposed approach for 2025/26 is set out within Appendix 1.

## RECOMMENDATIONS

- 5 It is recommended that Members:
  - i) **Approve the proposed audit work programme for 2025/26.**

## BACKGROUND

- 6 The presence and operation of effective controls is critical to the overall governance arrangements and enables the Authority to discharge its responsibilities in relation to the Statement of Internal Control and the Annual Governance Statement.
- 7 The Authority's internal auditor, MIAA, were appointed in June 2023. The work of MIAA is governed by professional standards ensuring a systematic and robust approach.

## INFORMATION

- 8 The detailed work undertaken by MIAA is planned and prioritised based on risk assessments which consider local and national risks. The detailed plan for 2025/26 is contained within Appendix 1 and confirms the proposed audit programme.

## IMPLICATIONS

Wellbeing Objectives	The proper control and operation of financial and other key systems supports the delivery of the well-being objectives and longer-term sustainability of services.
Budget	Assurance on the existence and operation of internal controls supports the effective budget setting and monitoring processes and provides assurances that resources are being used effectively.
Legal	An effective internal audit arrangement is a requirement of the Accounts and Audit (Wales) 2014 Regulations
Staffing	The review of key systems provides assurance that controls are present and operating in accordance with agreed policies and procedures.
Equalities/ Human Rights/ Welsh Language	The engagement lead with MIAA is bi-lingual and reports will be subject to normal translation processes.
Risks	The work of MIAA confirms that risks are being managed and/or makes recommendations for improvement.



# North Wales Fire and Rescue Service

Draft Internal Audit Plan *2025/26*

# Contents

1. Executive Summary
2. Supporting you through Adding Value
3. Understanding Your Vision, Objectives & Risks
4. Internal Audit Risk Assessment
5. Internal Audit Plan On A Page
6. Operational Internal Audit Plan 2025/26

**Appendix A:** Strategic Three Year Internal Audit Plan

**Appendix B:** Internal Audit Key Performance Indicators

## Your Internal Audit Team



**Anne-marie Harrop**  
*Engagement Lead*  
07920 150313  
Anne-marie.harrop@miaa.nhs.uk



**Angharad Ellis**  
*Engagement Manager*  
07469378328  
Ann.ellis@miaa.nhs.uk



**Charles Black**  
*Delivery Manager*  
07554 332410  
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# 1 Executive Summary

## 1.1 MIAA's Strategy - Working in partnership with you

MIAA Assurance, providing cost effective assurance, insight and foresight. These services are delivered in partnership with you to ensure they are personal and responsive, ensuring the best possible customer experience. Our current MIAA wide strategy is summarised below:

<b>Our Vision</b>	MIAA will be the provider of choice of public and 3 <sup>rd</sup> sector clients, supporting them to deliver value and improve services for the benefit of the people and communities they serve.					
<b>Our Mission</b>	To drive value and improve outcomes through excellence and professionalism					
<b>Our Values</b>	 <b>TRUST</b>		 <b>RESPECT &amp; COMPASSION</b>		 <b>COMMITMENT TO INNOVATION &amp; EXCELLENCE</b>	
<b>Our Strategic Objectives</b>	<b>FINANCE</b> Ensure MIAA is sustainable and continues to grow its client base, products and service offers	<b>QUALITY &amp; ADDED VALUE SERVICES</b> Ensure MIAA demonstrates added value, delivers quality and professional services for our clients	<b>PEOPLE</b> Continue to recruit, develop, support, retain and reward our people to maximise their potential	<b>GOVERNANCE &amp; ACCOUNTABILITY</b> Ensure we demonstrate effective and appropriate governance and accountability to our stakeholders	<b>INNOVATION</b> Continue to lead and innovate across all our services	



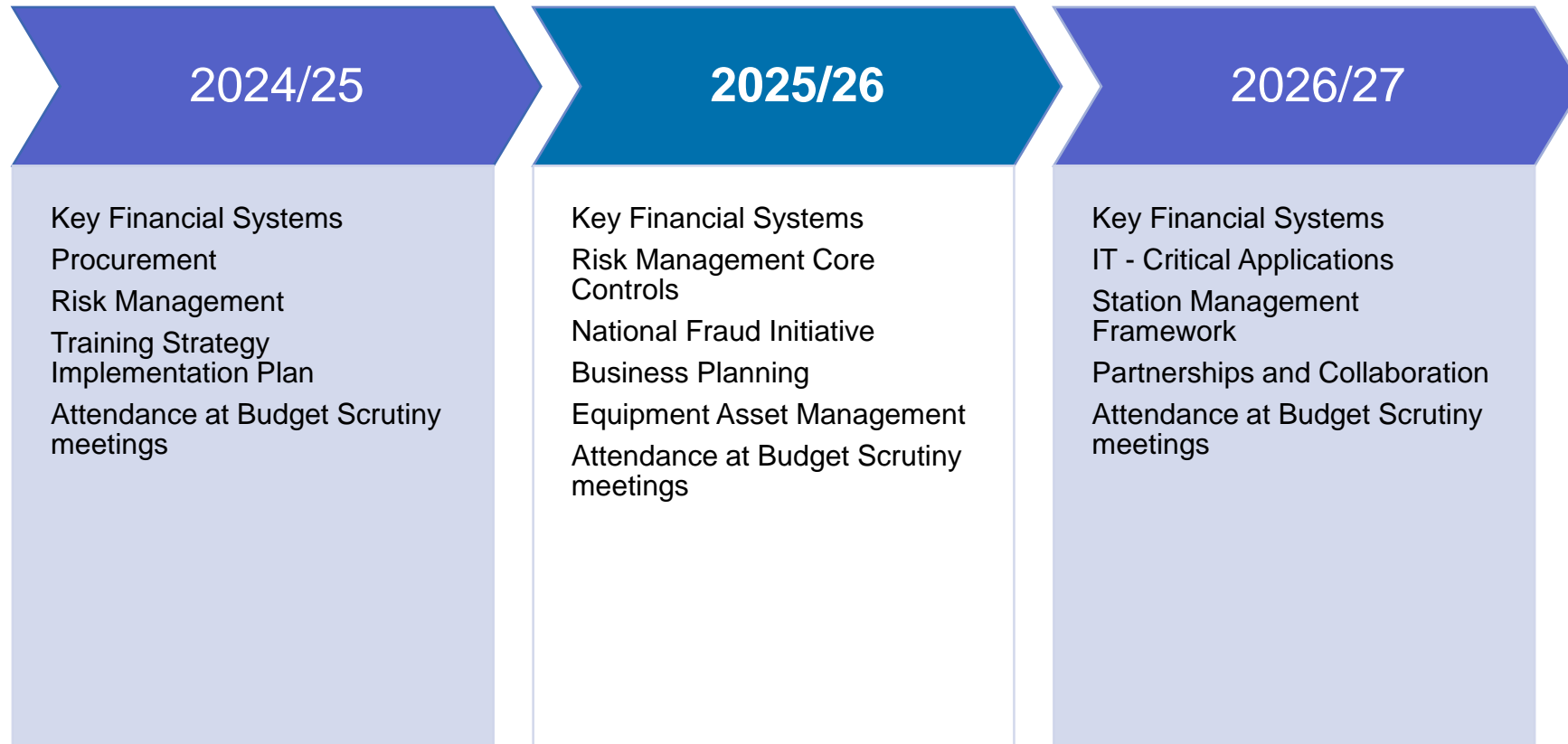
# 6 Operational Internal Audit Plan 2025/26

Review & Scope	BAF Risk / Rationale	Planned Delivery	Executive Lead
Governance, Risk & Legality			
<b>Risk Management – Core Controls:</b> To provide assurance that core risk management controls have established and maintained.	<b>HOIA Opinion Requirement</b>	Q4	Deputy Chief Fire Officer
Finance & Sustainability			
<b>Key Financial Systems:</b> Annual evaluation of the key financial controls, including General Ledger, Income, Debtors, and Treasury Management.	<b>Core Assurance</b>	Q3	Assistant Chief Fire Officer
<b>Attendance at Budget Scrutiny meetings:</b> To attend and provide oversight at the Budget Scrutiny meetings (as required)	<b>Management request</b>	Q1 – Q4	Assistant Chief Fire Officer
<b>National Fraud Initiative:</b> Evaluation and investigation of the outcome of the NFI data match exercise.	<b>Mandated Requirement</b>	Q2	Assistant Chief Fire Officer
<b>Business Planning:</b> To evaluate the effectiveness of the systems and processes that are in place to ensure there are robust governance arrangements with respect the alignment between corporate planning and department planning. This review will consider the development, review and approval of business cases.	<b>Management request</b>	Q1	Assistant Chief Fire Officer
Compliance			
<b>Equipment Asset Management:</b> To evaluate the systems and processes the organisation has in place for the implementation of equipment asset management.	<b>Risk Assessment</b>	Q2	Deputy Chief Fire Officer
Follow up & Contingency			
<b>Follow up and Contingency</b>	<b>Internal audit standards requirement</b>	Q1 – Q4	Assistant Chief Fire Officer
Planning & Reporting			
<b>Planning, Management, Reporting &amp; Meetings</b>	<b>Internal audit standards requirement</b>	Q1 – Q4	Assistant Chief Fire Officer



# Appendix A – 3 Year Strategic Internal Audit Plan

Your 3-year strategic audit plan is set out below



## Global Internal Audit Standards in the UK Public Sector


This Plan is compliant with the requirements of the Global Internal Audit Standards as they apply in the UK Public Sector which came into effect on 1<sup>st</sup> April 2025.

### Limitations

Our work does not provide absolute assurance that material errors, loss or fraud do not exist. Responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

Reports prepared by MIAA are prepared for your sole use and no responsibility is taken by MIAA or the auditors to any director or officer in their individual capacity. No responsibility to any third party is accepted as the report has not been prepared for, and is not intended for, any other purpose and a person who is not a party to the agreement for the provision of Internal Audit and shall not have any rights under the Contracts (Rights of Third Parties) Act 1999.



Report to	<b>Audit Committee</b>	
Date	<b>17 March 2025</b>	
Lead Officer	<b>Helen MacArthur, Assistant Chief Fire Officer Finance and Resources</b>	
Contact Officer	<b>Elgan Roberts, Head of Finance and Procurement</b>	
Subject	<b>Audit Wales – Annual Audit Summary 2024</b>	

## PURPOSE OF REPORT

- 1 To provide Members of the North Wales Fire and Rescue Authority (the Authority) with the Annual Audit Summary 2024 produced by Audit Wales.

## EXECUTIVE SUMMARY

- 2 The Auditor General is the statutory external auditor for most of the public sector in Wales, including the Authority. The Auditor General's role includes examining how public bodies manage and spend public money, including how they achieve value in the delivery of public services.
- 3 The Annual Audit Summary for 2024 includes confirmation of the work undertaken by Audit Wales and includes the audit of the financial statements and annual governance statement, certification on the Authority's improvement obligations and the publication of national reports.
- 4 The matters contained within the Annual Audit Summary 2024 have all previously been reported to the Authority.

## RECOMMENDATIONS

- 5 Members are asked to:
  - i) **note the annual audit summary.**

## IMPLICATIONS

Wellbeing Objectives	The work undertaken on behalf of the Auditor General provides an objective assessment of the Authority's performance.
Budget	The work undertaken includes consideration of value for money.
Legal	The Auditor General is the statutory auditor for Wales
Staffing	None
Equalities/ Human Rights/Welsh Language	None
Risks and Uncertainties	The objective assessment in a number of key areas supports the Authority's work to identify and manage risk.

## North Wales Fire and Rescue Authority Annual Audit Summary 2024

This is our audit summary for North Wales Fire and Rescue Authority. It shows the work completed since the last Annual Audit Summary, which was issued in January 2024. Our audit summary forms part of the Auditor General for Wales' duties.



