



Finance Committee

Date: TUESDAY, 7 JUNE 2016

PROCUREMENT POLICY DOCUMENTS

10. CITY OF LONDON PROCUREMENT CODE 2015 AND COMPETITIVE PROCUREMENT EXEMPTIONS POLICY (Pages 1 - 30)
12. PURCHASE ORDER EXEMPTIONS POLICY (Pages 31 - 38)
13. CORPORATE PURCHASE CARD POLICY (Pages 39 - 56)

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CITY OF LONDON

PROCUREMENT CODE

PART ONE: RULES

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A. INTRODUCTION

The Procurement Code is a fundamental component that governs procurement and assists the implementation and delivery of the Procurement Strategy 2015-2018. The Procurement Strategy and service performance is ultimately overseen and authorised by elected members and governed by the Procurement Steering Group.

The Procurement Strategy sets out a programme to modernise the City's procurement services to achieve: operational excellence; optimise value for money; enhance technology and innovation; and deliver corporate responsibility all leading to sustainable high performance. Procuring (buying) goods, works and services in the right way is essential to ensure value for money is achieved.

This Code constitutes the rules that must be followed when any procurement is undertaken by the City and are designed to ensure that risks are minimised and procurement complies with the Public Contracts Regulations 2015 and other relevant legislation.

Guidance and templates to underpin each of the rules and assist officers with undertaking procurement can be found in Part Two of this Code.

Part Three of the Code sets out the organisational structure and roles and responsibilities of officers and members for procurement at the City.

The Procurement Code also applies to the City for externally funded or collaborative projects where it is the contracting authority conducting the procurement and signing the contract e.g. the Lottery Heritage Fund.

Summary of Abbreviations

Table 1 Summary of Abbreviations

The City	The Mayor and Commonalty and Citizens of the City of London (i.e. the City of London Corporation)
CoLP	City of London Police
Code	Procurement Code
Corporate Contract	A contract for the procurement of supplies, services or works by more than one department of the City
C&CS	Comptroller and City Solicitor
EU	European Union
GHG	Greenhouse gases
General Treaty Principles	The underlying principles of the Treaty on the Functioning of the European Union (TFEU) generally understood as promoting equal treatment, non-discrimination and transparency in the award of public contracts, particularly where there is a degree of cross-border interest.
OJEU	Official Journal of the European Union
PCR 2015	Public Contracts Regulations 2015
Pcard	Purchasing Card

PQQ	Pre-qualification Questionnaire
PSG	Procurement Steering Group
SME	Small or medium sized enterprise
Social Enterprise	A business that trades to tackle social problems, improve communities, people's life chances, or the environment.
SVP	Social Value Panel

B. GOVERNANCE AND PRINCIPLES

1. External Regulations

- 1.1. Public Procurement is subject to a regulatory framework which directly impacts the City in its capacity as a local and police authority. These include EU treaty principles, EU directives, the regulations that implement them and UK-specific legislation.
- 1.2. The implementation of PCR 2015 (which transposes EU Directives relating to procurement into English law) and the *Small Business Enterprise and Employment Act 2015* means that all processes for above and below EU threshold contracts are now regulated where they are undertaken in the City's capacity as a local and police authority.

2. Public Contracts Regulations 2015 (PCR 2015)

- 2.1. The City's procurement policy reflected in this Procurement Code is that PCR 2015 will be applied to all its procurement activities without distinguishing between its various functions. When acting in a capacity other than as a local authority or police authority, the PCR 2015 will be considered as applicable, unless C&CS has advised in writing to the contrary.
- 2.2. The key changes of the PCR 2015 include:
 - Abolition of PQQs below OJEU thresholds;
 - Use of a standard PQQ for above OJEU thresholds;
 - Removal of the distinction between Part A and Part B services;
 - Introduction of the 'Light Touch' regime for certain social services and various health, education, community and cultural services over £625,000, which will need to be advertised in OJEU. However, it remains with the contracting authority to determine its own award procedures;
 - Introduction of the Competitive Procedure with Negotiation;
 - Introduction of Innovation Partnerships;
 - Prompt payment provisions;
 - Changes to the financial assessment of suppliers; and
 - Provisions for SMEs, including recommendations to break contracts into lots.

- 2.3. PCR 2015 applies to all public supplies, services and works contracts. Failure to comply with PCR 2015 could expose the City to the risk of a successful legal challenge. Therefore, all procurements subject to PCR 2015 must be undertaken by City Procurement.

3. Governance

- 3.1. The Chamberlain is responsible for City Procurement, which is the central service for the City's procurement operations.
- 3.2. The Finance Committee are responsible for overseeing the performance and development of City Procurement. However, major decisions regarding policy and financial approval will be referred to Policy and Resources, Court of Common Council or other Committees for approval wherever necessary.
- 3.3. PSG is the leadership and Senior Officer Board that oversees procurement performance and policy development. It is jointly chaired by the Chamberlain and Deputy Town Clerk.
- 3.4. Category Boards are decision making forums (normally chaired by Chief Officers) that are responsible for approving and overseeing procurement strategy and performance monitoring in major areas of related expenditure, such as construction or information technology.

4. Monitoring

- 4.1. City Procurement is responsible for monitoring and reporting on all of the City's procurement expenditure and activities. Procurement is subject to scrutiny by the City's Internal Audit Service, which may undertake audits, issue reports and make recommendations on any of its activities. The City's procurement activities and processes are also subject to external audit reviews.

5. Best Value

- 5.1. Officers undertaking procurement on behalf of the City have a duty to apply Best Value principles in accordance with section 3 of the *Local Government Act 1999*. The Best Value principles are relevant to the entire procurement process and this Code and must always be taken into account.
- 5.2. The duty to achieve best value for the City requires us to consider and investigate economic, environmental and social aspects and outputs in relation to the purchasing decisions we make. Through our procurement processes and activities we aim to minimise the negative impacts associated with goods, services and works and their associated supply chains and maximise potential benefits including social value. This commitment is regulated in public services contracts by the *Public Services (Social Value) Act 2012*.
- 5.3 Section 3 of the Local Government Act 1999 and the Public Services (Social Value) Act 2012 applies to the City without distinguishing between its various functions. When acting in a capacity other than as a local or police authority, Section 3 of the Local Government Act 1999 and the Public Services (Social Value) Act 2012 will be considered as applicable, unless C&CS has advised in writing to the contrary.

6. Codes of Conduct

- 6.1. The City expects all officers and elected members involved in procurement to behave with the highest levels of probity and integrity in accordance with the *Bribery Act 2010*, this Code, *The Employee Code of Conduct* and *The Fraud Awareness Policy*. Failure to adhere

to these conditions will result in disciplinary action and in the most serious cases criminal investigation and prosecution.

7. Conflicts of Interest

- 7.1. Any personal conflict of interest arising out of a procurement exercise must be declared immediately to the Head of City Procurement who will determine the action required to address the conflict.

8. Transparency

- 8.1. City Procurement is responsible for publishing procurement information required by the *Local Government Transparency Code 2015* and for managing Freedom of Information Requests relating to procurement. The requirements do not extend to the City's non local authority functions including the Police and Crime Commissioners for whom a separate transparency framework applies.

9. Collaboration

- 9.1. Procurement will be undertaken in a spirit of collaboration between City Procurement, officers and members of the City as whole, our external partners and suppliers and the communities it serves. In many cases this will involve working jointly for the corporate good across the organisation and in collaboration with external partners.

10. Equal Treatment

- 10.1. All procurement undertaken by the City must accord equal treatment and consideration to all organisations competing for its contracts. This involves undertaking the procurement in accordance with the rules, procedures and guidance we publish and applying them equally to all participants without favour.

11. Proportionality

The processes to be followed by the City should be proportionate to the value, strategic and operational importance, statutory obligations, contractual and related risks (including reputational and uninsurable risks) and commercial benefits of the procurement being undertaken.

C. OPERATIONS

12. Annual Sourcing Plan

- 12.1. Chief Officers must provide the Head of City Procurement with a forecast, for the next financial year, every February of all the procurements £100,000 or more for supplies or services and £400,000 or more for works, to enable City Procurement to plan and allocate resources for the following financial year.

13. Section 20 Consultations and the use of Nominated Suppliers

- 13.1. Procurements relating to supplies, services and works for residential properties leased by the City may be subject to statutory requirements for the City to consult with leaseholders under Section 20 of the *Landlord and Tenant Act 1985* (as amended).

13.2. Officers responsible for managing the properties for which the procurements are being undertaken are also responsible for undertaking the consultation with leaseholders and will need to factor in the longer lead-in times for procurement processes in cases of leaseholder consultation.

13.3. Below the EU threshold, procurements relating to supplies, services and works for residential properties leased by the City may also be subject to Section 20 which allows leaseholders to nominate suppliers to be considered for inclusion in tenders.

14. Estimating Contract Values

14.1. Officers estimating contract values for the purposes of complying with the procurement thresholds should calculate the whole estimated contract value over the life of a contract including provision for subsequent phases of a project and appropriate contract extensions.

14.2. Officers must not deliberately sub-divide or disaggregate procurements for the purpose of avoiding the thresholds in this Code.

