

# Finance Policies and Procedures

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Note: Highlighter is used in this document to indicate **outstanding actions** or where **links** to other documents under review, are required.

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# SPSO Travel and expenses policy

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1. This policy sets out the principles and arrangements for work related travel and subsistence expenditure by Scottish Public Services Ombudsman (SPSO) staff. Reasons for work related travel include meeting complainants, representatives of listed authorities and other relevant parties during the consideration of a complaint, promoting the work of the SPSO, attending courses and conferences and representing the SPSO at meetings.

## **Principles**

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2. All SPSO staff are required to obtain the authority of their line manager before incurring travel or subsistence related expenditure. Before undertaking an official business journey you should discuss it with your line manager. They must be satisfied that it is unavoidable, not practicable or appropriate for it to be undertaken by telephone or video conference, or postponed until another visit to the same area is made.
3. SPSO staff who travel for work related reasons must comply with SPSO guidance on personal safety in relation to travel. Staff must ensure they use the most efficient, economic and environmentally sound means of travel, taking into account costs and savings in official time. You must explore alternative fare options.
4. The general principle of reasonableness underlies the claiming and payment of travel and subsistence expenses. Work related travel can be costly in terms of staff time, money and the impact on the environment. All staff have a responsibility to ensure that the expense to the SPSO is kept to a minimum without unduly reducing the safety and efficiency with which they carry out their duties.
5. SPSO staff are reimbursed for all travel and subsistence expenses reasonably and necessarily incurred in the performance of their duties. The reimbursement of expenses is subject to the receipt of a properly completed claim form and, wherever possible, the appropriate original receipt.
6. The SPSO aims to contribute towards reducing the use of the private car for work related travel. A primary reason for the continued location of the SPSO office in central Edinburgh is the easy access to major public transport routes for complainants, SPSO staff and visitors to the office.
7. On their normal work days, SPSO staff travel to and from home to the SPSO office in their own time. SPSO staff also travel to and from home to the SPSO office at their own expense.

## Work related travel

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8. SPSO staff are encouraged to consider alternatives to work related travel, wherever possible, such as the use of the telephone, email, audio and video conferencing.
9. It is recognised that visits can be necessary and can assist consideration of a complaint. However, SPSO staff are encouraged to consider whether a meeting with a complainant or a representative of a listed authority would be better held within the SPSO office or at a neutral venue. Considerations include staff safety and the better use of staff time. Complainant travel expenses are reimbursed by the SPSO on completion of a claim form and production of receipts. Listed authorities are responsible for their own expenses.
10. Where it is not helpful or practicable for a complainant or listed authority representative to come to the SPSO office, for example, because of the nature of the complaint, the circumstances of the complainant or the travel distance, then the staff member can decide to carry out a home visit. The staff member is encouraged to discuss proposed visits with their line manager, as there may be other visits or outreach possibilities in the area that could be undertaken by the staff member at the same time.

## Public transport

11. SPSO staff are encouraged to travel on work related business by public transport, wherever safe and reasonably practicable. This requirement does not apply to staff who are unable to use public transport on the grounds of health or disability.
12. Wherever possible, SPSO administrative staff will pre-arrange travel by public transport. Rail or air travel should be booked as far in advance as possible in order to obtain the best deals on available fares.
13. Standard class rail travel should be used for all official business in the United Kingdom. A staff member may also travel First Class if they are required to travel at night (after 20:00) and are travelling alone. These and any other reasons for First Class travel must be approved in advance by a line manager.
14. Air travel should be economy or tourist class. If economy or tourist class is not available, then the agreement of the line manager must be obtained before booking a higher class.
15. The SPSO will reimburse the cost of work related bus, coach, rail or air travel that cannot be booked in advance. Reimbursement will be the cost of the actual fare incurred, or the cost that would have been incurred if the journey had started and finished at SPSO office, whichever is the lower.