More information about these duties can be found on our [website](#).

### About the Fire and Rescue Authority

#### Some of the services the Fire and Rescue Authority provides



#### Key facts

Fire and Rescue Authorities (FRAs) consist of nominated elected members, representing the local authorities across the FRA area as a whole.

North Wales FRA is made up of 28 councillors who represent their political parties and their constituent authorities as follows:

- Flintshire County Council [6]
- Conwy County Borough Council [5]
- Cyngor Gwynedd [5]
- Wrexham County Borough Council [5]
- Denbighshire County Council [4]
- Anglesey County Council [3]

The FRA spent £36.88 million on providing services during 2023-24, which is a 3.2% increase on 2022-23<sup>1</sup>.

<sup>1</sup> Source: 2023-24 Statement of Accounts

## Key facts

As at 31 March 2024, the FRA had £1.6 million of general fund reserves and £7.4 million in earmarked reserves.

FRA's have a statutory obligation under the Fire and Rescue Services Act 2004 to maintain a Fire and Rescue Service capable of dealing effectively with all calls for assistance in the case of fire and other emergencies.

The Welsh Government has overarching responsibility for determining policy on FRA's. At a local level, FRA's must meet the requirements of the Local Government (Wales) Measure 2009 and the Well-being of Future Generations (Wales) Act 2015, as well as the National Framework for Fire and Rescue Services.

Most of the funding for the three FRA's in Wales is received by way of a levy from the local unitary authorities within their area. The contribution is based on population numbers.

## The Auditor General's duties

### We completed work during 2023-24 to meet the following duties

- **Audit of Accounts**

Each year the Auditor General audits the Authority's financial statements to make sure that public money is being properly accounted for.

- **Continuous improvement**

The Authority also has to put in place arrangements to make continuous improvements, including related plans and reports, and the Auditor General has to assess whether the Authority has met these requirements.

- **Value for money**

The Auditor General examines whether the Authority has put in place arrangements to get value for money for the resources it uses, and he has to be satisfied that it has done this.

- **Sustainable development principle**

Public bodies need to comply with the sustainable development principle when setting and taking steps to meet their well-being objectives. The Auditor General must assess the extent to which they are doing this.





To meet the Auditor General's duties, we complete specific projects. We take the findings of our audit work into account when assessing whether the Authority has put in place arrangements to secure value for money. Our findings and conclusions are summarised below.

## What we found

### Audit of North Wales Fire and Rescue Authority's 2023-24 Accounts

Each year we audit the Authority's financial statements.

#### For 2023-24:

- the draft statements were presented for audit on 31 May 2024. This was before the deadline of 30 June 2024 set by the Welsh Government.
- the draft statements presented for audit were of high quality.
- the Auditor General gave an unqualified true and fair opinion on the Authority's financial statements on 24 October 2024, before the deadline agreed with the Welsh Government of 30 November 2024.
- the Authority's Annual Governance Statement and Narrative Report were prepared in line with the CIPFA Code and relevant guidance. They were also consistent with the financial statements prepared by the Authority and with our knowledge of the Authority.
- a small number of changes were made to the Authority's financial statements arising from our audit work, which were reported to the Fire Authority in our Audit of Financial Statements Report in October 2024.
- the Auditor General issued the certificate confirming that the audit of accounts for 2023-24 has been completed.

## Continuous improvement

The Auditor General certified that the Authority has met its legal duties for improvement planning and reporting and believes that it is likely to meet the requirements of the Local Government (Wales) Measure 2009 during 2023-24.

## National reports and products in 2024

As well as local work at each authority, each year we also carry out studies across the local government sector to make recommendations for improving value for money. Since the last annual improvement report, we have published the following reports which may be useful to the Authority, which can be found on our website.

Report title	Publication date and link to report
Financial Sustainability of Local Government (including Financial Sustainability Data Tool)	<a href="#">December 2024</a>
Governance of Fire and Rescue Authorities	<a href="#">September 2024</a>
Digital by Design? – Lessons from our digital strategy review across councils in Wales	<a href="#">August 2024</a>
Councils' Use of Performance Information: Service User Perspective and Outcomes – A Summary of Findings from our Review at Welsh Councils	<a href="#">July 2024</a>
Governance of National Park Authorities	<a href="#">April 2024</a>
From Firefighting to Future-proofing – the Challenge for Welsh Public Services	<a href="#">February 2024</a>

## Planned work for 2024-25

We also looked at the key challenges and opportunities facing the Authority. These could have an effect on the Authority's ability to meet its legal obligations in relation to the sustainable development principle, continuous improvement and the use of its resources.

Our planned work for 2024-25 includes:

- Setting of well-being objectives
- Targeted high-risk prevention

The Auditor General is independent of government and was appointed by Her Majesty the Queen. The Auditor General undertakes his work using staff and other resources provided by the Wales Audit Office, which is a statutory board established for that purpose and to monitor and advise the Auditor General. The Wales Audit Office is held to account by the Senedd.


The Auditor General audits local government bodies in Wales, including unitary authorities, police, fire and rescue authorities, national parks, and community councils. He also conducts local government value for money studies, assesses compliance with the remaining requirements of the Local Government (Wales) Measure 2009 and may undertake special inspections under the Local Government and Elections (Wales) Act 2021.

Beyond local government, the Auditor General is the external auditor of the Welsh Government and its sponsored and related public bodies, the Senedd Commission, and National Health Service bodies in Wales.

Audit Wales is the non-statutory collective name for the Auditor General for Wales and the Wales Audit Office, which are separate legal entities with their own legal functions, as described above. Audit Wales is not a legal entity.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

This document is also available in Welsh.

Report to	<b>Audit Committee</b>	
Date	<b>17 March 2025</b>	
Lead Officer	<b>Helen MacArthur, Assistant Chief Fire Officer</b>	
Contact Officer	<b>Elgan Roberts, Head of Finance and Procurement</b>	
Subject	<b>Treasury Management Report Q3 2024/25</b>	

## PURPOSE OF REPORT

- 1 The purpose of this report is to provide Members of the North Wales Fire and Rescue Authority (the Authority) with an update on the treasury management activity and compliance with the treasury management prudential indicators for the period 1 April 2024 – 31 December 2024.

## EXECUTIVE SUMMARY

- 2 In December 2003, the Authority adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice (2021)* (the CIPFA Code) which requires the Authority to approve, as a minimum, treasury management semi-annual and annual outturn reports.
- 3 The CIPFA Code also included a new requirement for quarterly reporting of the treasury management indicators from April 2023. The non-treasury prudential indicators are incorporated in the Authority's normal revenue and capital monitoring report.
- 4 The Authority's treasury management strategy for 2024/25 was approved at a meeting on 18 March 2024. As the Authority borrows and invests significant sums of money there are financial risks that need to be considered, including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Authority's treasury management strategy.
- 5 During the quarter, the Authority's borrowing and investments remained well within the limits originally set. There were no new defaults by banks in which the Authority deposited money. Furthermore, the Authority's actual investment income was higher than the expected income in the 2024/25 budget.

## RECOMMENDATIONS

- 6 Members are asked to:
  - i) **note the treasury management activities and prudential indicators for the period 1 April – 31 December 2024.**

## EXTERNAL CONTEXT

- 7 UK annual Consumer Price Index (CPI) inflation remained above the Bank of England (BoE) 2% target in the later part of the period. The Office for National Statistics (ONS) reported headline consumer prices rose 2.6% in November 2024, up from 2.3% in the previous month and in line with expectations. Core CPI also rose, but by more than expected, and remained elevated at 3.6% in November against a forecast of 3.5% and compared to 3.3% in the previous month.
- 8 The BoE's Monetary Policy Committee (MPC) held Bank Rate at 4.75% at its December 2024 meeting, having reduced it to that level in November and following a previous 25bp cut from the 5.25% peak at the August MPC meeting (5-4 vote to cut).
- 9 In February 2025, the Bank Rate was reduced to 4.5%. Interest rates are expected to decline further into 2025, contingent on wage growth, services inflation, and broader economic conditions.

## LOCAL CONTEXT

- 10 On 31 March 2024, the Authority had net borrowing of £14.82m arising from capital expenditure.
- 11 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while balance sheet resources are the underlying resources available for investment. These factors are summarised in [Table 1](#) below.
- 12 Table 1 confirms that the Authority's net borrowings were below the Capital Financing Requirement (CFR).

**Table 1: Balance Sheet Summary**

	<b>31.03.24 Actual £m</b>	<b>31.12.24 Actual £m</b>
General Fund CFR	27.94	28.31
External borrowing	-17.78	-19.81
<b>Internal borrowing</b>	<b>10.16</b>	<b>8.50</b>
Less: Balance sheet resources	-13.13	-13.13
Less: New Investments	2.97	4.63
<b>New borrowing</b>	<b>0.00</b>	<b>0.00</b>

- 13 The treasury management position at 31 December and the change over the nine months is shown in [Table 2](#) below.

**Table 2: Treasury Management Summary**

	<b>31.3.24 Balance</b>	<b>Movement</b>	<b>31.12.24 Balance</b>	<b>31.12.24 Rate</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>%</b>
Long-term borrowing	14.07	-0.77	13.30	1.07 - 4.90
Short-term borrowing	3.71	2.8	6.51	1.00 - 5.20
<b>Total borrowing</b>	<b>17.78</b>	<b>2.03</b>	<b>19.81</b>	
Short-term investments	-1.48	-1.52	-3.00	4.70 - 5.19
Cash and cash equivalents	-1.48	-0.15	-1.63	4.62- 5.14
<b>Total investments</b>	<b>-2.96</b>	<b>-1.67</b>	<b>-4.63</b>	
<b>Net borrowing</b>	<b>14.82</b>	<b>0.36</b>	<b>15.18</b>	

**BORROWING**

- 14 CIPFA's 2021 Prudential Code outlines that local authorities must not borrow to invest with the primary objective being financial return. It is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement requiring new borrowing, unless directly and primarily related to the functions of the Authority.
- 15 The Authority has not invested in assets for financial return and all expenditure is related to the discharge of the Authority's functions.

**BORROWING STRATEGY AND ACTIVITY**

- 16 As outlined in the treasury strategy, the Authority's main objective when borrowing has been to adopt a low-risk strategy balancing low interest costs and achieving cost certainty over the period for which funds are required. The flexibility to renegotiate loans should the Authority's long-term plans change is a secondary objective. The Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio.
- 17 Short-term borrowing from other local authorities spiked to around 7% in late March 2024, primarily due a dearth of LA-LA lending/borrowing activity during that month, as expected shorter-term rates reverted to a more market-consistent range and were generally around 5.00% - 5.5%. Rising rates were seen towards the end of the period in the LA-LA market.
- 18 The PWLB certainty rate for 10-year maturity was 4.8% at the beginning of the period and 5.4% at the end. The lowest available 10-year maturity rate was 4.52% and the highest was 5.44%. Rates for 20-year maturity loans ranged from 5.01% to 5.87% during the period, and 50-year maturity loans from 5.88% to 5.69%.
- 19 As of 31<sup>st</sup> December 2024, the Authority held £19.81m of loans, an increase of £2.025m compared to 31<sup>st</sup> March 2024. A summary of outstanding loans as of 31<sup>st</sup> December is provided in [Table 3A](#) below.

**Table 3A: Borrowing Position**

	<b>31.3.24 Balance £m</b>	<b>Net Movement £m</b>	<b>31.12.24 Balance £m</b>	<b>31.12.24 Weighted Average Rate %</b>	<b>31.12.24 Weighted Average Maturity (years)</b>
Public Works Loan Board	17.78	-2.977	14.810	3.200	7.400
Local authorities (short-term)	0.00	5.000	5.000	5.200	0.660
<b>Total borrowing</b>	<b>17.78</b>	<b>2.02</b>	<b>19.810</b>		

- 20 The Authority took out a new £5M short-term local authority loan in December 24 due for repayment in August 25. All other short-term loans are held with the PWLB. Further borrowing is not required until August, however, if there is a sudden movement in the market with improved rates this will be utilised upon advised from our treasury advisors Arlingclose.