14.3. City Procurement must be consulted regarding all procurement estimates above £10,000.

15. Procurement Thresholds

- 15.1. The quotation and tender thresholds apply to all procurement including the procurement phases of projects.
- 15.2. All contracts valued ¹£100,000 or more for supplies or services, and £400,000 or more for works, must be advertised except where an existing approved Corporate Contract or framework is being used.
- 15.3. The following thresholds apply:

Table 2 Procurement Thresholds

Type of Procurement	Supplies & Services (including Consultancy Services) Threshold	Works Threshold	Basis and Guidance
Operational Purchasing	Up to £10,000	Up to £10,000	Officers may seek one or more quotations directly from suppliers, providing aggregation, best value and responsible procurement principles are observed. Once a quotation has been obtained, a requisition must be created on iProcurement and submitted to City Procurement who will issue a Purchase Order to the selected supplier. Where a Corporate Contract for the supplies and services exists, it must be used.
One-off Purchasing	More than £10,000, but less than £100,000	More than £10,000 but less than £400,000	Request for Quotation must be undertaken by City Procurement (quotes sought via Capital e-Sourcing) A minimum of three firms to be invited to submit written quotations one of which should be a local firm, SME, or a Social Enterprise.
Strategic Purchasing (Advertise)	£100,000 or more, but less than ² EU Supplies & Services Threshold	£400,000 or more, but less than ³ EU Works Threshold	Tenders must be undertaken by City Procurement. A minimum of three firms to be invited to submit tenders, which must be advertised via Capital e-Sourcing .
Strategic Purchasing (Advertise in OJEU)	Above EU Supplies & Services Threshold	Above EU Works Threshold	Tenders must be undertaken by City Procurement and advertised in the Official Journal of the European Union and via Capital e-Sourcing .

¹ All of the financial thresholds in the Procurement Code are exclusive of VAT or any other taxes.

² [Current EU Thresholds for Supplies and Services](#)

³ [Current EU thresholds for Works](#)

15.4. For supplies, services and works below the EU threshold which are subject to Section 20 of the *Landlord and Tenants Act 1985* (as amended), please refer to rule 13 above and associated guidance in Part Two of this Code.

16. Contracts Lettings Thresholds

16.1. The contracts lettings thresholds set out the types and levels of approvals required by officers to proceed with the various phases of non-project related procurements and the award of contracts.

16.2. Different approval processes and thresholds apply to the procurement phases of projects. The project approval thresholds can be found on the Project pages of COLNET¹.

16.3. For non-project related contracts, depending on the estimated contract value and the per annum contract value, there may be 4 stages of committee involvement:-

- **Stage 1:** Finance Committee agrees the high level evaluation criteria to be applied in the selection process.
- **Stage 2:** Finance Committee receives a ‘for information’ update following supplier short- listing.
- **Stage 3:** Spending Committee receive a ‘for information’ report upon award of a contract valued above £500,000.
- **Stage 4:** Depending on the contract value, Finance Committee and Court of Common Council receives the final recommendation on contract award as shown in the table below.

16.4. The following thresholds apply to the total contract value:

Table 3 Contracts Lettings Thresholds

Estimated Contract Cost	Approval Required by	Stages
Up to the limit of Chief Officer’s Delegated Authority, but below £2,000,000 and excluding Corporate Contracts	Chief Officer (or an Officer with Delegated Authority from the Chief Officer)	3
Exceeding level of Chief Officer’s Delegated authority, but below £2,000,000	Chamberlain or Category Board as delegated by the Chamberlain	3
£2,000,000 or more, but less than £4,000,000	Finance Committee	1 ,2, 3 and 4
£4,000,000 and above	Finance Committee and Court of Common Council	1 ,2, 3 and 4

¹ [Project Approval Thresholds](#)

17. Corporate Contracts

- 17.1.** City Procurement have awarded a range of ¹Corporate Contracts for supplies, services and in some cases works that are commonly required by all or a wide range of the City's departments.
- 17.2.** Officers must use Corporate Contracts to ensure value for money, efficiency and best practice.
- 17.3.** Information relating to Corporate Contracts may be commercially sensitive and officers must not communicate it directly or indirectly to other external suppliers.

18. Concession Contracts

- 18.1.** Officers considering the creation of concession contracts at whatever threshold must consult with City Procurement as early as possible in the research or planning phase of the project who will undertake a review in accordance with the explanations and procedures set out in Part Two of this Code.

19. Creating a City of London Framework

- 19.1.** Where officers wish to invite tenders to create a City of London framework the procurement is subject to the Procurement Threshold and the award decision is subject to the Contracts Letting Thresholds set out in rule 16 above. Mini competitions or call-offs from such frameworks should be administered through City Procurement.
- 19.2.** All tenders for the creation of City of London frameworks must be undertaken by officers in City Procurement.
- 19.3.** The majority of framework agreements will be let under the PCR 2015. The minority that are low value will still be subject to General Treaty Principles.

20. Using Frameworks created by External Contracting Authorities

- 20.1.** Before using an external framework for the first time, City Procurement will undertake a due diligence assessment of the benefits and risks, adopting a proportionate approach in accordance the guidance set out in Part Two of this Code.

21. Access Agreements

- 21.1.** Where use of a framework is conditional upon the City first signing an Access Agreement (or similar) with the external contracting authority, such an agreement must be reviewed by City Procurement in accordance with the procedures Part Two of this Code.

22. *The Police Act 1996 (equipment) Regulations 2011 and the Police Act 1996 (services) Regulations 2011*

- 22.1.** Where the Secretary of State, the Home Office and the Crown Commercial Service has awarded or approved national police framework for the provision of equipment or services mandated in accordance with the above regulations they must be used by CoLP.

¹ [Corporate Contracts](#)

- 22.2. Mini competitions or call-offs from such frameworks should be administered through City Procurement.
- 22.3. Officers are not required to obtain a waiver from this Code when using such frameworks even when an equivalent Corporate Contract or City of London framework is in place.
- 22.4. All other national or regional police frameworks agreements under s23 of the *Police Act 1996* will require a due diligence exercise to be conducted in accordance with rule 20.1 above.
- 22.5. Police collaboration agreements under s.22 and 23 of the *Police Act 1996* must be managed by C&CS.

23. Appointment of External Procurement and Legal Consultants

- 23.1. Officers wishing to appoint external consultants to assist with procurement projects must consult the City Procurement before all such appointments are made.
- 23.2. The appointment of external legal counsel including solicitors and barristers is also subject to C&CS consultation and procedures.
- 23.3. Any resulting appointment must comply either with this Code in respect of a procurement in line with services thresholds or via the HR Recruitment and Selection policy in respect of short term contracts of employment or the appointment of temporary staff. All external consultants and companies appointed by the City to assist with procurements must be advised of their obligation to declare conflicts of interest.

24. Communication with Suppliers

- 24.1. City Procurement is responsible for managing all communications with suppliers during procurement projects and officers should follow the advice and instructions of the City Procurement's Category Managers and Procurement Officers. Failure to do so may compromise confidentiality and data protection obligations and jeopardise the procurement.

25. Waivers

25.1. In special or exceptional circumstances identified in part 2 of the Code, the requirements of this Code may be waived provided one of the following authorisations has been received:

Table 4 Waiver Approval Thresholds

Estimated Contract Cost: Supplies & Services (including Consultancy Services)	Estimated Contract Cost: Works	Approval Required by
Less than £10,000	Less than £10,000	No waiver necessary procurement can be undertaken at officer's discretion. With the exception of a decision not to use a Corporate Contract where a Chief Officer waiver is required. Unless there are sound commercial or operational reasons for not doing so approved by the Head of Sourcing.
£10,000 or more, but less than £50,000	£10,000 or more, but less than £50,000	Chief Officer (or an Officer with Delegated Authority from the Chief Officer)
£50,000 or more but less than OJEU threshold for supplies & services ¹	£50,000 or more but less than £2,000,000	Spend Committee for the department requesting the waiver (and Projects Sub-Committee for contracts let as part of projects). If waiting for the next Committee meeting to gain waiver approval has a detrimental effect to the business, then the urgent waiver process can be applied.
	£2,000,000 or more but less than the OJEU thresholds for works ²	Please refer to the CoL Project Gateway Approval Process .

¹ [EU Threshold for supplies and services](#)

² [EU thresholds for works](#)

25.2. The following thresholds will apply to **urgent** waivers:

Table 5 Urgent Waiver Approval Process

Table 6

Estimated Contract Cost: Supplies & Services (including Consultancy Services)	Estimated Contract Cost: Works	Approval Required by
£50,000 or more but less than OJEU threshold for Supplies & Services ¹	£50,000 or more but less than £500,000	The Chamberlain may authorise such waivers under urgency.
	£500,000 but less than the £2,000,000	Town Clerk in consultation with Finance Committee Chairman (or Deputy Chairman in the Chairman's absence) and the Projects - Sub Committee Chairman.

25.3. All waivers granted will be reported to the next Finance Committee and relevant spend committees.

25.4. The requirement to obtain waivers for not using Corporate Contracts applies to all procurement values including purchases below £10,000.

25.5. The statutory provisions of PCR 2015 will be applied to all procurements by the City. As a result, **procurements over the OJEU thresholds cannot legally be waived** when the City is acting in its capacity as a local authority or police authority. When acting in a capacity other than as a local authority, waivers for procurements over the OJEU thresholds will not be considered unless the C&CS has provided written advice in accordance with rule 2.1 above.

¹ [EU Threshold for supplies and services](#)

26. Procurement Exemptions

- 26.1.** Only in a very limited number of instances is it not necessary to seek a competitive tender or quotations. The approved list of exemptions to procurement is included in [Competitive Procurement Exemptions Policy](#).