## Taxis

16. Taxis can be used (and the fares reimbursed) for work related travel where it is appropriate to do so, for example, where there is no suitable public transport, for personal safety, in cases of disability or ill health, if heavy items need to be transported or where it is cost effective (there is a saving in time or where a taxi can be shared with another member(s) of the office).
17. The SPSO has a business contract with a taxi firm in Edinburgh. Booking details can be obtained from the Corporate Services Manager. Wherever possible, the contract taxi should be booked by an administrative staff member, but it is recognised that staff may need to book their own return journeys. For audit purposes, a receipt for the contract taxi (which can include a tip of up to ten percent of the fare) must be obtained from the taxi driver and given to the finance administrator on return to the SPSO office.
18. For taxi travel other than by contract taxi, the staff member can reclaim the cost, but must provide details of the journey undertaken, obtain a receipt for the fare (again, a tip of up to ten percent of the fare may also be included) and attach it to the travel claim.

## Use of a private vehicle

Application form to [Private Vehicle business use form](#).

19. There is no obligation on SPSO staff to use their private vehicle for work related travel. Many work related journeys can be made by public transport or, where public transport is unavailable, by the [use of a hire car](#).
20. The agreement of the line manager is needed before a staff member uses a private vehicle for work related travel. The staff member should let the line manager know why other travel options are not feasible.
21. The term private vehicle includes motorcycle, scooter or moped. SPSO staff who use a private vehicle for work travel must have already met a number of qualifying criteria, including the written agreement of the Ombudsman that they be designated as a casual car user. These qualifying criteria are:
  - 21.1.1. the private vehicle must be registered in the name of the staff member or registered in the name of the spouse or partner of the staff member;
  - 21.1.2. the staff member must have a current full driving licence and present it to the SPSO on request;

- 21.2. the staff member must satisfy the SPSO that they have current insurance cover for business use of the private vehicle (see [Annex 1](#) to this policy). The SPSO does not accept any insurance liability for private vehicles used on work related business;
  - 21.3. the staff member accepts responsibility for ensuring that a private vehicle used for work related travel is maintained in a roadworthy condition; and
  - 21.4. the staff member must agree to notify the SPSO in writing of any current or subsequent driving convictions or disqualification.
22. SPSO approval to use a private vehicle for work related travel purposes is granted according to business needs and is subject to review at any time.
  23. [Annex 1](#) also sets out the SPSO position should a staff member have a private vehicle vandalised or have personal effects stolen when the staff member is using a private vehicle for SPSO work related business.
  24. SPSO staff who use a private vehicle for work related travel will have the expenses actually and necessary incurred met by payment of a mileage allowance at the standard rate per mile as set out in [Annex 2](#). The SPSO has dispensation from the Inland Revenue for the Travel and Expenses Policy. The Inland Revenue regards individuals as liable to tax on the difference between the Inland Revenue rates and any higher rate paid. Mileage can be claimed for:
    - 24.1. work related journeys made direct from and return to the SPSO office where the journey starts and finishes on the same day at the base. In this case, the mileage claimable is the actual mileage incurred; and
    - 24.2. work related journeys made direct from or return to home (or other non-work location) if a member of staff travels directly from home to place of duty and/or returns home directly from that place of duty. Unless the distance is shorter, the mileage to be claimed is the mileage actually incurred less the normal mileage of travelling to and/or from the staff member's home and the SPSO office ie the excess mileage.
  25. SPSO staff may claim a passenger supplement, in conjunction with the standard rate of motor mileage, for each official passenger they carry in their private vehicle.
  26. SPSO staff may claim the cost of parking fees, tolls and ferry charges when using a private vehicle for work related travel. This includes fees for parking near to the SPSO office if it has been agreed in advance with the line manager that a private vehicle can be used for work related travel that day. Again, these charges must have

been actually and necessarily incurred and the claim must be supported by receipts, wherever possible.

27. Financial penalties (including parking tickets) for motoring offences when a private vehicle is being used for SPSO work related business are not paid by the SPSO.

