

## Audit Committee 17 September 2014

### Proposed Change to Constitution: Contract Signing

#### Current Provisions:

#### Article 14 - Finance, Contracts and Legal Matters

##### 14.01 Financial Management

The management of the Council's financial affairs will be conducted in accordance with the financial rules set out in Part 5, *Section 1* of this Constitution.

##### 14.02 Contracts

Every contract made by the Council will comply with the Contract Procedure Rules set out in Part 5, Section 2 of this Constitution.

##### 14.03 Legal Proceedings

The *Chief Officer (Governance)* is authorised to institute, defend or participate in any legal proceedings in any case where such action is necessary to give effect to a decision of the Council or in any case where the *Chief Officer (Governance)* considers that such action is necessary to protect the Council's interests.

##### 14.04 Authentication of Documents

Where any document is necessary to any legal procedure or proceedings on behalf of the Council, it will be signed by the *Chief Officer (Governance)* or other officer authorised by him/her, unless any enactment otherwise authorises or requires, or the Council has given requisite authority to some other person.

Any contract with a value exceeding £50,000 entered into on behalf of the local authority in the course of the discharge of an executive function shall be made in writing. Such contracts must either be signed by the Chief Financial (Section 151) Officer, or, in his/her absence, one of the officers named in Article 12.08(c), and by the Chief Executive or a *Chief Officer*, or must be made under the common seal of the Council attested by at least one officer.

Where any contract with a value exceeding £50,000 is required to be signed away from Council offices, for example at an auction, it shall be signed by any two officers of the Council, authorised in writing for the purposes of the particular contract by the Chief Executive, or in his absence by the Chief Financial (Section 151) Officer.

##### 14.05 Common Seal of the Council

The Common Seal of the Council will be kept in a safe place within the custody of the *Chief Officer (Governance)*. A decision of the Council, or any part of it, will be sufficient authority for sealing any document necessary to give effect to the decision. The Common Seal will be affixed to those documents which in the opinion of the *Chief Officer (Governance)* should be sealed. The affixing of the Common Seal will be attested by the Chief Executive or a *Chief Officer*.

*Note: Words in italics represent minor or consequential changes authorised by the Monitoring Officer.*

### Proposed Update:

#### 14.01 **Financial Management**

[Unchanged]

#### 14.02 **Contracts for Works, Goods or Services**

Every contract for goods, works or services made by the Council will comply with the Contract Procedure Rules set out in Part 5, Section 2 of this Constitution.

#### 14.03 **Legal Proceedings**

[First paragraph Unchanged]

Where any contract or document is necessary to any legal procedure or proceedings on behalf of the Council, it will be signed by the Chief Officer (Governance) or other officer authorised by him/her, unless any enactment otherwise authorises or requires, or the Council has given requisite authority to some other person.

#### 14.04 **Completion and Authentication of Contract Documentation: General Requirements**

Due diligence must be exercised and demonstrated, prior to entering into and completing any contract in the course of the discharge of the authority's functions. The test of due diligence must be proportionate, taking into account the contract value, relevant Council policies and other regulatory requirements, including but not restricted to the authority's Financial Regulations and Contract Procedure Rules, and it must provide for consultation as appropriate with the Chief Officer (Governance) and Chief Financial (S151) Officer. Subject to the outcome of these requirements:

- any contract with a value at or below the key decision financial threshold will be completed and/or signed by a Chief Officer or his/her representative;
- any contract with a value above the key decision financial threshold will be completed and/or signed by a Chief Officer;
- where any contract with a value exceeding £50,000 is required to be signed away from Council offices, for example at an auction, it will be signed by any two officers of the Council, authorised in writing for the purposes of the particular contract by the Chief Executive, or in his/her absence by the Chief Financial (Section 151) Officer.

Contracts may be completed either through signature, or through the affixing of the Common Seal, based on the decision of the Chief Officer (Governance) or his/her representative.

#### 14.05 **Common Seal of the Council**

The Common Seal of the Council will be kept in a safe place within the custody of the Chief Officer (Governance). A decision of the Council, or any part of it, will be sufficient authority for sealing any document necessary to give effect to the decision. The Common Seal will be affixed to those documents which in the opinion of the Chief Officer (Governance) should be sealed. The affixing of the Common Seal will be attested by a Chief Officer.