D. CONTRACT MANAGEMENT

27. Contract Management

- 27.1.** Contracts awarded following procurements undertaken by City Procurement will be managed by appropriate officers in City departments directly for their own department, on behalf of a group of departments or, in the case of Corporate Contracts, the City as a whole including any external organisations using the contract.
- 27.2.** Where Category Boards commission City Procurement to create new contracts the agreed sourcing plan will incorporate clear provision for the management of the resulting contract or contracts.

28. Contracts Register

- 28.1.** City Procurement is responsible for managing and maintaining a register of all contracts awarded by the City or assigned to the City by third parties.
- 28.2.** After the contract has been awarded the officers and department responsible for managing the contract are also responsible for notifying City Procurement of any changes to the status of the contract including but not limited to contract extensions, contract value, scope, terminations and changes to contract management arrangements.

29. Document Retention

- 29.1.** The City's regulations for the retention of tenders, quotations and contracts are set out in Part 2 of the City's Financial Regulations.
- 29.2.** City Procurement is responsible for maintaining a register of tenders and quotations and will keep records for 6 years.
- 29.3.** Contracts awarded under seal for supplies and services at £250,000 or above and for works at £400,000 or above must be kept for 12 years from the date of final delivery or completion of the supply, services or works to which they relate. Contracts not under seal must be kept for 6 years from the date of final delivery or completion of the supply, services or works to which they relate.
- 29.4.** Where C&CS have not prepared contracts for execution or signature, City Procurement must provide to the C&CS Information Manager original signed copies of every contract it awards within 14 days of the contract being exchanged and signed by the parties. The 14 days will also apply to all contract variations, extensions and change requests which are prepared at a local level. The C&CS has its own internal procedures for those contracts and other documents it prepares. C&CS is responsible for the storage and archiving of the original contracts.

30. Contract Extensions (Non-project related contracts)

- 30.1.** Officers have the right to extend non-project related contracts if the contract terms allow for an extension and the requisite approval was obtained in accordance with the Contracts Lettings Thresholds (see rule 16 above). However, before exercising the right to extend, officers must also undertake a formal contract review for all contracts valued £10,000 or more in conjunction with City Procurement to evaluate contract performance, value for money and alternative procurement opportunities.
- 30.2.** The following thresholds and procedures apply to the review:

Table 7 Contract Extensions Approval Thresholds

Estimated Contract Value	Contract Review Procedure	Approval Procedure
£10,000 or more, but less than £100,000	Contract Manager and City Procurement Category Manager undertake a joint review and produce a brief report with appropriate recommendations. The review should take place 4 months before the expiry of the minimum term	Approval by the Head of Sourcing
£100,000 to OJEU thresholds	Contract Manager and City Procurement Category Manager undertake joint review and produce a report with appropriate recommendations. The review should take place 6 months before the expiry of the minimum term.	Approval of joint report and recommendations by the appropriate Category Board
Above OJEU thresholds	Contract Manager and City Procurement Category Manager undertake joint review and produce a report with appropriate recommendations. The review should take place 9 months before the expiry of the minimum term.	Approval of joint report and recommendations by the appropriate Category Board

31. Increases in Contract Value

- 31.1. For all contracts where specific provision has been previously approved and expenditure will exceed the approved provision (after allowing for inflation) by more than 20% or £400,000, whichever is the lowest; expenditure shall only be incurred when the following authorisations have been obtained:

Table 8 Increases in Contract Value Approval Thresholds

Expenditure	Approval by
Below £50,000	Chief Officer
£50,000 and over but less than £500,000	Spending Committee and the Committee(s) which considered the Detailed Options Appraisal or Contracts Letting Report
£500,000 and above	Spending Committee, the Committee(s) which considered the Detailed Options Appraisal or Contracts Lettings Report and the Court of Common Council

- 31.2. Where increases in contract value would result in low value contracts exceeding EU thresholds, the City has no authority to approve such increases and a new tender would be required.

32. Contract Variations

- 32.1. The alteration of the terms and conditions or the suspension or abrogation (cancellation) of the proper performance of any contract, or part or parts thereof, to which the City is a party, shall be subject to the approval of the relevant Spending Committee.

33. Contracts procured by third parties, subsequently assigned or novated to the City

- 33.1. This Code does not apply to contracts which have been procured by a third party and assigned or novated to the City following the acquisition by, or reversion to, the City of long leasehold interests or the acquisition of freehold interests.
- 33.2. These contracts will be handled directly by the City Surveyor who shall ensure in consultation with C&CS that the required due diligence on the contracts is undertaken on any contracts which are to be assigned or novated to the City following the completion of the commercial transaction.
- 33.3. The City Surveyor should advise City Procurement of such contacts to ensure they are included in the Contracts Register.
- 33.4. On the expiry of contracts procured by third parties which have been assigned or novated to the City, where a Corporate Contract exists, the Corporate Contract must be used.

34. Changes in identity of Suppliers

- 34.1. City Procurement must be consulted regarding the assignment or novation of contracts in accordance with the guidance and procedures in Part Two of this Code.
- 34.2. No novation agreement must be entered into until:
- (a) the terms have been agreed in consultation with C&CS;
 - (b) the financial standing and insurances for the new contracting party has been

approved by the Chamberlain;

- (c) the new contractor meets the original qualitative selection criteria and there are no other material modifications made to the original contract; and
- (d) spending committee approval has been obtained to enter into the novation agreement

34.3. Where it is established that no assignment or novation has taken place but only a rebranding exercise following a company merger or acquisition, then a copy of the Change of Name Certificate must be provided to C&CS to place with the original contract.

35. Contract Signatures

35.1. The Chamberlain and Chief Officers in accordance with the City's Scheme of Delegations are authorised to sign contracts awarded up to a value of £250,000 for supplies or services and up to £400,000 for works. The signatory must ensure that there is an approved budget established before entering into a contract in accordance with the CoL's Financial Regulations.

35.2. C&CS is responsible for signing all contracts awarded of £250,000 or more for supplies or services and £400,000 or more for works. These contracts must be sealed by the City and executed as a deed unless C&CS advise otherwise.

36. Financial Standing and Risk Management

36.1. City Procurement are responsible in conjunction with the Chamberlain's Financial Division for ensuring that appropriate steps have been undertaken to appraise the financial standing of the contractor and any other risks for contracts with an estimated value over the ¹current EU threshold for supplies or services and valued £400,000 or more for works.

37. Contract Terms and Conditions

37.1. C&CS maintain standard templates of conditions of contract. In the absence of a suitable template, or in cases that are complex or novel, C&CS will advise on appropriate terms. All proposals involving non-City standard terms and conditions must be submitted to C&CS for vetting in good time to enable C&CS to amend terms or substitute as necessary.

38. Standard Procurement Documents

38.1. City Procurement is responsible for developing and maintaining standard procurement documents to be used when conducting tenders or requests for quotations.

39. Disposal of goods

39.1. City Procurement are responsible for ensuring that the City has a range of services to ensure that goods which have been purchased and are no longer required are disposed of in ways which support probity, value for money, health and safety and sustainability.

40. Complaints about Police Contractors

40.1. Where goods, services or works are being procured by or for CoLP either under contracts specifically awarded for the CoLP or where the CoLP are utilising a Corporate Contract

¹ [Current EU Threshold for supplies and services](#)

this Code, the ¹*IPCC statutory Guidance* and ²*The Independent Police Complaints Commission (Complaints and Misconduct) (Contractors) Regulations 2015* will have to be taken into consideration.

41. References and the Promotion and Marketing of Suppliers

- 41.1. Officers must refer all requests for supplier references to City Procurement who will issue a response after consultation with the appropriate contract manager.
- 41.2. Officers must also refer all requests for the promotion and marketing of suppliers to City Procurement who will decide whether the request should be approved.

E. ACCOUNTS PAYABLE

42. Purchase Order Exemptions

- 42.1. It is possible to place a purchase order for all requirements and the vast majority of procurement is covered by the *No PO No Pay policy*³. However, in a limited number of circumstances for a limited number of services, it may be appropriate to exempt expenditure from the policy. The approved [Purchase Order Exemption Policy](#) can be found on Colnet.

43. Amendments to Purchase Orders

- 43.1. Requests to amend Purchase Orders should be submitted to the Procurement Operations team in accordance with the guidance set out in Part Two of this Code.

44. Prompt Payment Code

- 44.1. In accordance with the *Prompt Payment Code*, the City aims to pay undisputed invoices, that quote a valid purchase order number (or approved exemption code), within 10 days of the invoice arriving anywhere in the City for SMEs with fewer than 250 employees and 30 days for businesses who employ more than 250 employees.

45. Purchasing Cards

- 45.1. The City provides a corporate Pcard service for the procurement and payment of low value goods and services. The Corporate Contract, associated systems, training and policy is managed by City Procurement but operated and administered by registered departmental managers.
- 45.2. Pcards must be used and administered in accordance with the policy and user guide in Part Two of this Code.

46. Supplier Creation (Oracle System)

- 46.1. The Accounts Payable team in City Procurement is responsible for supplier creation on Oracle in accordance with the guidance contained in Part Two of this Code.