**Table 3B: Long-dated Loans borrowed**

	<b>Amount £m</b>	<b>Rate %</b>	<b>Period (Years)</b>
PWLB Maturity Loan	2.00	4.80	28
PWLB EIP Loan	0.63	3.09	13
PWLB EIP Loan	4.58	3.91	16
<b>Total borrowing</b>	<b>7.21</b>		

- 21 The Authority's borrowing decisions are not predicated on any one outcome for interest rates and seeks to maintain a balanced portfolio of short- and long-term borrowing.

## **TREASURY INVESTMENT ACTIVITY**

- 22 CIPFA published a revised Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes on 20 December 2021. These define treasury management investments as investments that arise from the organisation's cash flows or treasury risk management activity that ultimately represents balances that need to be invested until the cash is required for use in the course of business.
- 23 The Authority holds invested funds, representing income received in advance of expenditure plus balances and reserves held. During the quarter, the Authority's investment balances ranged between £2.36m and £9.13m. The investment position is shown in [Table 4](#) below.

**Table 4: Treasury Investment Position**

	<b>31.3.24</b>		<b>31.12.24</b>	<b>31.12.24</b>	<b>31.12.24</b>
	<b>Balance</b>	<b>Net Movement</b>	<b>Balance</b>	<b>Income Return</b>	<b>Weighted Average Maturity</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>%</b>	<b>days</b>
Banks & building societies	1.48	0.15	1.63	4.62 - 5.14	On call
BOS – Fixed Term		3.00	3.00	4.75	37
Central Government	1.48	-1.48	0.00	4.70 - 5.19	4
<b>Total investments</b>	<b>2.96</b>	<b>1.67</b>	<b>4.63</b>		

- 24 Both the CIPFA Code and government guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.
- 25 As demonstrated by the liability benchmark in this report, the Authority expects to be a long-term borrower and new treasury investments are therefore primarily made to manage day-to-day cash flows using short-term low risk instruments.
- 26 Bank Rate reduced from 5.00% to 4.75% in November 2024 and again to 4.5% in February 2025 with short term interest rates largely being around these levels. The rates on DMADF deposits ranged between 4.94% and 4.70%.

## COMPLIANCE

- 27 All treasury management activities undertaken during the quarter complied with the principles in the Treasury Management Code and the Authority's approved Treasury Management Strategy. North Wales Fire and Rescue Service (the Service) holds two call accounts that are used to place short term deposits, with Lloyds Bank and Barclays Bank. The interest rates being offered on treasury deposits tend to be more favourable; however, deposits were held with Lloyd and Barclays during the period due to the liquidity requirement for purchasing the land for the new training centre.
- 28 The authority also utilises its Debt Management Office (DMO) account, as the Treasury Management Strategy allows for unlimited funds to be placed with the DMO.
- 29 Compliance with specific investment limits is demonstrated in [Table 5](#) below.



**Table 5: Investment Limits**

Institution	Description	Limit	31.12.24 Actual	Complied? Yes/No
Banks	All UK banks and their subsidiaries that have good ratings (Fitch or equivalent). This is currently defined as long term (BBB)	£5m	<b>£4.63m</b>	yes
Central Government	Debt Management Office (DMO)	Unlimited	<b>0</b>	yes
Money Market Funds (MMF)	Only in conjunction with advice for Arlingclose	£1m per fund	<b>0</b>	yes
Local Authorities	All except those subject to limitation of council tax and precepts under Part 1 of the Local Government Finance Act 1992	£2m	<b>0</b>	yes
Building Societies	Building societies with a rating (as for the banking sector)	£2m	<b>0</b>	yes
Building Societies (Assets £1bn)	Building societies without a rating but with assets of £1billion or more	£2m/9 months	<b>0</b>	yes

- 30 Compliance with the Authorised Limit and Operational Boundary for external debt is demonstrated in [Table 6](#) below.

**Table 6: Debt and the Authorised Limit and Operational Boundary**

	31.12.24 Actual £m	2024/25 Operational Boundary £m	2024/25 Authorised Limit £m	Complied?
Borrowing	19.81	28.99	30.99	Yes
<b>Total debt</b>	<b>19.81</b>	<b>28.99</b>	<b>30.99</b>	

- 31 Since the operational boundary is a management tool for in-year monitoring there may be occasions when actual borrowing exceeds this target. This may be due to variations in cash flow and short-term breaches would not count as a compliance failure.

## TREASURY MANAGEMENT INDICATORS

- 32 As required by the 2021 CIPFA Treasury Management Code, the Authority monitors and measures the following treasury management prudential indicators.

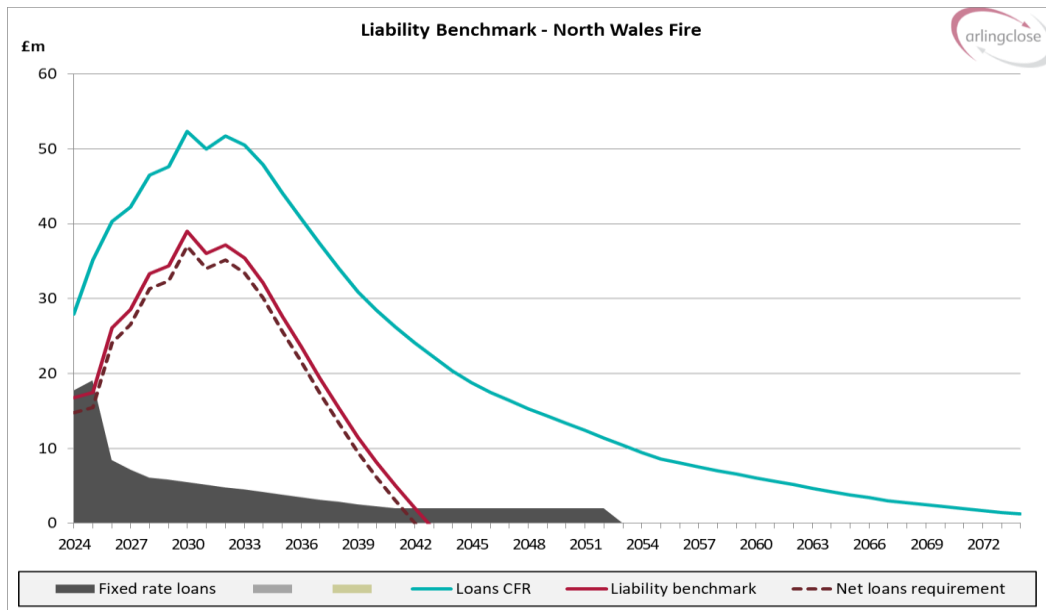
## Liability Benchmark

- 33 This new indicator compares the Authority's actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. The liability benchmark is an important tool to help establish whether the Authority is likely to be a long-term borrower or long-term investor in the future and so shape its strategic focus and decision making.
- 34 The indicator represents an estimate of the cumulative amount of external borrowing the Authority must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level of £2.0m required to manage day-to-day cash flow.

	<b>31.03.24 Actual £m</b>	<b>31.12.24 Actual £m</b>	<b>31.03.25 Forecast £m</b>	<b>31.03.26 Forecast £m</b>
Loans CFR	27.94	28.31	35.10	40.30
Less: Balance sheet resources	-13.12	-13.13	-19.70	-16.20
<b>Net loans requirement</b>	14.82	15.18	15.40	24.10
Plus: Liquidity allowance	2.00	2.00	2.00	2.00
<b>Liability benchmark</b>	<b>16.82</b>	<b>17.18</b>	<b>17.40</b>	<b>26.10</b>
<b>Existing borrowing</b>	<b>-17.78</b>	<b>-19.81</b>	<b>-14.10</b>	<b>-8.50</b>

- 35 The above forecast does not include any costs for the proposed training centre.
- 36 Following on from the medium-term forecast above, the long-term liability benchmark assumes capital expenditure funded by borrowing of £4m - £6m between 2023/24 and 2025/26, minimum revenue provision on new capital expenditure based on the current asset lives, as per the accounting policy, income and expenditure increasing by inflation of 2.5% p.a. and a reduction in reserves. This is shown in the [chart below](#) together with the maturity profile of the Authority's existing borrowing.
- 37 The graph shows that the Authority is expecting to need to borrow in future years. The Authority will always have a borrowing requirement as it does not hold significant cash or reserves and only has limited access to capital grant funding.

38 The blue line represents the need to fund capital expenditure through borrowing (the Capital Financing Requirement or CFR). The red lines represent the need to fund capital expenditure through borrowing once reserves and working capital surplus' (or deficits) have been taken into account – this is actually the real need to borrow which CIPFA have defined as being the Liability Benchmark. The dashed red line represents the position at year end and the solid line represents the average mid-year position. The grey shaded areas show actual loans. When the grey area falls below the red lines this infers a borrowing need.



### Maturity Structure of Borrowing

39 This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing were:

	31.12.24 Actual	Actual Limit	Upper Limit	Lower Limit	Complied Y/N
<12 months	7.19	36.31%	60.00%	0.00%	Y
12 months and <24 months	2.2	11.11%	45.00%	0.00%	Y
24 months and < 5 years	3.20	16.16%	45.00%	0.00%	Y
5 years and <10 years		0.00%	75.00%	0.00%	Y
>10 years	7.21	36.41%	100.00%	0.00%	Y

40 Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

### Long-term Treasury Management Investments

41 The Authority does not hold any long-term treasury investments.

## IMPLICATIONS

<b>Wellbeing Objectives</b>	This report links to the Authority's long-term well-being objectives. Ensures that the purchase of assets to support front line service delivery is prudent, affordable and sustainable. Ensures there is sufficient investment in infrastructure to enable the service to provide emergency responses and prevention work well in to the future.
<b>Budget</b>	Budget is set annually for capital financing in line with the Treasury report.
<b>Legal</b>	The regulatory framework is set out in paragraph 1.
<b>Staffing</b>	None.
<b>Equalities/Human Rights/Welsh Language</b>	None.
<b>Risks</b>	Investment of surplus funds – there is a risk that the financial institution in which the service's funds are invested could fail with a loss of part of the principal invested. However, one of the purposes of the report is to mitigate this risk.

Report to	<b>Audit Committee</b>
Date	<b>27 March 2025</b>
Lead Officer	<b>Helen MacArthur, Assistant Chief Fire Officer</b>
Contact Officer	<b>Mark Morgan, Payroll Manager</b>
Subject	<b>Payrolling Benefits 2025-26</b>



Gwasanaeth Tân ac Achub  
Fire and Rescue Service

## PURPOSE OF REPORT

1. To provide members of Audit Committee with an update on the requirement to implement all Employee Benefits, that require a P11D form at the end of each Tax Year, through the Payroll System. In 2024, the Government announced that from 6 April 2026, employers will be required to report and pay Income Tax and Class 1A NICs (National Insurance Contributions) on most Benefit in Kind (BiKs) in real-time on the Full Payment Submission (FPS).

## EXECUTIVE SUMMARY

2. Legislation dictates that from April 2026, Employers must process most BiKs through monthly payroll. North Wales Fire and Rescue Service (the Service) currently operates four benefits that require the production of end of year form P11D: -
  - a) Blue Light Personal Use Vehicles
  - b) Non-Blue Light Personal Use Vehicles
  - c) Physiotherapy
  - d) Tusker Car Scheme (salary sacrifice)
3. The proposal is to incrementally trial payroll benefits for the Service starting in April 2025, beginning with the Tusker Car Scheme, to ensure that current systems are adequate and capable.