¹ [IPCC Statutory Guidance](#)

² [The Independent Police Complaints Commission \(Complaints and Misconduct\) \(Contractors\) Regulations 2015](#)

³ [No PO No Pay Policy](#)

F. RESPONSIBLE PROCUREMENT

47. Responsible Procurement Policy

- 47.1. The City recognises its duty to strive to procure products, services and works that mitigate environmental and social impacts throughout the supply chain and which have a positive impact on our environment and surrounding communities.
- 47.2. For all contracts with a total contract value of £250,000 or above the City requires a minimum of 10% of the weighting for the technical (qualitative) element of the evaluation score, or a 5% flat rate where the percentage falls below 5% of the total score, to be allocated to responsible procurement, incorporating social and/or environmental parameters. All contracts below this value must adhere to the City's local responsible procurement initiatives.
- 47.3. Officers must use the Government Buying Standards 'Mandatory' criteria and whenever practicable the 'Best Practice' criteria, in the technical specifications, evaluation criteria and/or contract clauses for all relevant product categories.

48. Local, SME and Social Enterprise Procurements

- 48.1. Officers are required to invite either a UK based SME or Social Enterprise, or a local supplier from one of the Local Procurement target boroughs to quote for all contracts valued at £10,000 or more, but less than:
- £100,000 for supplies or services; and
 - £400,000 for works.
- City Procurement is required to report on the delivery of these requirements.
- 48.2. Although officers have authority to use their own discretion to decide from whom and how many suppliers they invite for procurements valued below £10,000, except where Corporate Contracts are in place, they are strongly encouraged to seek quotations from UK based SME's and Social Enterprises or local suppliers from one of the Local Procurement target boroughs.
- 48.3. In addition to the City of London, the Local Procurement target boroughs selected due to the high levels of deprivation are: Tower Hamlets, Hackney; Islington; Camden; Lambeth; Southwark; Newham; Greenwich; Haringey; Lewisham; Barking and Dagenham; Waltham Forest.

49. Social Value Panel

- 49.1. The *Public Services (Social Value) Act 2012* requires the City to consider how a procurement project might improve the economic, social and environmental well-being of the relevant area when procuring **public services contracts** above the EU threshold.
- 49.2. The City has established a SVP to undertake consultations on the economic, social and environmental impacts of relevant contracts. Officers should ensure that all public service contracts over the OJEU threshold go to the SVP for consultation. Officers must factor in sufficient time into their procurement plans to undertake the consultation.

50. Living Wage Policy

- 50.1. The City is an accredited Living Wage employer. There are two rates of Living Wage: one for those based in Greater London (**London Living Wage**) and another rate for the rest of the UK (**UK Living Wage**).
- 50.2. The City has a *Living Wage Policy*¹. The Living Wage applies to all its employees and current and future contractors and their sub-contractors providing services who work two or more hours a day for eight or more consecutive weeks of the year.

51. Noise Control

- 51.1. Officers must establish that suppliers must be able to meet minimum statutory obligations and the City's policies regarding noise control and emissions.

52. Air Pollution

- 52.1. The City of London is an Air Quality Management Area as levels of air pollution exceed health based targets. Officers and contractors must observe and adhere to *The City Air Quality Strategy 2015 – 2020* standards to reduce the impact on local air quality for major contracts namely £100,000 and above for supplies and services or £400,000 and above for works.

53. Climate Change Mitigation

- 53.1. According to the City's *Climate Change Mitigation Strategy*, the City of London will contribute to achieving the national medium term target of 34% reduction in GHG emissions by 2020, set under the UK Climate Change Act 2008, the London-specific target of 60% reduction in GHG emissions by 2025 and the national long term target of 80% reduction in GHG emissions by 2050 (from 1990 levels).
- 53.2. All officers must consider the above strategy as part of all procurement activity.

54. Equality and Diversity

- 54.1. Officers are required to adhere to the [Equality Duty](#) as part of the procurement activities.

¹ [Living Wage Policy](#)

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COMPETITIVE PROCUREMENT EXEMPTION POLICY



Document Control - Change Record

Date	Author	Version	Change reference
25/04/16	Beth Forge	V2	FINAL
01/12/15	Joanna Smith	V1	FINAL

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COMPETITIVE PROCUREMENT EXEMPTION POLICY

1 Policy Statement

The procurement of goods and services for and/or by the City of London Corporation must comply with the City of London Procurement Code, Financial Regulations and associated procurement policies.

This document establishes the circumstances where the competitive procurement of works, services and/or supplies is not required.

2 Introduction

The objective of this policy is to support adherence to the City of London Procurement Code and best practice in procurement in relation to the competitive procurement of opportunities with the City of London.

This policy identifies items (or categories of expenditure) where it has been agreed that they are exempt from requiring officers to undertake a competitive procurement process in the form of the seeking of quotations or a formal invitation to tender. This policy applies to all expenditure above £10,000 in accordance with the application of the Procurement Code.

For an item to be considered to be exempt, it must be presented to the City Procurement Steering Group for agreement. Any item or category of expenditure deemed to be exempt from competitive procurement will be reviewed on a regular basis, and the approved exemption list will be amended as required.

The decision to apply the Competitive Procurement Exemption Policy to any item or category of expenditure at a departmental level is not mandatory. Where an exemption has been agreed, it is the responsibility of each department to decide whether or not to apply the policy in their area. For example, should a department wish to obtain three quotes for an item which is on the exemption list they are able to do so.

The Policy is subject to regular review and change subject to the approval of the Procurement Steering Group and Finance Committee.

3 Exemption from Competitive Procurement

What does the exemption relate to?

An exemption from competitive procurement does not constitute an exemption from the Procurement Code in its entirety. All parts of the Code that do not directly relate to competitive procurement continue to apply and must be adhered to.

An exemption from competitive procurement does not make an item exempt from requiring a purchase order. Please see the Purchase Order Exemption Policy for details of items or expenditure that are exempt from requiring a purchase order.

How do exemptions work?

Officers must be aware that certain exemptions only apply where the expenditure is below the specified threshold. Where expenditure exceeds this threshold City Procurement must be contacted for further guidance.

Where an exemption has been identified a waiver form will not be required.

Exemptions do not apply for any item which is available via an existing corporate contract. Any deviation from a corporate contract will require a waiver.

4 Competitive Procurement Exemption List

Below is a list of approved Competitive Procurement exemptions.

The exemption code must be entered in full and using capital letters into the Notes to Buyer field of the requisition. Any requisitions requesting exemption that do not provide this will be returned.

The following Items are not considered to be procurement activities / expenditure:

- Rates, Rent and Refunds
- Performance / Concert settlement fees
- Payments for applications (e.g. planning application)
- Charitable donations
- Grants / grant payments (outgoing)

Property	Description	Threshold Limit	Exemption Code
Acquisition and Rental	The acquisition or rental, by whatever financial means, of land, existing buildings or other immovable property, or which concern interests in or rights over any of them.	None	ECP001
Property Agents	Property agents for the direct purchase, rental or sale of land, existing buildings or other immovable property, e.g. when a fee is payable to a property agent for a building that the City is purchasing. (This exemption does not apply to instances where the City is seeking agents to act on our behalf, e.g. for rental appointments)	None	ECP002

Legal Services	Description	Threshold Limit	Exemption Code
Arbitration or Conciliation Services	The provision of arbitration or conciliation services. The appointment of ALL arbitration or conciliation services must be conducted via Comptroller and City Solicitors department.	None	ECP003

Appointment of Counsel	<p>Legal representation of a client by a lawyer; judicial proceedings before the courts, tribunal, public authority or internal courts; legal advice given in preparation of any of these proceedings.</p> <p>The appointment of ALL legal counsel must be conducted via City Comptroller and Solicitors. Therefore the use of this code must be authorised by Comptroller and City Solicitors department.</p>	None	ECP004
Document certification and authentication	Services that must be provided by notaries.	None	ECP005

Professional Services	Description	Threshold Limit	Exemption Code
Expert Witness	Retaining of expert witnesses for evidence (e.g. judicial proceedings or written statements).	£50,000	ECP006
Medical reports or consultation	Provided by General Practitioners or Independent Registered Medical Practitioners for the City of London Police or Occupational Health.	£50,000	ECP007
Corporate membership with a professional body	Professional memberships held by the organisation, e.g. CIPFA (Chartered Institute of Public Finance & Accountancy)	£50,000	ECP008
Financial Services	Financial services as specified in Directive 2004/39/EC; central bank services and loans.	None	ECP009

Creative Services and Media	Description	Threshold Limit	Exemption Code
Work of Art or Artistic Performance; Creative Production Support Staff and Artist providing creative workshop or masterclass	<p>Creation or acquisition of a unique work of art or artistic performance.</p> <p>Please note that 'art' is taken to mean all forms of art including but not limited to painting, sculpture, music, dance and drama.</p> <p>Please note that photography services for general purposes are not exempt, e.g. for marketing. A photographer who is retained as an artist, e.g. in hosting an exhibition is exempt.</p> <p>Retaining of creative production support staff, whereby they are the only individual who can fulfil the creative requirements for the production or their use is a contractual requirement of the main artist.</p> <p>Retaining of an artist to deliver a workshop or masterclass for educational purposes or</p>	None	ECP010

	as part of a public event.		
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Schools	Description	Threshold Limit	Exemption Code
Examination Board	All school examination boards.	None	ECP011

Police	Description	Threshold Limit	Exemption Code
The Police Act 1996 (equipment) and The Police Act 1996 (services)	Where the Secretary of State, the Home Office and the Crown Commercial Services has awarded or approved national Police framework agreements for the provision of equipment or services mandated in accordance with the above regulations they must be used by the City of London Police.	None	ECP012

Chamberlains Court, Mayoralty and Remembrancer's	Description	Threshold Limit	Exemption Code
Diplomatic Gifts	All diplomatic gifts (where the City purchases the gifts)	None	ECP013

General	Description	Threshold Limit	Exemption Code
Specialist speaker	A leading or specialist speaker in a given field who is retained for a single or limited number of events.	£50,000	ECP014
Sheltered accommodation / residential services	Urgent and/or short term accommodation provided by the Department of Community and Children's Services.	Up to OJEU threshold for services	ECP015
Residential care or supported living provision	Residential care or supported living provision for individual service users where those users or anyone acting on their behalf have a choice in the type of location of the provision to meet their needs under the Care Act 2014.	Up to OJEU threshold for services	ECP016
Contracts assigned to City (novated)	Contracts which have been procured by a third party and assigned to the City following the acquisition by, or reversion to, the City of long leasehold interests or the acquisition of freehold interests.	Date of contract expiry	ECP017

Public Transport	Public passenger transport services by rail or metro.	None	ECP018
Utility Services Road and Street Works	Works conducted by utility companies under the New Roads and Streets Works Act.	None	ECP019

Single Supplier and Exclusive Rights	Description	Threshold Limit	Exemption Code
Copyright	All payments relating to copyright.	None	ECP020
Film Hire and Distribution	All payments for the hire and distribution rights for all films.	None	ECP021
Protection of intellectual property rights	All payments required for the protection of intellectual property rights.	None	ECP022
TV and Radio Licenses	All license payments for TV and Radio.	None	ECP023

Research and Development	Description	Threshold Limit	Exemption Code
Research projects	Research projects approved by the Policy and Resources Committee which require a bespoke approach due to external commissioning or data sensitivity.	£50,000	ECP024

Partnership Contracts	Description	Threshold Limit	Exemption Code
In-house awards ('Teckal' arrangements)	Where a contracting authority awards a contract to an entity which it controls, for example wholly-owned subsidiaries.	None	Please Contact City Procurement
Inter-authority cooperation ('Hamburg Waste' arrangements)	Where two or more contracting authorities come together to deliver a public service with a view to achieving objectives they have in common. This exemption will only apply where the cooperation is implemented in a manner governed solely by public interest considerations, and where the participating authorities perform less than 20% of the activities covered by the cooperation on the open market.	None	Please Contact City Procurement

Non Lead Contracting Authority	<p>Where the City of London is engaged in a partnership whereby another party is acting as the lead contracting authority. All procurement should be conducted in accordance with the contracting authority's procurement regulations.</p> <p>Please note that externally funded contracts are not exempt where the City is the contracting authority.</p>	None	Please Contact City Procurement
Reserved Contracts	<p>The City of London may reserve to qualifying organizations, e.g. employee mutuals, the right to participate in reservable public contracts.</p>	None	Please Contact City Procurement

Emergency Provision	Description	Threshold Limit	Exemption Code
Extreme Urgency	<p>Where, for reasons of extreme urgency brought about by events unforeseeable, time limits for competitive procurement cannot be complied with. E.g. in the event of a natural disaster or act of terrorism.</p> <p>In this event please contact City Procurement.</p>	None	Please Contact City Procurement

Grants	Description	Threshold Limit	Exemption Code
Grants	<p>A grant must fall within the following definition:</p> <p>“A sum of money given voluntarily to a particular person for a particular purpose/s. A grant is usually made to another person or organisation to fund the organisation’s normal activities. (This is in contrast to a procurement whereby the contracting party sets out the terms of reference for a project which it wants to be carried out by another party.) Grant beneficiaries will generally be non-profit-making. Grants are usually made in accordance with an established policy, and that policy provides a transparent framework for objective decision-making in awarding/allocating the grants (i.e. equal treatment of applications/recipients).”</p>	None	ECP025

PURCHASE ORDER EXEMPTION POLICY



Document Control - Change Record

Date	Author	Version	Change reference
18/03/15	Joanna Smith	V1	Final
27/05/15	Joanna Smith	V2	Addition of exemption codes EX036, EX037 and EX038
04/03/16	Lisa Moore	V3	Addition of EX039 and annual review

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Policy Statement

The procurement of goods and services for and/or by the City of London Corporation must comply with the City of London Financial Regulations, Procurement Code, and associated procurement policies.

This document establishes the circumstances where Purchase Orders **are not required** for goods and/or services prior to the receipt and payment of an invoice.

Introduction

The objective of this policy is to ensure prompt payment to suppliers and to minimise non-compliance with City of London and department requirements.

This policy identifies items or particular categories of expenditure where it has been agreed that they are exempt from requiring the creation of a supporting purchase order. For an item to be considered to be exempt, it will be presented to the City Procurement Steering Group for review.

Any item or category of expenditure deemed to be exempt from requiring a Purchase Order will be reviewed on a regular basis, and the approved exemption list will be amended as required.

The decision to apply the Purchase Order Exemption Policy to any item or category of expenditure at a departmental level is not mandatory. Where an exemption has been agreed, it is the responsibility of each department to decide whether or not to apply the policy in their area. For example, should a department wish to monitor their budgets in more detail by creating purchase orders, despite the item being included within the exempt list, they are able to do so.

Exemption from the creation of a supporting Purchase Order

Whilst it is possible to raise a purchase order for all requirements, and in best practice this would be adhered to across all categories of spend, this policy accepts that in certain situations a particular item or category of expenditure will be considered to be exempt.

Purchase orders remain important in ensuring that all financial commitments are correctly recorded within the finance system, as this enables budgetary controls to be maintained by management.

A purchase order provides many benefits to the organisation:

- A clearly defined description of the item or service required, confirming:
 - Price
 - Description of goods or service required
 - Delivery date / project duration
 - Quality specification
 - Quantity
- A contract of purchase should there be no specific contract for this purchase, providing legal protection in the event that something goes wrong;
- Financial commitment within the budgeting finance system;
- Management review opportunity to approve or reject the request to proceed with the expenditure before the commitment is placed with the supplier;

- The ability to process the invoice faster as invoices with a supporting Purchase Order can be processed as e-Invoices:
 - Reduced manual intervention
 - Ability to maintain payment targets for SMEs
 - Reduced processing costs to the organisation

Amending a purchase order

The limit for amending existing purchase orders has now been removed (previously limited to 20%). With immediate effect, when you request to amend the amount of a purchase order, the system will send it for re-approval, so that budget holders are aware of the commitment. To increase an existing purchase order, please contact the City Procurement Operations Team at CityProc.Operations@cityoflondon.gov.uk.

Purchase Order Exemption List

How do exemption codes work?

When placing orders with suppliers for exempt goods/services, the supplier should be given a valid exemption code (e.g. EX012) to quote on their invoice instead of a PO number. Please see the attached policy for a complete list of the exemption codes. If a purchase order or exemption code is not quoted on the invoice it will be returned to the supplier to ask for a purchase order or exemption code. An exception to this will be made where the invoice is for rent, rates, utilities or certain services where Accounts Payable are aware that the supplier will not be able to quote an exemption code. Please liaise with city procurement if you believe your exempt item should be included in this category. The Accounts Payable team will verify that the exemption code is relevant to all spend on receipt of the invoice.

Although all exemptions will be subject to regular review, review periods of 6 or 12 months have been included for exemptions where we will be looking to implement improvements with the aim of supporting the creation of purchase orders for these items in the future.

Purchase Order Exemptions

Below is a list of approved purchase order exemptions.

Property	Exemption Code	Review
Property rent (including peppercorn rents)	EX001	-
Property rates (including service charge and council tax)	EX002	-
Planning Application	EX003	-
Stamp Duty Land Returns	EX004	-
Statutory Licenses	EX039	-
HMRC Payments	Exemption Code	Review

VAT Payments made directly to HMRC	EX005	-
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Insurance and Claim Payments	Exemption Code	Review
All settlement payments relating to claims made against the City of London including public liability claims and police vehicle repair claims (within CoL jurisdiction).	EX006	-

Exclusive Rights	Exemption Code	Review
REMOVED (Copyright)	EX007	REMOVED

Professional Fees	Exemption Code	Review
Legal counsel and advice fees	EX008	-
Medical report or consultation fees for General Practitioners appointed by City of London Police or Occupational Health services	EX009	-
Independent Registered Medical Practitioner fees for IRMPs appointed by Occupational Health	EX010	-
Expert witnesses	EX011	-
Contingent Fees whereby payment is dependent on specified results or outcomes	EX012	-
Food, water and shellfish sample testing fees	EX013	-
Fund Manager Fees	EX014	-

Other Payments	Exemption Code	Review
Performance / concert settlement fees	EX015	-
Magazine and newspaper subscriptions	EX016	-
Corporate membership with a professional body (not individual membership)	EX017	-
Staff season tickets	EX018	-

Comensura (temporary staff)	EX019	-
Tenants Association Promotion Payments (Markets only)	EX020	-
REMOVED (Escrow agreements for software licenses)	EX021	REMOVED

Schools	Exemption Code	Review
School trips and visits for students inclusive of coach travel	EX022	6 months
School tutors (individuals only)	EX023	12 months
REMOVED (School examination fees)	EX024	REMOVED
Freemen's School Events and Catering	EX038	-

Services and Contracts	Exemption Code	Review
Utility services	EX025	-
Mobile telephone and communications call and line rental payments (not equipment or hardware)	EX026	-
Novated contracts (must be on a one-off basis)	EX027	-
Externally funded projects	EX028	-
Guildhall Improvement Project	EX029	-
Agility Engineering stock system	EX030	-
Barbican Retail stock system	EX031	-
Residential placements	EX032	-
Police Interpreters	EX036	-
Barbican / Guildhall School and Corporate Catering (ISS only)	EX037	-

Chamberlains Court, Mayoralty and Remembrancer's	Exemption Code	Review
Foreign and Commonwealth Office payments	EX033	-
Diplomatic Gifts	EX034	-
City of London Independent Tour Guides	EX035	-

***Review Dates**

6 months – 30th September 2016

12 months – 31st March 2017

Alternative Payments

A number of items are not paid through Accounts Payable and therefore will not require a Purchase Order. No exemption code is required for these items and the appropriate payment route is shown.