## RECOMMENDATION

4. Members are asked to:
  - I. Note the legislation changes; and
  - II. Support incremental trialling of payrolling benefits over the 2025/26 financial year to prepare for full implementation from April 2026 in line with the legislative requirement.

## **BACKGROUND**


5. Annually after the end of the tax year, the Payroll Team process BiK calculations for some 60+ employees and subsequently provides each with a P11D benefit statement.
6. The current process requires the Service to purchase a software licence, currently with P11D Organiser, annually at a cost of approximately £700 inclusive of VAT.

## **INFORMATION**

7. Payrolling Benefits from April 2025, which is a year before the required legislation, will allow the Service to incrementally introduce the new process while testing the system on a small number of employees to ensure accuracy and compliance before rolling out all the BiKs.
8. Payrolling Benefits will remove the requirement to generate annual forms P11D and provide accurate and real-time tax calculations for employees, removing the complications of BiKs being processed by HMRC in arrears.
9. The real-time calculation of an employee's benefits will produce more accurate results, as the commencement and cessation of a benefit will be actioned at the point in time.
10. The implementation of Payrolling Benefits will reduce the correspondence produced by the Finance and Procurement Department, as there will no longer be a requirement to collate and process the data annually or produce individual benefit statements.
11. There will, however, be a requirement for a monthly feed associated with the different schemes to provide information to the Payroll Team for entry into the iTrent Payroll System.
12. New simplified reporting requirements would be created to confirm the benefits payrolled at year-end to HMRC.
13. The implementation will be led by the Payroll Team and will include communication directly with those within scope and through the weekly brief.

## IMPLICATIONS

Well-being Objectives	None
Budget	Recurrent cost saving achieved
Legal	It is a legal requirement that all the current BiK calculations currently completed by the Service are to be benefitted through Payroll by April 2026.
Staffing	Improved real time information that will support staff with personal financial management.
Equalities/Human Rights/Welsh Language	None
Risks	Coding notices, received from HMRC would be monitored to ensure individuals are not 'double taxed' for the period.

Report to	<b>Audit Committee</b>	
Date	<b>27 March 2025</b>	
Lead Officer	<b>Helen MacArthur, Assistant Chief Fire Officer</b>	
Contact Officer	<b>Elgan Roberts, Head of Finance and Procurement</b>	
Subject	<b>IFRS 16 Implementation for 2024/25</b>	

## PURPOSE OF REPORT

- 1 The purpose of this report is to provide Members of the North Wales Fire and Rescue Authority (the Authority) with an update about the necessary changes required for the implementation of International Financial Reporting Standards 16 (IFRS 16) for the 2024/25 annual accounts.
- 2 It also provides assurances regarding the steps being taken to ensure compliance and the impact on financial reporting.

## EXECUTIVE SUMMARY

- 3 This paper outlines the necessary changes for the implementation of IFRS 16 for the 2024/25 annual accounts of local government associations, focusing on the recognition of leases on the balance sheet to enhance transparency and comparability.
- 4 The Audit Committee is requested to approve a de minimus level of £10,000 for lease recognition and the use of the borrowing cost as of 1 April 2024 or the commencement of the lease as the discount rate.
- 5 The paper provides assurances on compliance with IFRS 16 by the effective date, detailing the implementation plan, impact assessment, and stakeholder engagement to ensure a smooth transition and maintain the integrity of financial reporting.

## RECOMMENDATIONS

- 6 It is recommended that Members:
  - i) **Note the legislative change for IFRS 16;**
  - ii) **approve a de minimus level of £10k for lease recognition; and**
  - iii) **approve the discount rate to be based on the borrowing cost as of 1 April 2024, or at commencement of the lease.**



## Background

- 7 IFRS 16, which replaces International Accounting Standards 17 (IAS 17), introduces significant changes in lease accounting by requiring lessees to recognise most leases on the balance sheet. This includes the right-of-use (ROU) asset and the associated lease liability. The primary goal of this change is to enhance transparency and comparability in financial statements, addressing issues like off-balance sheet financing that were prevalent under IAS 17.
- 8 The implementation of IFRS 16 aims to reflect the economic reality of lease transactions more accurately. By recognising lease assets and liabilities, the standard provides a clearer picture of a company's financial commitments and resources. It also impacts key financial metrics, improving the assessment of a company's operating performance. Additionally, IFRS 16 aligns lease accounting with other standards, promoting consistency and reducing complexity in financial reporting.

## Key Changes and Requirements

- 9 The principal change under IFRS 16 is the recognition of leases on the balance sheet. All leases, except for short-term leases and leases of low-value assets below a set de minimus, must be recognised on the balance sheet. This entails the recognition of a ROU asset and a corresponding lease liability. Lease liabilities are to be measured at the present value of lease payments over the lease term, using the interest rate implicit in the lease or, if not readily determinable, the lessee's incremental borrowing rate.
- 10 The introduction of ROU assets and lease liabilities will impact key financial metrics, such as debt ratios and net assets. Additionally, there will be changes in the presentation of the income statement, with lease expenses being replaced by depreciation of the ROU asset and interest on the lease liability. Enhanced disclosures are required to provide information about the nature, amount, timing, and uncertainty of cash flows arising from leases, including both qualitative and quantitative information about leasing activities.

## Implementation Plan

- 11 To ensure readiness for IFRS 16, a comprehensive assessment is underway to identify all existing leases and ensure the completeness of lease data. Current systems and processes have also been evaluated to determine their capability to handle the new requirements. All necessary lease documentation will be gathered and validated to ensure accuracy, capturing all relevant lease terms such as renewal options and variable lease payments.

- 12 For 2024/25 IFRS 16 impact will be calculated using excel spreadsheets, however, for 2025/26 systems and processes will be reviewed and developed, to review capability within Tech One to manage lease accounting under IFRS 16 to automate compliance with the standard.
- 13 Training and guidance have been received by CIPFA, Audit Wales, and collaborative working between Welsh Local Government Organisations. This knowledge will be rolled-out and provided to finance and procurement teams on the new requirements and their implications, and the changes will continue to be communicated to all relevant stakeholders, including external auditors. Additional advice has and can be sought by CIPFA Finance Advisory Network (FAN) who provide support with technical accounting queries.

### Identified Leases

- 14 As at the end of February 2025 the following leases have been identified:

Lease Description	Number of leases	Annual Value (£)
Buildings as Lessee	3	£224,000
Joint buildings	14	£0
Vehicles	62	£152,000
Printers/Frinking Machines	21	<£10,000

- 15 IFRS 16 allows an organisation to determine its own deminimus level for lease recognition. Following internal review and in consultation with other Local government organisations and CIPFA, it is recommended that the authority proceed with a deminimus level of £10,000 for lease recognition.
- 16 Establishing a deminimus level of £10,000 ensures that only leases with a significant financial impact are recognised on the balance sheet. This threshold helps to streamline the accounting process by excluding minor leases that would otherwise require disproportionate administrative effort relative to their financial significance. It also aligns with the principle of materiality and is the same value as the Capital deminimus level, ensuring that financial statements remain clear and focused on the most relevant information to benefit the users.
- 17 Similarly, a discount rate needs to be determined to calculate the lease liability, it is recommended that the Authority proceed with a discount rate to be based on the Public Works Loan Board rate as of 1 April 2024.

- 18 Any lease that commenced following 1 April 2024, will need the discount rate to be calculated based on the rate implicit in the lease. If the interest rate implicit in the lease cannot be readily determined, the lessee should use their incremental borrowing rate.
- 19 The above approach provides a consistent and transparent method for calculating the present value of lease payments, aligning with the principles of IFRS 16 and ensuring comparability across financial periods.

## Conclusion

- 20 The implementation of IFRS 16 represents a significant shift in lease accounting, requiring lessees to recognise most leases on the balance sheet. This change enhances transparency and comparability in financial statements, providing a clearer picture of a company's financial commitments and resources. The Authority has taken comprehensive steps to ensure compliance with IFRS 16, including setting a de minimus level for lease recognition and determining an appropriate discount rate. These measures, along with thorough training and stakeholder engagement, will facilitate a smooth transition to the new standard.

## IMPLICATIONS

<b>Wellbeing Objectives</b>	None
<b>Budget</b>	Impact of IFRS 16 was captured during budget setting and revenue costs are budgeted.
<b>Legal</b>	Statutory requirement to comply with accounting standards.
<b>Staffing</b>	None.
<b>Equalities / Human Rights / Welsh Language</b>	None.
<b>Risks</b>	IFRS 16 changes create a material impact on the annual accounts.

## Appendix 1: Definitions

**Lease:** A lease is a legal agreement between two parties: the lessor (owner) and the lessee (tenant). Under this contract, the lessor grants the lessee the right to use a property, asset, or service for a specified period in exchange for regular payments. Leases are commonly used for building, vehicles, and equipment.

**Sublease:** A sublease is an arrangement where the original tenant (lessee) of a property leases it out to a third party (sublessee). In this scenario, the original tenant becomes the sublessor. The sublease agreement allows the sublessee to use the property for a specified period, while the original lease between the landlord (lessor) and the original tenant remains in effect.

**Right-of-use Asset (ROU Asset):** A Right-of-Use (ROU) Asset is recorded when a company leases something for a set period and has control over its use, under IFRS 16. It applies to long-term leases of buildings, office space, vehicles, machinery, treating them similarly to owned assets. However, short-term leases (12 months or less), low-cost items like laptops, service contracts (e.g., software subscriptions), and leases bundled with services (where only the lease portion counts) are not considered ROU assets.

**Lease Liability:** A lease liability is a financial obligation that a lessee (the person or company renting an asset) must make lease payments over the lease term. This liability is calculated as the present value of the future lease payments, discounted to reflect the time value of money

Report to	<b>Audit Committee</b>
Date	<b>17 March 2024</b>
Lead Officer	<b>Helen MacArthur – Assistant Chief Fire Officer</b>
Contact Officer	<b>Elgan Roberts – Head of Finance and Procurement</b>
Subject	<b>NWFRA Contract Procedure Rules Summary 2025</b>



## PURPOSE OF REPORT

- 1 The purpose of this report is to present the proposed changes to the Contract Procedure Rules (CPR) of the North Wales Fire and Rescue Authority (the Authority), following amendments to align with the Procurement Act 2023, implemented on 24 February 2025.

## EXECUTIVE SUMMARY

- 2 The CPR outline the methodology for procuring goods, works, and services for NWFRA. Contract Procedure Rules (the Rules) outline the methodology for the procurement of goods, works, and services for the North Wales Fire & Rescue Authority (NWFRA). These Rules ensure that procurement procedures are efficient, transparent, and accountable, requiring high standards of probity from officers and members involved in the procurement process.
- 3 The CPR is updated to align with the Procurement Act 2023 and is based on the current version of the CPR last published in November 2021. The updates include provisions for procurement planning, sustainable procurement, and safeguarding, as well as requirements for quotations and tendering, contract management, and specific contracts such as land transactions.
- 4 By adhering to the updated CPR, the Authority can achieve its strategic objectives while maintaining transparency, accountability, and the highest standards of probity in all procurement activities.

## RECOMMENDATIONS

- 5 Members are asked to:
  - i) **Note the key changes in the CPR; and**
  - ii) **Recommend approval of the CPR by the Authority.**

## BACKGROUND

- 5 The Procurement Act 2023 mandates that the North Wales Fire & Rescue Authority (NWFRA) must adhere to updated Contract Procedure Rules to ensure compliance with statutory provisions. These Rules, last revised in November 2021, have been updated to align with the latest legislative requirements and to enhance procurement efficiency, transparency, and accountability.
- 6 Under the terms of reference, the Audit Committee is responsible for maintaining an overview of the Contract Procedure Rules and Financial Procedure Rules.

## KEY CHANGES

- 7 The updated CPR have undergone several significant changes since the last version published in November 2021. These changes are designed to align with the Procurement Act 2023 and enhance the efficiency, transparency, and accountability of the procurement process.
- 8 One of the key updates to note is the changes to the thresholds for quotations and tendering. These changes aim to provide clearer guidelines and improve the procurement process seen below:

<b>Contract Value</b>	<b>Proposed</b>
All Contracts	Use Corporate Purchasing Agreement if available; Purchase order must be sent via purchase-to-pay solution.
Up to £30,000	Relevant Officer's discretion to obtain one quotation but must demonstrate Most Advantageous Offer (value for money).
£30,000 - £119,000	Obtain formal quotations through Sell2Wales if no Corporate Purchasing Agreement is available.
£120,000 - WTO GPA Threshold	Issue Invitation to Tender via Sell2Wales if no Corporate Purchasing Agreement is available.
Over WTO GPA Threshold	Invite tenders with appropriate advertisements on Sell2Wales if no Corporate Purchasing Agreement is available.

- 9 Several terminology changes have been made to the CPR, with the key updates being, the term "Most Economically Advantageous Tender" has been changed to "Most Advantageous Tender," and "Value for money" is now referred to as "Most Advantageous Offer."
- 10 The updated CPR also introduces new provisions for procurement planning, sustainable procurement, and safeguarding. The rules now emphasise the importance of considering social, economic, and environmental issues when setting tender evaluation criteria.
- 11 The roles and responsibilities within the procurement process have also been adjusted. The responsibilities previously held by the Monitoring Officer have been transferred to the Procurement Team. Additionally, there is now a requirement for legal advice to be sought for certain procurement activities, ensuring that all procedures are compliant with the new regulations.
- 12 Another update is the introduction of electronic submission for tenders. This change removes the need for sealed envelopes and streamlines the tendering process. Invitations to Tender are now required to be issued through Sell2Wales, further enhancing the transparency and efficiency of the procurement process.
- 13 Lastly, various minor wording and structural changes have been made throughout the document to improve clarity and consistency. A detailed version control section has been added to track changes and identify the individuals responsible for those changes.

## **NEXT STEPS**

- 14 Once approved by the Authority, a formal review of the CPR will be conducted every three years. In the interim, the Procurement Team and the ACFO (Finance and Resources) will continuously monitor and implement any minor changes necessary to maintain the integrity of the CPR.
- 15 Training sessions will be provided to officers and their teams to familiarise them with the updated CPR and ensure compliance with the new regulations.

## IMPLICATIONS

Wellbeing Objectives	The Contract Procedure Rules align with the Wellbeing of Future Generations (Wales) Act 2015, ensuring that procurement activities meet present needs without compromising the ability of future generations to meet their own needs. This includes considering social, economic, and environmental issues when setting tender evaluation criteria.
Budget	Before undertaking any procurement exercise, the Responsible Officer must ensure that there is an approved budget for the expenditure. The total expected cost of a proposed contract, including any extensions and ancillary costs, must be estimated, and recorded
Legal	The Contract Procedure Rules comply with all relevant statutory provisions, UK law, and public procurement rules. Legal advice must be sought prior to the early termination of any contract, and all contracts must be in writing and executed under seal if required by law.
Staffing	To comply with the Procurement Act 2023 a procurement officer is being recruited. This post will also support with education of officers and their teams.
Equalities/Human Rights/Welsh Language	The Authority must consider social, economic, and environmental issues when setting tender evaluation criteria. There is no detriment to Equalities/Human Rights/Welsh Language.
Risks	The reports set out the financial risks associated with borrowing and investment activities.





# North Wales Fire & Rescue Authority Contract Procedure Rules

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## Introduction

The purpose of these Contract Procedure Rules is to provide a methodology for the procurement of goods, works and services for North Wales Fire and Rescue Authority (the Authority) and to ensure that the relevant procedures are efficient and transparent and provide a system of openness and accountability. The highest standards of probity are required of all officers and Members involved in the procurement, award and management of the Authority's Contracts.

Any queries in respect of these Contract Procedure Rules shall be referred to the Procurement Team.

## Version Control

Version	Date	Description of change/s	by
0.1	26/02/2025	Initial draft issued for review by Head of Finance and Procurement.	Jack Millward
0.2	27/02/2025	Minor tweaks following Head of Finance review	Elgan Roberts
1.0	06/03/2025	Completed version issued for inclusion with Formal SLT Papers	Jack Millward
1.1			
2.0	17/03/2025	Final Version issued for inclusion with Audit Committee Papers	Elgan Roberts

Formal review to be undertaken every 3 years from publication.

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## GENERAL

### 1. Interpretation

1.1 In these Contract Procedure Rules, the following terms have the following meanings:

Approved List	A list drawn up for and maintained by services for use under The Procurement Act 2023
Business Case	The process for weighing up the expected benefits with the cost and risks of a proposed project.
Call Off	A Contract let using a Framework Agreement where the terms allow for a Contract to be awarded without the need for mini competition.
Code of Conduct	The Codes regulating the conduct of Officers and Members as set out in the Authority's constitution
Community Benefits	Social or economic or environmental requirements which benefit the community within the Authority area
Contract	An agreement for the supply of goods or services or concessions or the execution of works
Contract File	A record of all matters relating to the Contract and procurement process
Contractor	A supplier of goods or services or concessions or works for the Authority
Contracts Register	A Register of Contracts currently operating within the Authority
Corporate Purchasing Agreement	A Contract or Framework Agreement which has been endorsed and approved for use by the PO, Finance and Resources and its use shall be mandatory. This includes joint procurement arrangements and membership of official planning consortiums
Contract	A Contract covered by The Procurement Act 2023 Regulations
Authority	North Wales Fire and Rescue Authority

E-Sourcing	Electronic systems for the facilitation and conducting of procurement exercises
Find A Tender (FTS)	Service manages tenders and contracts whose overall spend is, or will be, above the current public procurement thresholds.
Framework Agreement	An agreement which allows a Responsible Officer to Call Off or undertake a mini competition to provide goods, services or works in accordance with the terms of the agreement. The Framework Agreement usually constitutes a non-binding offer with no obligations to Call Off from the Contractor. If the Authority Calls Off from the Contractor a binding Contract comes into being.
GPA	Government Procurement Agreement
Chief Fire Officer (CFO)	Overall responsibility for each area of North Wales Fire and Rescue Service
Principal Officer (PO)	Responsible for specific areas within the North Wales Fire and Rescue Service
Invitation to Tender	Invitation to Tender documents in the form required by these Contract Procedure Rules
Member(s)	A Member of the Authority
Monitoring Officer	The Officer designated by the Authority as its statutory Monitoring Officer from time to time
Month	A calendar month
Most Advantageous Tender	The tender which is the most advantageous to the Authority based on a combination of price and quality criterion
Public Procurement Thresholds	Thresholds determined by the World Trade Organisation's (WTO) Government Procurement Agreement (GPA) reviewed every 2 years.
Quotation	A quotation of price and any other relevant matter made without the formal issue of an Invitation to Tender
Relevant PO	The PO whose department is responsible for the procurement exercise in question

Responsible Officer	Any permanent or temporary staff member or consultant or any other person properly authorised by the Authority to carry out any of the Authority's Contracts functions
Section 151 Officer	the officer designated by the Authority to undertake its duties under section 151 of the Local Government Act 1972
Tender	a Contractor's formal proposal submitted in response to an Invitation to Tender
Tenderer	a Contractor who is invited to submit a Tender for the provision of works, services, goods or concessions to the Authority
Value for Money	the optimum combination of whole life costs, quality and benefits to meet the Authority's requirement. Such term equates to the WTO's GPA procurement requirement of "most advantageous offer"
Working Day	any day other than a Saturday or a Sunday or a day which is a bank or a public holiday throughout Wales
WTO	World Trade Organisation

- 1.2 Unless the context otherwise requires, words in the singular shall include the plural and in the plural include the singular.
- 1.3 Unless the context otherwise requires, a reference to one gender shall include a reference to the other gender.
- 1.4 Any reference to actions within these Contract Procedure Rules can also be undertaken by Responsible Officers with the appropriate delegated authority to carry out such tasks.
- 1.5 Under these Contract Procedure Rules, periods expressed as a certain number of days from a particular event run from the day following that on which the event takes place. If the last day of the period falls on a Saturday, Sunday or a bank or public holiday it will end on the next working day.
- 1.6 Periods will include public holidays and weekends unless these are expressly excluded or the periods are expressed as a certain number of working days.

## **2. Compliance with Contract Procedure Rules and Legislation**

- 2.1 These Contract Procedure Rules apply to all Contracts entered into by or on behalf of the Authority.
- 2.2 The ACFO (Finance and Resources), Monitoring Officer or Section 151 Officer shall advise on the implementation and interpretation of the Authority's Contract Procedure Rules.
- 2.3 Every Contract entered into by the Authority or on its behalf shall be entered into pursuant to, or in connection with, the Authority's functions and shall comply with:
  - 2.3.1 all relevant statutory provisions;
  - 2.3.2 the relevant UK law and the UK and Wales public procurement rules;
  - 2.3.3 the Authority's constitution including these Contract Procedure Rules and the Authority's Financial Regulations.
  - 2.3.4 schemes of delegation;
  - 2.3.5 the Authority's strategic objectives and policies;
  - 2.3.6 the relevant data protection legislation.
- 2.4 Should there be a conflict between the provisions of the Authority's Contract Procedure Rules and any provision of an UK directive or any domestic legislation, the directive or legislation shall prevail.
- 2.5 All Responsible Officers must comply with the Authority's Contract Procedure Rules and Financial Regulations. Other officers must not enter into Contracts on behalf of the Authority.
- 2.6 Any failure by a Responsible Officer to comply with any of the provisions of these Contract Procedure Rules or the Authority's Financial Regulations or associated guidance adopted by the Authority or any UK legal requirements may result in disciplinary action.
- 2.7 Any failure to comply with these Contract Procedure Rules by Responsible Officers shall be reported immediately to the ACFO (Finance and Resources).
- 2.8 Any failure to comply with these Contract Procedure Rules by Members shall be reported immediately to the Monitoring Officer.

## **3. Duties of Responsible Officers and Members**

- 3.1 The highest standards of probity are required of all Responsible Officers and members involved in the procurement, award and management of Authority Contracts.



- 3.2 Responsible Officers shall always:
- 3.2.1 seek value for money;
  - 3.2.2 show no undue favour to any Contractor or Tenderer, nor discriminate against any Contractor or Tenderer;
  - 3.2.3 ensure that all procurement is in accordance with the highest standards of propriety and proper practice (including respecting the confidentiality of commercial information);
  - 3.2.4 do nothing that contravenes UK domestic law;
  - 3.2.5 ensure that adequate Contract files are kept for Contracts upon which they are engaged.
- 3.3 Members and officers must comply with the Authority's policy and processes in relation to gifts and hospitality. As a general rule, offers of gifts or hospitality must not be accepted without the written authorisation of the CFO or Relevant PO. This includes offers from Contractors, Tenderers or any firm or organisation with whom the Authority has had, is having or may have any dealings of any kind. Authority members may wish to discuss the offer of a gift or hospitality, with the monitoring officer / clerk.
- 3.4 Members shall comply with the members' code of conduct.
- 3.5 Responsible Officers shall comply with the officers' code of conduct.
- 3.6 Members and officers should seek advice from the Procurement Team in respect of any matter arising out of these Contract Procedure Rules whenever there is any doubt as to the correct procedure.