Item	Description	Payment Route
Payroll	All payments to employed staff	Payroll
Pension payments	Monthly payments and lump sum payments	Payroll
Individual membership with a professional body	For example, CIPFA, CIPS	City People
Expenses – staff	All staff expenses	City People
Expenses - Interviewees	Expenses incurred by candidates who attend an interview	TBC

The items below are paid without an invoice; therefore the payment is processed using a Payment Request Form.

Item	Description	Payment Route
Imprest payments	Top up of Imprest bank account for petty cash	Payment Request Form
Grant payments	For example, payments from City Bridge Trust	Payment Request Form
Charitable donations	All donations	Payment Request Form
Loans	For example, the Samuel Wilsons Loan Trust	Payment Request Form
Payments on behalf of any organisation where we act as treasurer	For example, Microsoft Shared Learning Group, City of London Archaeological Trust	Payment Request Form
Housing benefit payments	Payments for individuals receiving housing benefit	Payment Request Form
Refund payments	Rates, rent, students, s106 and s278	Payment Request Form or Revenue Collection Group Form

Reviews

31st March 2016

These revisions will become effective once approved by Finance Committee.

Exemption		Agreed Action
EX007	Copyright	To be removed
EX008	Legal counsel and advice fees	To remain as exemption under general review
EX012	Contingent Fees whereby payment is dependent on specified results or outcomes	To remain as exemption under general review
EX016	Magazine and newspaper subscriptions	To remain as exemption under general review
EX017	Corporate membership with a professional body (not individual membership)	To remain as exemption under general review
EX019	Comensura (temporary staff)	To remain as exemption under general review
EX021	Escrow agreements for software licenses	To be removed
EX022	School trips and visits for students inclusive of coach travel	To be reviewed in 6 months once contract is in place
EX023	School tutors (individuals only)	This exemption has been amended to apply for individual payments only
EX025	Utility services	To remain as exemption under general review
EX026	Mobile telephone and communications call and line rental payments (not equipment or hardware)	To remain as exemption under general review
EX024	School examination fees	To be removed
EX029	Guildhall Improvement Project	To be removed at the close of project as per Kate Limna
EX030	Agility Engineering stock system	To remain as exemption under general review
EX031	Barbican Retail stock system	To remain as exemption under general review
EX032	Residential placements	To remain as exemption under general review
EX036	Police Interpreters	To remain as exemption under general review
EX037	Barbican / Guildhall School and Corporate Catering (ISS only)	To remain as exemption under general review
EX038	Freemen's School Events and Catering	To remain as exemption under general review
EX039	Statutory Licenses	New exemption code subject to general review

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Purchase Card Policy



1st July 2016

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INTRODUCTION

This policy applies to all staff in possession of a City of London Purchase Card (P-card).

This policy should be read in conjunction with the Cardholder agreement (application form signed before receipt of your card) and the Cardholder User Guide¹. This policy must be signed by the P-card holder in accordance with Financial Regulation 6.5.

Before signing the P-card, the Cardholder must read and accept Lloyds Bank Plc's ("the Bank") terms and conditions of use (contained in the Cardholder agreement), and undertake to comply with any conditions of use which are notified to the Cardholder by the City in the Cardholder's terms of employment. The Bank's terms are non – negotiable, and in accordance with the terms, the Bank have the right to make changes to such terms at any time. These changes will be notified to you City Procurement.

The City of London Corporation ("The City") uses P-cards as part of its Procurement to Pay process and Low Value Spend Strategy. P-cards do not replace the current process of raising Purchase Orders (POs) for all categories of spend unless the item required is included on the list of items **exempt** from requiring a PO, but provide a method of payment where POs cannot meet specific strategic business needs, or, it is more cost effective to buy items via a P-card.

Where appropriate, a P-card should be used for all expenditure up to £1,000 per transaction. This will dramatically reduce the volume of invoices being processed by the City for spend below £1,000, improving invoice processing efficiency and helping to reduce the cost to the organisation for transactions up to £1,000.

P-cards must be used in accordance with The City's Procurement Code Standing Orders and Financial Regulations, and together with the Purchase Card Policy must be followed by cardholders at all times.

This policy will enable you to make the best use of your P-card, understand your obligations and restrictions, and will also advise you of what to do and who to contact if you experience any problems.

¹ P-card User Guide is available on the Intranet.

POLICY STATEMENT

The Purchase Card Policy has been developed for all P-card users.

P-cards should be used in accordance with the City of London's Procurement Code, Financial Regulations, Employee Handbook, Staff Code of Conduct, Travel and Subsistence Policy and Business Travel Scheme.

When using your P-card officers must ensure that:

- Whenever possible, expenditure is agreed prior to the purchase.
- P-cards are used for business purposes only and never for personal use.
- The value of the purchase is in line with agreed cardholder limits.
- Costs are kept to a minimum and transactions represent value for money.
- Cards are used by the individual named on the card.
- All transactions are coded to the correct cost centre and account code.

When entering an item onto the Lloyds P - card system the cardholder is required to enter a description which is:

- Clear and accurate, avoiding the use of terms which may be open to misinterpretation.
- Provide enough information for an independent viewer to identify the item being purchased.
- Avoid the use of personal data.

Suspected misuse of the P-card will be investigated and may be addressed in accordance with the City of London's Disciplinary Procedure and the Corporate Anti-Fraud & Corruption Strategy.

WHAT IS A PURCHASE CARD?

It is a corporate credit card that has been provided by Lloyds Banking Group, on behalf of City of London Corporation.

WHEN CAN IT BE USED?

- By the Cardholder to whom the card has been issued.
- To purchase goods and services relating to the business service only.
- Where a purchase order is not suitable.
- Low value, low volume purchases.
- One off or infrequent purchases.
- Examples of categories of spend appropriate for a P-card include:
 - Learning and development
 - ²Travel and subsistence
 - ³Overnight Expenses
 - ⁴Overseas Travel
 - Petty cash expenditure
 - **Police only fuel** for hire cars where a fuel card is not available. Please contact Fleet Admin if a fuel card is required.
 - ⁵Fines incurred due to a COL business undertaking.
 - ⁶Gift vouchers
 - Subscriptions

In the first instance officers should endeavour to pay by purchase card for any subscriptions, as these are small amounts that are suited to the P-card process.

If the supplier is not able to take payment by P-card we should ask if they are set up to take payments via PayPal. If you have not signed up to this service you can do so by clicking on this link <https://www.paypal.com/uk/home>. This will link your P-card to a PayPal account.

If neither of these is an option the subscription can be paid either on a full invoice i.e. the document says invoice on it and gives a date and invoice number or we can pay on a payment request form as a last resort.

² P-cards may only be used for travel and subsistence in accordance with the Travel and Subsistence Policy included in the Employee Handbook on the intranet.

³ Overnight provision is included in the Travel and Subsistence Policy included in the Employee Handbook on the intranet.

⁴ P-cards may only be used for overseas travel and subsistence in accordance with the Business Travel Scheme included in the Employee Handbook on the intranet.

⁵ It will be a local decision whether or not fine is charged back to the individual.

⁶ P-cards can be used to purchase gift vouchers if there is a legitimate business need, justification will need to be included in the description when processed through CityCard, and if more than one gift card is purchase a local audit tracker must be made available for internal auditing purposes

We should not be using payment request forms unless a card payment cannot be made or they don't produce a valid invoice. We cannot pay on the subscription forms that some suppliers issue as this is not a valid document to pay against.

A list should be held centrally by each department to provide visibility of subscriptions and ensure that the list can be effectively maintained and managed avoiding the risk of duplication. Lists should be reviewed departments on an annual basis.

WHAT NOT TO DO WITH YOUR PURCHASE CARD

It must **NEVER** be used in the following instances:

- No personal use under any circumstances (this includes collecting loyalty points for corporate purchases, e.g. Nectar Points)
- Withdrawal of cash/cash advances unless you are a pre-approved user of this type⁷.
- Transfer money via Western Union or any other money transfer business.
- Utilities and Fuel are blocked by default on P-cards. All fuel purchases should be made using the corporate fuel card contract.
- Disaggregating the total value of a purchase by paying for part of a balance via the P-card and some of the balance by another means, thus avoiding the procurement threshold rules.
- Off Contract spend i.e. where a corporate contract⁸ exists e.g. agency staff, advertising, IT hardware/software, stationery, cleaning and janitorial products, office furniture, printing services.
- The card and card number must not be used for illegal purposes.
- Suspected misuse of the P-card be investigated and may be addressed in accordance with the City of London Corporation's Disciplinary procedure. Incidents of serious misuse (i.e. those listed above) may lead to action under the disciplinary procedure up to and including dismissal. Use of the P-card will be suspended during the course and pending the completion of any investigation.

Where any fraudulent misuse of the card is identified this may be investigated in line with the Corporate Anti-Fraud & Corruption Strategy.

ELIGIBILITY FOR A PURCHASE CARD

It is the Line Manager's discretion and based on business need to nominate staff for assignment of a P-card.

All requests must be approved by the individual's line manager or designated department approver of P-cards.

⁷ A small number of staff have this facility for emergency procedures.

⁸ A list of current corporate contracts is available on the CoL website.

A cardholder must be a permanent member of staff who has worked for the City of London for a period of at least six months and must also have completed the probation period. Unless there are exceptional business needs, cards must not be allocated to consultants, temporary or agency staff. In special circumstances when an exception can be justified and a member of staff requires a P-card to carry out the nature of their work written approval from a chief officer or delegated authority can waive these rules.

Any new Purchase cardholder must sign a declaration that they have read, understood and fully agree to comply with the purchase card policy.

HOW MANY CARDS CAN BE HELD BY A BUSINESS UNIT?

A business unit can choose to have only one cardholder or multiple cardholders dependant on genuine need and frequency of card use.

CARDHOLDER'S RESPONSIBILITIES

- Comply with all of Lloyds terms and conditions.
- Ensure the P-card is used for business use only.
- Never allow any other employee to use the card or quote its number when ordering.
- Reconcile and submit for approval all transactions monthly in line with the P-card User Guide⁹.
- Obtain value for money. Any quotations obtained should be attached to the expense report to demonstrate value for money has been sought.
- Retain all valid receipts to support each item of expenditure including VAT receipts¹⁰ where appropriate and upload onto the card management system each month for submission to your approver with the reconciled statement.
- Follow the User Guide that accompanies this policy on reporting the use of the Card.
- Be aware of the budget available and ensure that purchases made on the card do not exceed the available budget.
- Ensure that all transactions are coded to the correct cost centre and account code.
- Ensure that the P-card is used in accordance with The City's Procurement Code Standing Orders and Finance Regulations, and these together with the Purchase Card Policy must be followed by cardholders at all times. Breach of these procedures may result in your card being suspended pending investigation and your authorisation to use a card may be removed.
- Report any changes in your circumstances that might affect your card use (such as name or job changes or long term absence) promptly to your Department Administrator.

⁹ P-card User Guide is available on the intranet

¹⁰ Guidance on treatment of VAT on purchase card transactions is available on the intranet

- Keep your card and PIN secure, separate from each other, and report the loss or theft of your card or PIN to the Bank as soon as you are aware and to the P-card Team as soon as possible after that.
- Inform your Department Administrator if you are leaving The City and return your card¹¹ to your Department administrator or line manager as soon as possible to avoid issues with reconciling your statement after you have left. Any subscriptions must be cancelled or transferred to a member of staff who requires the subscription.
- Undertake a full reconciliation of your transaction log, receipts and statement every month and submit these to your approver for further scrutiny and authorisation of statement payment. Cardholders should report any unrecognised transactions to the card administrator as soon as they are noticed. Likewise any suspected fraudulent transactions should be promptly notified to Head of Audit & Risk Management.
- Inform Lloyds of any overseas travel (country and travel dates) before leaving the United Kingdom.

Transactions must not be split in order to avoid exceeding the single transaction limit.

Where card holders do not review their transactions every month or, fail to obtain valid receipts to support their purchases, this will be reported to senior management for investigation. Repeated or persistent failure to comply may result in your card being suspended or removed in accordance with the three strikes policy.

In exceptional circumstances a request to vary the single transaction or monthly transaction limit on a temporary or permanent basis, will be reviewed on a case by case basis, and will need to be authorised by your Line Manager, accompanied by a business case which includes Category Manager approval. This will then need to be submitted to the City Procurement P-card team to be amended.

As a cardholder you may be audited by Internal Audit to ensure that you are complying with the Purchase card guide and Policy.

APPROVER'S RESPONSIBILITIES

- Authorise the issue of a P-card
- Ensure the P-card cardholder is using the P-card appropriately at all times
- Ensure that the cardholder keeps up to date with transaction processing.
- Report any problems that the cardholder is experiencing to the Department Administrator.
- Report changes in the cardholder's circumstances that might affect their card use (such as name or job changes, long term sickness, and maternity leave) promptly to the P-card Administrators.
- Approve the cardholder's transactions via the card management system once these have been reconciled by the cardholder. Where approvers do not approve their cardholder's transactions every month, this will be reported to the approver's line manager. Repeated failure to approve transactions will be reported to your

¹¹ In line with the Leavers Policy contained in the Employee Handbook available on the intranet.

Chief Officer and may result in your cardholder having their card removed which may affect your service delivery.

- Ensure that the cost centre and subjective codes are correct.
- Review all receipts to ensure compliance with the policy on items purchased before approving and that the receipts submitted are valid and match to the transactions on the submitted statement.
- Ensure VAT receipts are obtained and that VAT is correctly reconciled so that the City can claim back the VAT (gross amounts will be charged to cost centre where no VAT receipt is obtained). It is vital that VAT is set correctly as any fines incurred from HMRC due to incorrectly coded VAT on the cards will be charged back to the department cost centre.
- Ensure that leavers are reported to P-card Co-ordinators and the P-card is recovered and destroyed as soon as possible before the cardholder leaves the CoL.
- Report any suspected fraudulent transactions promptly to Head of Audit & Risk Management.

If you are unsure what the transaction is for or why the money has been spent then this should be clarified before approving. Remember: this is being charged to your budget and you are responsible for authorising any expenditure against your budget.

In the event of misuse of a P-card, the approver is responsible for ensuring that appropriate and timely action is taken and that any loss associated with such misuse is recovered promptly. Approvers need to take all appropriate steps to ensure that P-card transactions are for valid business reasons, and that failure to ensure appropriate checks are made may be investigated in accordance with the COL Disciplinary Procedure.

As an approver, you and your cardholder may be audited by Internal Audit to ensure that you are complying with the relevant corporate policies.

DEPARTMENTAL ADMINISTRATOR'S RESPONSIBILITIES

- Provide training, support and guidance to card holders and approvers.
- Check the application form has been completed correctly and authorised by the appropriate line manager.
- Undertake recovery action, including from Payroll, any identified personal transactions, and report these promptly to Internal Audit and HR.
- Inform City Procurement P-card Co-ordinators when a card holder or approver has changed roles or departments, no longer requires their card or has left the organisation.
- Where the card holder has left the organisation, to retrieve the card and destroy it, and to notify City Procurement for the account to be closed following the last card reconciliation report.
- Where the card holder goes on long-term leave, to retrieve their card (if required) and store securely until the card holder returns. At the point of starting the leave

period, to notify City Procurement so that the card account can be suspended. The departmental administrator should arrange for any outstanding transactions to be cleared by the department on the cardholder's behalf.

- Manage the day to day administration of the P-card within the business area. P-card administrators are not permitted to hold a card.

REPORTING A LOST, STOLEN OR MISUSE OF A PURCHASE CARD

The City of London Corporation operates a “zero tolerance” approach towards fraud. Any deliberate misuse of a P-card will result in disciplinary action in accordance with the City of London Corporation's Anti -Fraud Strategy and Staff Code of Conduct.

Cardholders and their authorising managers are responsible for reporting the loss, theft or misuse of a P-card, by calling Lloyds on **0870 513 4588** and **emailing the P-card Administrators at chbpurchasecards@cityoflondon.gov.uk**, as soon as you are aware your card is missing or as soon as you become aware of unusual transactions on your account.

PURCHASE CARD SECURITY

To reduce the risk of fraud, Cardholders should:

- Sign their new card immediately.
- Never lend the card or card number to anyone.
- Never send card details via e-mail.
- Never give out your PIN number to a third party when purchasing on the internet and only use secure sites.
- Ensure the P-card is kept in a secure location at all times. Leaving cards on your desk could pose a serious security risk for potential fraud or theft, and if lost or stolen due to negligence may result in disciplinary action.
- Always check the total on the sales voucher is correct before you sign or entering your PIN for transactions.
- If found after it is reported stolen, destroy the card and dispose of securely.
- Do not leave receipts with card number unattended.

CARDHOLDER ABSENCE

There may be instances when the deadline for all coding and paperwork falls during a period of short-term absence, for example, annual leave. If you know that there is going to be a deadline while you're away then you should update all transactions on the system and submit for approval. If the absence is likely to take you well beyond the deadline then temporary arrangements should be made by advising the administrators.

APPROVER ABSENCE

If your approver is absent and your statement and transactions need to be authorised then you must identify a temporary approver – this can be someone in your team/department who has the financial delegation to sign off card transactions. Please make sure that you notify the Card Administrator if this happens.

CARD CANCELLATIONS

Cardholders who are no longer required to hold a P-card, must inform the P-card team and copy their departmental administrator as soon as possible. Cardholders must cancel their cards if they:

- Are requested to do so;
- Leave the service of the City of London Corporation;
 - Transfer to a different Department where use of the card is not authorised for that position.
 - The P-card Team will run regular reports on P-card use for Line Managers. Any P-cards which remain unused for a continuous period of 6 months will automatically be reviewed with the Line Manager. If it is determined that the P-card is no longer required by the Business Unit, it will be cancelled.