#### **4. Declaration of Interests**

- 4.1 No Member, officer or agent of the Authority shall improperly use their position to obtain any personal or private benefit from any Contract entered into by the Authority.
- 4.2 The following shall declare any interests which may affect the Contract process:
- 4.2.1 all Responsible Officers who play any role in the procurement process, including those designated under a scheme of delegation in CPR 5.3;
  - 4.2.2 Members involved in the procurement process; or
  - 4.2.3 external consultants.

4.3 The CFO or responsible PO shall ensure that members, officers, consultants or anyone else who is not an officer of the Authority appointed or agreed by them make declarations on their appointment and on any change in circumstances (and annually in the case of officers), and shall either certify them as acceptable or take any necessary action in respect of potential conflicts of interest. Responsible Officers shall keep completed consultants' declarations on the Contract file.

4.4 All members and Responsible Officers must complete a declaration of interest form, which must be appropriately approved in compliance with the Authority's declaration of interests policy. The Authority shall maintain a register of declarations indicating the names and grades of those declaring and the nature of their declaration.

## **5. Scheme of Delegation**

5.1 The Authority shall maintain a scheme of delegation setting out the delegated limits for Chief Officers and Responsible Officers. Responsible Officers must operate within delegated limits when entering into a Contract on behalf of the Authority.

5.2 Each PO shall compile and maintain a scheme of delegation specific to their service, detailing the names and grades of Responsible Officers approved for the purposes of obtaining quotations, tendering, entering contracts and placing orders on behalf of the authority and the maximum contract or order value allocated to each Responsible Officer for these purposes.

5.3 Each PO must provide the ACFO (Finance and Resources) with their scheme of delegation before the start of each financial year and on making any amendment.

5.4 The ACFO (Finance and Resources) shall keep a register of all schemes of delegation and shall ensure the appropriate scheme of delegation is replicated within the purchase-to-pay solution (for ordering, receipting and payments).

## **6. Electronic Procurement Solutions**

6.1 All purchase to pay processes including requisitioning, ordering, receipting and invoice payments shall be conducted via the corporate purchase-to-pay solution.

## **7. Corporate Purchasing Agreements and Dynamic Purchasing Agreements**

7.1 The use of the following Corporate Purchasing Agreements as endorsed by the ACFO (Finance and Resources) shall be mandatory, unless a justification not to use them has been made in writing and been approved by the ACFO (Finance and Resources):

7.1.1 Corporate purchasing agreements resulting from the WGCD (Welsh Government Commercial Delivery) or any other approved official purchasing consortiums;

7.1.2 Any other Framework Agreements and any subsequent call off arrangements; and

7.1.3 Joint procurement arrangements.

7.2 Any membership of an official purchasing consortium which requires upfront Authority commitment shall be approved by the ACFO (Finance and Resources) prior to the involvement by or on behalf of the Authority.

## **8. Use of Consultants**

8.1 The engagement of consultants must be approved, in the first instance, by the Relevant PO and such approval shall be recorded on the corporate Contracts Register.

8.2 When calculating the estimated value of the Contract, due consideration must be given to any follow on work that may result from the original Contract. Where it is proposed that consultants are engaged by the Authority, the Relevant PO shall ensure that:

8.2.1 there is a clear identification of need. In particular, the availability of in-house resources must be considered before seeking to engage external consultants;

8.2.2 a budget has been agreed;

8.2.3 a project brief has been prepared;

8.2.4 Contracts are in accordance with these Contract Procedure Rules, unless CPR 14 applies;

8.2.5 comprehensive criteria against which proposals will be evaluated are set;

8.2.6 the selection decision is clearly documented;

8.2.7 a formal agreement or detailed letter of engagement is prepared and signed;

8.2.8 fee payments and progress are monitored;

8.2.9 a detailed Contract file is maintained;

8.2.10 performance is reviewed and adequate management monitoring and reporting is in place, including implementation of any recommendations made by consultants;

8.2.11 there is a clear requirement for knowledge and skills transfer from the consultant to in-house staff;

- 8.2.12 declare any interests which may affect the Contract process.
- 8.3 Consultants shall be required to provide evidence of and maintain professional indemnity policies to the satisfaction of the Relevant PO for the periods specified in the respective agreement. The excess for any one claim shall be no more than £20,000 except with the approval of the ACFO (Finance and Resources).
- 8.4 For the engagement of technical external staff such as architects, surveyors, engineers and lawyers, the Relevant PO shall annually review the level of use of such external staff.
- 8.5 Where consultants or technical external staff such as architects, surveyors, engineers or lawyers are appointed to be responsible for supervision of a Contract on behalf of the Authority, it shall be a condition of appointment that they shall comply with these Contract Procedure Rules and the Authority's Financial Procedure Rules in relation to that Contract as if they were an officer of the Authority and that on completion of the Contract they shall submit all relevant records to the Relevant PO.

## **PROCUREMENT PLANNING**

### **9. Purchasing Need and Procurement Planning Approval**

- 9.1 The Relevant PO shall, having established and identified a purchasing need, nominate a Responsible Officer to fully assess the purchasing need.
- 9.2 Before undertaking a procurement exercise the Responsible Officer shall ensure that the authority's business planning process is followed. This includes the appropriate scoping of goods/service requirements, ensuring that there is approved budget for such expenditure and the route to market is compliant with these procedure rules.

### **10. Determining the Contract Value**

- 10.1 Before conducting any procurement exercise the Responsible Officer will estimate and record the total expected cost of a proposed Contract, including any Contract extensions, incidental or ancillary costs net of recoverable VAT over the full duration of the Contract. For construction Contracts the estimate must be produced by a suitably qualified officer.
- 10.2 Where a service or supply Contract does not stipulate a total price, the value shall be estimated as follows:
- 10.2.1 fixed term service Contracts of up to 48 months: total consideration payable over the term;

- 10.2.2 service Contracts or Contracts for the hire of goods for an indefinite or uncertain period or for a fixed term of more than 48 months; consideration payable in respect of each month multiplied by 48.
- 10.3 The value of regular or renewable service or supply Contracts shall be estimated either:
  - 10.3.1 by aggregating the value of similar Contracts for the same categories of services or supplies awarded by the Authority over the previous financial year or 12 months, adjusted where possible for anticipated changes in quantity or value over the next 12 months; or
  - 10.3.2 by taking the estimated aggregate value during the 12 months following the first supply or service performed, or during the term of the Contract where this is greater than 12 months.
- 10.4 A Contract cannot be artificially divided, nor a valuation method selected with the intention of avoiding any clauses within these Contract Procedure Rules. Contracts shall be packaged to ensure best service delivery, competition and value for money.
- 10.5 Where a purchasing requirement is subdivided into several smaller Contracts, the estimated value of each shall be aggregated to estimate the total Contract value. However it will not be necessary to aggregate the following:
  - 10.5.1 any works Contract that has an estimated value of less than the small lots provision in the table of values; or
  - 10.5.2 any service Contract that has an estimated value of less than the small lots provision in the table of values, provided that the aggregate value of all those smaller Contracts is less than 20% of the total Contract value.

## **11. Pre-Tender Enquiries**

- 11.1 Enquiries of Contractors may be made before tenders are invited in order to:
  - 11.1.1 establish whether goods, works or services that the Authority wishes to purchase are available and within what price range;
  - 11.1.2 prepare the Invitation to Tender, price estimates and Contracts;
  - 11.1.3 establish whether particular Contractors wish to be invited to tender or quote.

## 11.2 In making enquiries:

- 11.2.1 no information shall be disclosed to one Contractor which is not then disclosed to all those of which enquiries are made, or who are subsequently invited to submit a tender or quotation;
- 11.2.2 no Contractor shall be led to believe that the information they offer will necessarily lead to them being invited to submit a tender or quotation, or being awarded the Contract;
- 11.2.3 a written record, including notes of any meetings held, the responses and the names of all individuals present shall be kept by the Responsible Officer on the Contract file.

## 12. Sustainable Procurement and Safeguarding

- 12.1 The Authority has a duty under the Wellbeing of Future Generations (Wales) Act 2015 to act in accordance with the sustainability principle and to ensure this guides decision making. The Authority must act in a manner which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.
- 12.2 For all Contracts for goods and services the Authority shall consider social, economic and environmental issues when setting the tender evaluation criteria.
- 12.3 For all Contracts exceeding £2,000,000 the Authority must demonstrate compliance with the Welsh Government's Community Benefits in Procurement requirements. For relevant Contracts, Contractors will be required to complete the Community Benefits Toolkit as part of their Contractual requirements.

## EXEMPTIONS

### 13. Exempt Contracts

- 13.1 An Exempt Contract is one to which these Contract Procedure Rules do not apply.
- 13.2 The following Contracts are exempt from the requirements of these Contract Procedure Rules:
  - 13.2.1 employment Contracts;
  - 13.2.2 agreements relating solely to disposal or acquisition of an interest in land with the exception of Development Agreements (see CPR 52);
  - 13.2.3 internal purchases or service provision;

13.2.4 Contracts for the engagement of counsel; and

13.2.5 Contracts for the engagement of an expert witness.

#### **14. Exemption from Contract Procedure Rules**

14.2 For Contracts other than those specified under CPR 13, a Responsible Officer may seek an exemption from applying these Contract Procedure Rules in exceptional circumstances.

14.3 A Contract shall only be negotiated with a single Contractor where the Authority having considered all the circumstances decides that such a course is desirable in the public interest. Such a decision shall be made only after consideration by the ACFO (Finance and Resources) in conjunction with the Monitoring Officer where appropriate. Circumstances may include:

14.3.1 where the works, goods or services can only be provided by a particular Contractor for reasons that are technical or connected with the protection of exclusive rights;

14.3.2 urgency brought about by events unforeseeable by the Authority and in accordance with the strict conditions stated in the Procurement Act 2023 Regulations;

14.3.3 goods are required as a partial replacement or addition to existing goods or installations and obtaining them from another Contractor would result in incompatibility or disproportionate technical difficulties in operation or maintenance;

14.4 No exemptions may be granted which would result in a breach of UK domestic law.

14.5 A register of approved exemptions will be maintained.

#### **APPROVED LISTS**

##### **15. Authority's Approved Lists**

15.1 Approved lists may be established for certain types of goods, works and service Contracts. Generally these will be for low value high frequency purchases.

15.2 The approval from the ACFO (Finance and Resources) must be sought prior to set up or adoption of an Approved List.

15.3 Authority Approved Lists shall:

15.3.1 indicate whether the Contractors listed are approved for all Contracts or for only some of the specified categories, values or amounts;



- 15.3.2 be publicly advertised and reviewed in full at least every four years. As a minimum, a public advertisement must be published on the National Procurement Service website (Sell2Wales);
  - 15.3.3 be open to receive new expressions of interest from any Contractor;
  - 15.3.4 be an Approved List prepared by another public body providing that it has been composed in a proper manner by that body and that the Responsible Officer is satisfied that the procedure used does not conflict with the Authority's policies and procedures.
- 15.4 The financial standing of Contractors may be subject to financial assessment. Where the CFO or POs choose not to adhere to the financial assessment limits advised by the ACFO (Finance and Resources), a documented risk assessment must be undertaken to support the decision.
- 15.5 A Contractor shall not be placed on an Authority Approved List or invited to tender if:
- 15.5.1 it is bankrupt or is being wound up or is having its affairs administered by a court or has entered into an arrangement with creditors or has suspended its business activities or is subject to court proceedings regarding any of these matters;
  - 15.5.2 it, or any of its directors, have been convicted of an offence concerning professional conduct or have been guilty of grave professional misconduct;
  - 15.5.3 it has not fulfilled obligations relating to the payment of taxes or other statutory contributions;
  - 15.5.4 it has fundamentally misrepresented information supplied to the Authority.
- 15.6 Where an Approved List is in place, the consideration of other Contractors shall only be permitted where the Contractors are to be subject to a separate pre-qualification questionnaire exercise as part of a specific procurement exercise.
- 15.7 Responsible Officers must ensure a process of continual checking and verification is in place with respect to Contractors who are on an Approved Lists or Framework Agreements or have a Contract in place. Issues which shall be subject to verification shall include financial standing (see CPR 15.6), level of insurance cover (including any policy exclusions), accreditations, level of prosecutions and any other relevant information which may be subject to change or renewal.



## **16. Removal of a Contractor from an Approved List**

- 16.1 The Relevant PO may, in consultation with the ACFO (Finance and Resources), immediately suspend a Contractor from an Approved List, Framework Agreement, dynamic purchasing agreement or (in exceptional circumstances) Contract, whenever there are substantiated concerns regarding the Contractor's financial standing or technical capability or compliance with health and safety requirements.
- 16.2 Investigations of the Contractor must take place immediately. If the suspicions are confirmed, the Contractor must be removed from the Approved List, Framework Agreement or dynamic purchasing agreement. If the suspicions are dispelled, the Relevant PO must immediately reinstate the Contractor.
- 16.3 A Contractor may be removed from an Approved List, Framework Agreement if the Relevant PO considers that the Contractor or its staff have breached standards of conduct that are relevant to the nature of the work performed by the Contractor. Action may be taken under this paragraph even if there are no doubts about the financial standing or technical capability of the Contractor.
- 16.4 In the event that a Contractor is removed from an Approved List, Framework Agreement the ACFO (Finance and Resources) will be notified of the decision.
- 16.5 A Contractor which has been removed from an Approved List or Framework Agreement shall have the right to appeal the decision within 7 working days of receipt of the letter informing them of their removal.
- 16.6 Any appeal shall be heard by the Procurement Team and Section 151 Officer.

## **PROCUREMENT APPROACHES**

### **17. Requirements for All Contracts**

- 17.1 The Authority is actively involved in collaborative agreements and arrangements across the public sector. These include joint procurement agreements to secure economies of scale and the use of public sector procurement frameworks.
- 17.2 Such arrangements known as Corporate Purchasing Agreement must be considered in the first instance. If in place an order shall be placed under the Corporate Purchasing Agreement accordingly.
- 17.2 A purchase order must be sent via the purchase-to-pay solution following award of the Contract.

## **18. Contracts Valued up to £30,000 (Goods, Works and Services)**

- 18.1 The need to obtain one quotation shall be at the Relevant Officers discretion although this does not alleviate the Relevant Officer of their responsibility to demonstrate that value for money has been obtained.

## **19. Contracts Valued between £30,000 and £119,000 (Goods, Works and Services)**

- 19.1 Where a Corporate Purchasing Agreement is not available, the Responsible Officer must follow the tender requirements and obtain formal quotations through Sell2Wales.

## **20. Contracts Valued between £120,000 and World Trade Organisation (WTO) Government Procurement Agreement (GPA) Threshold (Goods, Works and Services)**

- 20.1 Where a Corporate Purchasing Agreement is not available, the Responsible Officer must follow the tender requirements and issue Invitation to Tender through advertisement on Sell2Wales

## **21. Contracts Valued over WTO's GPA Threshold (Goods, Works and Services)**

- 21.1 Where a Corporate Purchasing Agreement is not available, the Responsible Officer shall invite tenders with appropriate advertisements on Sell2Wales.

## **22. Request for Quotes and Invitation to Tender Documentation**

- 22.1 The Invitation to Tender and all other procurement documentation (including requests for quotation, pre-qualification questionnaires and Contract award letters) used shall be in compliance with the corporate standard documentation.
- 22.2 Every set of procurement documents shall state the nature and purpose of the Contract for which tenders are invited, specify the last date and time when tenders will be received and state that the Authority reserves the right not to accept any tender or to accept a tender other than the lowest where payment is to be made by the Authority or the highest where payment is to be received by the Authority.
- 22.3 The Invitation to Tender must include an indication of the method of selection of the successful tender i.e. price basis, quality basis or a combination of price and quality (most economically advantageous tender).
- 22.4 Instructions must be given to Tenderers regarding submission of documents which state that tenders must be received by the time and date indicated on the Invitation to tender. Receipts will be issued for hand delivered tenders.

22.5 All Tenderers shall be required to submit a signed statement to the effect that their tender price has not been communicated to others apart from that disclosed in confidence to insurers and that they have not adjusted the amount of any tender or quotation in accordance with any agreement or arrangement between the proposed Tenderer and any other person.

### **23. Tender Specifications**

23.1 The Responsible Officer shall ensure the Invitation to Tender specifies the quality, performance, safety and other characteristics required of the works or goods or services or supplies. Specifications may include requirements relating to methods of construction, design and costing, tests, testing methods, inspection and acceptance, quality assurance, packaging, marking and labelling.

23.2 Technical specifications shall be defined by reference to relevant specifications, in the following order: to British technical specifications, British standards implementing international standards, other British standards and technical approvals or any other standards. Where an appropriate standard is current at the date of tender, all works, goods, services and supplies shall be at least of equal quality.

23.3 Specifications shall not refer to goods of a particular make or source unless:

23.3.1 it is justified by the purchasing requirement; or

23.3.2 the purchasing requirement cannot otherwise be described precisely and intelligibly, provided references are accompanied by the words 'or equivalent'.

### **24. Tender Bid Clarifications**

24.1 At all times during the procurement process the Authority shall ensure that all Tenderers and Contractors are treated equally and in a non-discriminatory and transparent manner.

24.2 Tenderers must be provided with an opportunity to ask questions of the Authority in relation to the procurement exercise and Contract requirement. Where a Tenderer seeks clarification from the Authority prior to tender submission, the Responsible Officer shall ensure that the clarification question and response are brought to the attention of all Tenderers.

24.3 Following receipt of tenders, the Responsible Officer may seek clarification from Tenderers where appropriate in consultation with the ACFO (Finance and Resources).

### **25. Tender Submissions**

25.1 The principles governing the submission of tenders should apply to electronic submissions. and in compliance with the instructions to Tenderers issued as part of the Invitation to Tender.

25.2 The tender should be submitted electronically in accordance with the subject to which it relates, and the tender conditions shall clearly indicate the last day and time for receipt of tenders.

25.4 No Responsible Officer or member shall communicate with any Tenderer once the Invitation to Tender has been posted to or collected by the Tenderer. No information relating to that procurement process shall be disclosed to anyone not involved directly in arranging the Contract, except where it is necessary:

25.4.1 for an officer or Tenderer to carry out an inspection of works, in which case all Tenderers shall be offered an equal opportunity to carry out an inspection; or

25.4.2 to inform Tenderers of a change in the procurement arrangements, including the supply of additional or changed information, in which case all Tenderers shall be sent the same information at the same time; or

25.4.3 in response to a request for clarification.

## **26. Tender Opening**

26.1 All tenders shall be opened at the same time and place after the closing time for receipt of tenders as stated in the Invitation to Tender or as early as reasonably practical thereafter.

26.2 The Authority have arrangements in place to record the following details of each tender:

26.2.1 The last date and time for the receipt of tenders;

26.2.2 The time and date the tender was received;

26.2.3 The name of each Tenderer and where practicable the value of each tender;

26.2.4 The date the tenders were opened;

26.2.5 Contract title;

## **27. Late Tenders Received**

27.1 Any tender received after the specified time shall be endorsed with the time and date of receipt.

27.2 If all other tenders have been opened, the late tender shall not be considered for evaluation and shall be opened only to ascertain the name of the Tenderer. No other details of the tender shall be disclosed. The Responsible Officer shall arrange for the tender to be returned to the Tenderer immediately. A notification letter explaining why the tender has not been considered shall be sent to the Tenderer.

- 27.3 The late tender may be considered, providing that the other tenders have not been opened and that the Monitoring Officer or relevant PO is satisfied:
- 27.3.1 that there is evidence that the late tender was posted or submitted in time for delivery by the due date in the normal course of postal service or internet service; or
  - 27.3.2 that exceptional circumstances surround the submission of the late tender.
- 27.4 Any decision is to be recorded on the tender opening document and a copy of the decision should be included in the register.

## **28. Tender Evaluation**

- 28.1 All tenders for goods, services or works shall be evaluated and awarded on the basis of most economically advantageous tender, which shall include a combination of price and quality criteria, unless an exemption to this requirement has been approved by the ACFO (Finance and Resources).
- 28.2 Any scoring or weighting attributable to any criteria or sub-criteria must be clearly stated in the Invitation to tender. The criteria shall be strictly observed and remain unchanged at all times throughout the evaluation process. It must be noted that prior disclosure of and adherence to award criteria and weightings is a fundamental requirement of the core principle of transparency. The core procurement principles of transparency, equal treatment and non-discrimination apply to all procurements.

## **29. Errors in Tenders**

- 29.1 As a general rule no adjustment or qualification to any tender shall be permitted. However, errors identified during the examination of tenders may be addressed. invitations to tender must state the method to be used for dealing with errors in tenders.
- 29.2 Responsible Officers may invite Tenderers to amend their tender to correct genuine arithmetical error(s). In this case, no other adjustment revision or qualification is permitted.
- 29.3 Where examination of tenders reveals other errors not stated in CPR 34.2 or omissions which would affect the tender figure, the Tenderer shall be given details of such errors and an opportunity of confirming or withdrawing its tender.
- 29.4 Where a standard form Contract is used, the Responsible Officer shall deal with errors in accordance with the rules applicable to that form of Contract.

- 29.5 The Responsible Officer shall ensure that the forms of tender are scrutinised in order to identify any errors or other discrepancy affecting the validity of the tender. Where tender values are compiled from a detailed bill of quantities the Responsible Officer shall also scrutinise the priced bill of quantities supporting the lowest tender received and any others he considers appropriate.
- 29.6 If a Tenderer withdraws or a corrected tender is no longer the highest ranking, the tender from the next highest-ranking Tenderer in competitive order will be examined in more detail.

### **30. Negotiations**

- 30.1 Where procurement is conducted pursuant to the Procurement Act 2023 Regulations through either the open or restricted procedures, no negotiations are permitted following tender submission. The Responsible Officer may seek clarification from Tenderers where appropriate. Negotiations on price are never permissible.
- 30.2 At all times during the procurement (whether subject to the Procurement Act 2023 Regulations or not), the Authority shall consider and implement the principles of non-discrimination, equal treatment and transparency.
- 30.3 The Responsible Officer shall keep a written record of all negotiations, including notes of all meetings and the names of all individuals present and signed as such by all participants. At least two officers should be present when conducting negotiations; these procedures also apply where it is proposed to extend an existing Contract by negotiation.
- 30.4 Where negotiation results in a fundamental change to the specification or Contract terms, the Contract must not be awarded but re-tendered.

### **31. Contract Award**

- 31.1 The Authority shall only award a Contract where it represents best value for money. Tenders duly invited and submitted in accordance with the provisions of these Contract Procedure Rules may be awarded in accordance with the Authority's scheme of delegation.
- 31.2 In respect of Contracts where the lowest price is predetermined to be the appropriate criteria for award, a tender or quotation other than the lowest if payment is to be made by the Authority or the highest if payment is to be received by the Authority shall not be accepted until the ACFO (Finance and Resources), has considered a written report from the Relevant PO.



## **32. Joint Procurements**

- 32.1 The use of any Framework Agreements or Joint Contracts resulting from a procurement exercise involving other public bodies as the lead authority shall be approved by the ACFO (Finance and Resources) prior to their use. All such requests shall be made in writing to the ACFO (Finance and Resources) and, once approved; the Responsible Officer shall ensure that the Framework Agreement or Joint Contract shall be inputted onto the Corporate Contract Register.
- 32.2 The Responsible Officer will ensure that the Contract Procedure Rules or equivalent of the lead authority or organisation will be acceptable to the Authority and are to be followed throughout the procurement exercise and the duration of the Contract.32.3 Any joint procurement arrangement with any other public sector organisation that results in the Authority being committed to Contractual obligations on behalf of those other organisations (not including Framework Agreements) shall be approved by the ACFO (Finance and Resources) prior to commitment stage.