PURCHASE CARD THREE STRIKES POLICY

It is important that if you have used your card within a particular accounting cycle you must ensure that all end of month procedures are completed prior to the deadline. All cardholders are reminded of the deadline by email around the 1st of each month. All transactions must be coded to the relevant cost centre and account code and approved by the 10th of each month following the transaction.

For each month that a cardholder fails to complete their coding and / or submit their expense reports by the appropriate deadline, the following will apply:

First Month of incomplete coding/submission of paperwork

- The cardholder will be notified, by email that they have failed to complete their coding and/or submit their paperwork and will be expected to rectify this as soon as possible.
- The Approver will also be notified.
- The card will be suspended until the coding/submission of paperwork is completed.

Second Month of incomplete coding/submission of paperwork

- The cardholder will be notified, by email that they have failed to complete their coding and/or submit their paperwork and will be expected to rectify this as soon as possible.
- The Approver will also be notified.
- The card will be suspended until the coding/submission of paperwork is completed.

Third Month of incomplete coding/submission of paperwork

- The card will be suspended and the cardholder and their Approver will be notified of this action. The Chief Officer will decide if the card is still required.

TRANSPARENCY

In accordance with the Local Government Transparency Code 2015, the City of London Corporation may publish P-card transactions on our website including transaction date, transaction reference, merchant category and the amount spent. Officers should refer to the Good Practice Guidelines for Purchase Cards contained in Appendix 2.

FREEDOM OF INFORMATION

Under the Freedom of Information Act the public has the right to ask to see any information held by the City of London Corporation as a local authority, Police Authority or Port Health Authority.

DATA PROTECTION

In the course of applying for, and using, a P-card, personal data about you will be processed by Lloyds Bank PLC (the card provider). This includes:

- Your name, and who you are employed by (the City of London);
- Your work contact details (address, email address, telephone number);
- Your date of birth;
- Your staff/payroll number;
- Any proof of identification deemed necessary in order to process your application.

To obtain a P-card, you must consent to your personal data being processed by Lloyds Bank PLC in accordance with the P-card conditions of use (data Protection section) and the Lloyds Bank privacy statement (www.lloydsbank.com/privacy2.asp).

Such processing includes using your personal data to manage your application for a P-card and providing the required P-card services (eg access to online transaction systems). This may include checking your personal data against electoral registers, credit reference agencies and/or fraud prevention agencies

Unless you opt-out, Lloyds Bank PLC will share your personal data, both within and outside of the Lloyds Banking Group, for the purpose of direct marketing.

If, at any time, you wish to access your personal data processed by Lloyds Bank PLC, you may (subject to a £10 fee) submit a Subject Access Request to them under the Data Protection Act.

Should you have any queries or concerns with the processing of your personal data, you may wish to contact the City of London's Data Protection Officer by email at information.officer@cityoflondon.gov.uk, or on 020 7332 1209.

APPENDIX 1: CARD HOLDER LIMITS SCHEDULE

The following cardholder limits are set by default:

	Transaction Limit	Monthly Card Limit
Approved Departmental Officers	£1,000	£2,500

Monthly card limits can be varied in accordance with the following process:

Threshold for monthly card limit	Approval	Process
Up to £10,000	Line Manager approval	Line Manager to send approval confirmation to Departmental Administrator who will forward request to the P-card team to increase the monthly card limit.
Over £10,000	Line Manager and Member of Finance Team with appropriate budgetary authorisation limit.	Line Manager and Member of Finance Team with appropriate budgetary authorisation limit to send confirmation to Departmental Administrator who will forward request to the P-card team to increase the monthly card limit.

APPENDIX 2: BEST PRACTICE GUIDELINES FOR PURCHASE CARDS

The following guidance is an outline of good practice for the use of City of London Purchase Cards (P-cards). Expenditure needs to be clear on how it supports the strategic aims in the City's Corporate Plan namely:

- To support and promote The City as the world leader in international finance and business services.
- To provide modern, efficient and high quality local services and policing within the Square Mile for workers, residents and visitors with a view to delivering sustainable outcomes.
- To provide valued services to London and the nation.

Chief Officers

Chief Officers are responsible for ensuring that managers and officers in their departments apply the good practice principles in this guidance. They should utilise the reports provided by City Procurement to monitor the suitability of purchases, check that appropriate descriptions have been used and ensure that appropriate management approvals are being applied.

City Procurement will send Chief Officers a monthly report of all of their departmental transactions. This report will enable them to:

- Monitor the suitability of purchases
- Check that appropriate descriptions and rationales have been recorded for each transaction
- Ensure that appropriate management approval controls have been applied
- Take corrective action where necessary
- Report back actions taken in a form provided

City Procurement will provide Chief Officers with as much support as required, ensuring that good practice is consistently achieved, including management information, further guidance and training.

Line managers

Are responsible for approving P-card transactions and for challenging officers to clarify the descriptions of their transactions where the suitability and rationale for the purchase isn't clear.

Suitability

Where possible expenditure should be agreed and approved prior to purchase. Care should be taken to exclude transactions deemed to be inappropriate such as alcohol or expenditure for informal staff social events. Care should also be taken in selecting venues, hotels and shops to ensure they represent value for money and there is a clear business case especially where luxury vendors are selected.

The types and values of purchases made with a P-card must be within the limits agreed with the relevant budget holder or Line Manager at the time of issue or as subsequently amended.

Good Practice Guidelines:

- Wherever possible, expenditure should be agreed prior to the purchase. This should take account of the suitability of the transaction.
- In relation to staff social events, a distinction should be made between informal staff social events for which no official policy exists and the policies on long service or retirement events or awards set out in the Employee Handbook.
- In the case of the former, P-cards must not be used, in the case of the latter, P-cards can be used and if so, the descriptions and rationale provided on the P-card system must make it clear that it is for a long service or retirement award in accordance with the City's policy.
- It is appropriate to use P-cards for business hospitality purposes including internal working lunches between officers and those between officers and external organisations, but only where prior managerial approval has been given and the nature and justification of the expenditure is provided in full with detail that shows how this meeting furthers our work e.g. "Working Lunch re Square Mile works maintenance 2 staff & 2 guests". Or 'Working breakfast with London open space partners, 1 staff & 3 guests.'
- Always think when officers seek approval for P-card expenditure whether they have followed the principles in this guidance.
- Bear in mind that in addition to the usual internal checks such as management reports and Chief Officer's reviews, some P-card transactions may also be subject to external disclosure and scrutiny.
- Special care should be taken when selecting venues and hotels to make sure they are the best choice in terms of value for money, bearing in mind we are often compared to local authorities who are facing large-scale cuts in their services. There may be a good reason for breakfast at the Four Seasons New York, but please describe appropriately, e.g. 'Work breakfast with NY Mayor + 3 re: joint Air Quality programme.'

Descriptions

All descriptions of P-card transactions must be clear and understandable and provide enough information for an independent viewer to identify the item (s) being purchased and the reasons for the transaction.

When entering an item onto the P-card system the cardholder is required to enter a description, as shown below. This description must be an accurate account of the purchase.

Good Practice Guidance:

- All descriptions should be clear and understandable, avoiding the use of terms which may be open to misinterpretation. Please avoid the use of personal data (e.g. names of individuals).
- All descriptions should be given in full and provide sufficient information for an independent viewer to identify the transaction item. The description needs to be clear but concise.
- All descriptions should provide a clear reason for the purchase. For example, a description that reads “Return flight from London to Amsterdam” does not provide an associated reason, whereas “Return economy flight London to Amsterdam to speak at SME Conference” provides a clear rationale for the purchase and shows how it serves the wider public of London and the UK.

Approvals:

It is the responsibility of all Line Managers to assess the suitability of the transaction and that all information has been completed and recorded appropriately. Line Managers will receive an expense report (hard copy). All purchases should be carefully reviewed prior to sign-off and particular attention should be given to the description and rationale for the transaction. Where a description is not suitable, Line Managers should request that the cardholder re-enter the description and produce a new report for sign-off.

- Bear in mind that the shop or payee could also be problematic without proper explanation. ‘Jewellery’ from www.harrods.com is not a proper entry but ‘Repair for Mayoralty sword’ from www.astors.com might be.
- If no description is provided and this field is blank, Line Managers cannot sign off the expense report.
- Where unsuitable transactions or inadequate descriptions have been identified, feedback should be provided to staff members to support improvements in the future. Depending on the circumstances, senior management action may be required which could range from simply instructing the member of staff to take corrective action, formally addressing the issue via the Performance Development Framework, removal of the card from the officer concerned, or in the most serious instances initiating disciplinary measures in accordance with the City’s employment policies and procedures.
- Following Line Manager sign-off, Department Administrators will submit the approval on P-card system. Department Administrators can act as a secondary checker of all information but not be the primary agent of raising concerns with purchase cardholders.
- P-cards should be used in accordance with the City of London’s wider expenditure policies provided in the Financial Regulations, Procurement Code, Employee

Handbook, City Buyer, Staff Code of Conduct, Travel and Subsistence Policy, and Business Travel Scheme.

I have read and understood the City of London's Purchase Card

Policy: Signed: _____

Name [print]: _____

Date: _____