## **33. Standstill Period**

- 33.1 'Standstill' letters issued as part of the process for procurements over the WTO's GPA threshold under the Procurement Act 2023 Regulations or optionally as part of any Sub public procurement process must not be issued prior to confirmation of Contract award.
- 33.2 There must be a mandatory standstill period between communicating the award decision to all Tenderers and conclusion of the Contract with respect to procurements above the WTO's GPA threshold. This standstill period shall be 8 working days. Where the last day of the standstill period is not a working day, the standstill period is extended to midnight at the end of the next working day.
- 33.3 With respect to Contract awards involving mini competitions undertaken within a Framework Agreement or Contract awards with respect to Sub public procurement threshold procurements a standstill period is not mandatory, but a voluntary standstill period may be applied.

## **34. Notification of Tender Award and De-briefing Requests**

- 34.1 The notification letters which are sent to any Tenderer who was successful or unsuccessful at either prequalification or Contract award stage shall be sent promptly once the decision has been made. The unsuccessful Tenderer shall be informed of the reasons for being unsuccessful and shall also be informed of the characteristics and relative advantages of the successful Contractor as well as the name of Contractor awarded the Contract.

## **35. Post-Contract Award Requirements**

- 35.1 Following approval for Contract award and having received no legal challenges during the 'standstill' period, the Responsible Officer shall ensure all Contracts are in writing as per CPR 42 and that a purchase order is entered on to the purchase-to-pay solution (where available), once the Contract has been signed.
- 35.2 The Responsible Officer shall record all Contracts awarded by their service on the corporate Contracts register along with the E-Sourcing solution (where available).
- 35.3 The Responsible Officer shall issue a Contract award notice on the FTs portal within 30 days of the award with respect to an above WTO's GPA Threshold Contract. The Responsible Officer shall publish a Contract award note to be published on the Welsh Government Commercial Delivery Platform (Sell2Wales) website for Sub WTO's GPA Contracts.

## **36. Letters of Intent**

- 36.1 Letters of intent must only be used in exceptional circumstances after prior approval in writing has been obtained from the Procurement Team and shall only be used as follows:
  - 36.1.1 where the Contractor is required to provide services, goods or works prior to formal written acceptance by the Authority; or
  - 36.1.2 where all the Contractual terms and conditions have been agreed and there would be an unacceptable delay in waiting for the Contractual documentation to be completed.
- 36.2 In all cases, where appropriate, Contract award letters should be used rather than a letter of intent.

## **37. Non-Concluded Terms and Conditions of Contract**

- 37.1 The Authority must always ensure that terms and conditions are fully agreed by including them in the Invitation to Tender and requiring Tenderers to accept them as part of the procurement process.
- 37.2 Where the terms and conditions of Contract are not fully agreed, no Contractor shall be allowed to commence delivery of goods, works or services until all terms and conditions have been agreed and signature or written agreement of both parties obtained.
- 37.3 Responsible Officers must in no circumstances contemplate entering a Contract on the Contractor's own standard terms and conditions or negotiate terms which are significantly different to those included or referred to during the procurement process without the prior approval of the Procurement Team and subject to CPR 31.



## FORM OF CONTRACT

### 38. Contracts in Writing

- 38.1 The following Contracts shall be in writing and executed under seal:
- 38.1.1 if the Authority wishes to enforce the Contract for more than six years after its end;
  - 38.1.2 where the price paid or received under the Contract is a nominal price or there is no consideration and does not reflect the value of the works, goods or services;
  - 38.1.3 where there is any doubt about the authority of the person signing for the other Contracting party;
  - 38.1.4 where it is required by law; or
  - 38.1.5 where the total value of the Contract exceeds £1m.
- 38.2 The seal must not be affixed without the authority of the Executive Panel or a Member or CFO or PO acting under delegated powers. All Contracts under seal will also require an official purchase order to be created on the purchase-to-pay solution (where available).
- 38.3 All Contracts shall be in writing and in a form of Contract approved by the Procurement Team and be signed by the Relevant PO or their nominated representative. All Contracts require an official purchase order to be created on the purchase-to-pay system.
- 38.4 All Contracts shall be in the form of an official purchase order which refers to the Authority's relevant general terms of conditions or such other terms and conditions included in request for quotation. All such Contracts shall be created on the purchase-to-pay solution (where available) and can be approved or signed by the CFO or Relevant PO or their nominated representative.
- 38.5 Emergency Contracts awarded under CPR 14.3.3 or 14.3.11 need not be in writing before commencement but must be confirmed in writing as soon as possible.
- 38.6 All original Contracts in writing should be retained by the Responsible Officer.
- 38.7 Where there is an appropriate national standard form of Contract, that standard form shall be used, subject to any amendments as may be agreed with the Procurement Team in consultation with Relevant PO. Responsible Officers must ensure that any standard form Contract used in any procurement is still in force, up to date and reflects current legislation.

38.8 Commencement of any Contract shall not take place until the written documentation is finalised, except in cases of emergency, in which case the written documentation shall be finalised as soon as practicable.

### **39. Bonds, Securities, Liquidated and Other Damages**

39.1 The Responsible Officer shall undertake a risk assessment to determine whether a performance bond or performance guarantee is required.

39.2 All Contracts shall include a provision for liquidated damages to be paid by the Contractor where applicable in case the terms of the Contract are not duly performed, save where the Procurement Team approves another type of remedy.

### **40. Parent Company Guarantee**

40.1 The Responsible Officer shall seek a parent company guarantee when a Contractor is a subsidiary of a parent company and:

40.1.1 The award is based on evaluation of the parent company; or

40.1.2 There is some concern over the stability of the Contractor.

## **OPERATION OF CONTRACT**

### **41. Contract Management**

41.1 All Contracts must have a named Contract manager for the duration of the Contract. Contract managers must comply with these Contract Procedure Rules and where appropriate a project management framework.

41.2 All Contracts which are strategically critical or high risk or high value or high profile as determined by the Relevant PO, are to be subject to a formal Contract review with the Contractor.

### **42. Contract Performance**

42.1 All Contractors shall be subjected to regular Contract performance reviews through feedback received from external and internal stakeholders. Where appropriate, a performance review shall be undertaken at the end of each completed Contract or job. This shall include a requirement to record good and poor performance including complaints, issues and defects arising under a Contract and to monitor the aggregation of Contractor defaults including performance issues.

42.2 Incidents of poor performance shall first be raised with the Contractor in writing or at a meeting where notes are made and sent to the Contractor before the annual report is despatched. In cases of particularly poor performance or persistent poor performance, the Responsible Officer shall consider whether to recommend suspension or exclusion from the Authority's Framework Agreement or Dynamic Purchasing Agreement or to terminate early the Contract as per CPR 47.

### **43. Termination of Contract**

43.1 Legal advice should be sought prior to the early termination of any Contract.

43.4 Any Contracts that are terminated early must be recorded against the Contract entry on the corporate Contracts register.

### **44. Contract Variations and Contract Extensions**

44.1 Any Contract may be varied or extended in accordance with its terms and conditions and providing that the Contract has not expired.

44.2 Where the terms do not expressly provide for variation or extension then variations or extensions may be made with the agreement of the other Contracting parties and approval from the Relevant PO.

No variation or extension may be made if the proposed variation would:

(a) mean the works, services or goods to be added to or deleted from the original Contract are substantially different in scope: or

(b) be in breach of UK legislation.

44.3 The value of a variation or extension shall be calculated by taking the aggregate value of all variations or extensions made to the Contract. No variation which adds to the cost of the Contract shall be made until funding has been identified by the Relevant PO.

44.4 CPR 44.2 shall not apply in cases of emergency, the variation or extension may be approved by the Relevant PO providing that the same is reported as soon as practicable.

44.5 All Contract variations shall be entered in the register of Contracts and an amendment shall be made to the original purchase order via the purchase-to-pay solution (where available).

### **45. Contract Payments**

45.1 The relevant officer shall maintain Contract documents, ensure the Contracts register is updated and raise a purchase order on the purchase-to-pay solution.

- 45.2 Payments to Contractors on account of Contracts shall be made only on a certificate issued by the Relevant PO, or private consultant whenever engaged by the Authority, or by an officer nominated by the Relevant PO as appropriate. The names of officers authorised to approve such records shall be sent to the Section 151 Officer.
- 45.3 The final certificate of any Contract should not be issued until the Responsible Officer has produced a detailed statement of account and all relevant documents.
- 45.4 The ACFO (Finance and Resources) may use discretion to offset any sums due from a Contractor to the Authority against any sums due from the Authority to the Contractor, provided that a standard form Contract is in place, any action taken is in accordance with that standard form.
- 45.5 Claims from Contractors in respect of matters not clearly within the terms of any existing Contract shall be referred to the Procurement Team before a settlement is reached.
- 45.6 The Responsible Officer shall consider applying liquidated damages in accordance with the conditions of the Contract where the requirements of the Contract are not duly performed.

#### **46. Assignments and Novation**

- 46.1 Assignment of any Contract to another Contractor can only be done with the prior approval of the Relevant PO providing this has been included as a Contract condition and is permissible under UK legislation.

#### **47. Nominating Products or Contractors or Suppliers**

- 47.1 The core procurement principles of transparency, non-discrimination and equal treatment are undermined by the nomination of products and suppliers.
- 47.2 Responsible Officers must seek to specify goods and services by reference to objective, non-product specific descriptions. Equivalent goods or services are nearly always capable of being specified. If this is not possible for genuine technical reasons, and a particular type of product or service or method of production or delivery has to be stated, then the words “or equivalent” must always be added.
- 47.3 The Authority may provide potential main or principal Contractors with a list of Authority-approved suppliers or sub-Contractors provided that it is made clear that they are free to sub-Contract to whoever they wish, subject to the Authority’s right to consent. The Authority’s consent shall not be unreasonably withheld. Any sub-Contractors must meet the Authority’s reasonable requirements in relation to technical standards, financial standing and insurance levels.

- 47.4 These Contract Procedure Rules apply to the nomination of a sub-Contractor or supplier for carrying out works or services or supplying goods. Sub-Contractors or suppliers shall send with the tender an undertaking to work for the main Contractor and indemnify them for the sub-Contracted works, services or goods.

## **SPECIFIC CONTRACTS**

### **48. Land Contracts**

- 48.1 All land transactions must comply with Section 120 - 123 of the Local Government Act 1972.
- 48.2 The appointment of a developer under a Development Agreement may be subject to the Procurement Act 2023 Regulations and CPRs 18, 19, 20 and 21 of these Contract Procedure Rules.
- 48.3 Legal advice must be sought in respect of any land transactions which involve Development Agreements.

## **OTHER**

### **49. Retention of Contract Files**

- 49.1 Where funding has been received from an external organisation, the Responsible Officer must ensure that the Contract and Contract file are retained for the length of time specified by that funding body.
- 49.2 In all other cases, the Contract file prepared for all Contracts over £40,000 must be kept for **six years from the end of the Contract term** unless the Contract was executed under seal, in which case the Contract must be kept for **twelve years from the end of the Contract term**.
- 49.3 Documents relating to unsuccessful Tenderers may be micro-filed or electronically scanned or stored by some other suitable method after 12 months from award of the Contract, provided there is no dispute about the award.

### **50. Review and Amendment of the Contract Procedure Rules**

- 50.1 The ACFO (Finance and Resources) and Procurement Team may make any minor or consequential changes to these Contract Procedure Rules.
- 50.2 The ACFO (Finance and Resources) in conjunction with the Procurement Team shall continually review these Contract Procedure Rules and shall undertake a formal review every three years.