### **Hiring a self-drive vehicle**

28. If needed, the SPSO can arrange for the hire of self-drive vehicles for the use of staff on official work related travel. In order to make reservations, staff will need to advise their Team Assistant at least two working days before the vehicle is required giving the following information:
  - 28.1. name of the driver;
  - 28.2. required pick-up location;
  - 28.3. date and time of collection;
  - 28.4. drop-off location; and
  - 28.5. date and time of return.
29. Staff may need to produce their driving licence for inspection by the car hire firm at the start of each hire and are responsible for ensuring that their driving licence and qualifications comply with the car hire requirements (and those of the Road Traffic Acts) for the vehicle hired.
30. Financial penalties (including parking tickets) for motoring offences when a hire vehicle is being used for SPSO work related business are not paid by the SPSO. Such costs remain the responsibility of the driver of the hire vehicle. Staff should ensure that vehicles are returned in a satisfactory condition and that any loss or damage is reported to car hire firm and the Director.

### **Other travel arrangements**

31. The ability to drive is not an essential requirement for SPSO staff. Also, it is recognised that an SPSO staff member may be unable to drive for health or disability related reasons. In these situations, if travel is necessary and it is not possible to reach a work related destination by public transport or taxi, the SPSO will arrange for a car and driver (who may be a work colleague) to be made available to the staff member.
32. SPSO staff can claim a bicycle mileage allowance if they use a bicycle for work related travel (see [Annex 2](#)).



33. The SPSO will reimburse reasonable extra expenditure incurred during a transport emergency to enable nominated operationally essential staff to get to work. The SPSO will circulate a separate guidance note when sustained disruption occurs.

Application form [Private Vehicle business use form](#).

## Travel loans

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### Season ticket loan

34. In order to encourage the use of public transport, a loan for an annual season ticket is available to staff members who have both completed their probation period with the SPSO and who use public transport to travel to and from work. A staff member who wishes to apply for a season ticket loan must provide verifiable details of the nature, cost and duration of the required season ticket. The season ticket must be shown to the HR Officer as soon as possible after purchase and a photocopy taken and retained for audit purposes.
35. Season ticket loans are interest free and repayments are made by monthly salary deductions. The repayment period will normally be equivalent to the length of the loan, ie an annual season ticket will be repaid in 12 monthly instalments.
36. If a staff member is due to retire, the repayment period will be determined in proportion to the service remaining. If a member of staff leaves the SPSO before the loan is repaid, the outstanding balance will be due in full and deductible from the final salary payment. If the staff member surrenders the season ticket for any reason, repayment of the balance of the outstanding loan will be required immediately.

### Bicycle loan

37. A bicycle and safety equipment loan is available to staff members who have completed their probation period with the SPSO and who want to buy a new bicycle for travel to or from work, or for work related travel reasons. The SPSO also provides shower facilities and secure storage for bicycles in order to encourage bike travel.
38. The loan is made up to a maximum of £1000. SPSO staff are not eligible for a bike loan if they have a season ticket loan still outstanding. Bicycle loans are interest free and repayments are made by monthly salary deduction. The repayment period may not exceed a year.
39. If a staff member is due to retire, the repayment period will be determined in proportion to the service remaining. If a member of staff leaves the SPSO before the loan is repaid, the outstanding balance will be due in full and deductible from the final salary payment.

40. If the staff member disposes of the bike for any reason before the loan has been repaid, repayment of the balance of the outstanding loan will be required immediately.

[Cycle and Safety Equipment Loan application](#)

## **Travel and expenses payments**

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41. If you have to travel on official business, you will be reimbursed for the cost of any travel and expenses which you actually and necessarily incur. Wherever possible, receipts must be provided in support of a claim. The current expenses rates are set out in [Annex 2](#).
42. The SPSO will reimburse the actual cost of overnight accommodation within the limits set out in [Annex 2](#). This Appendix also contains details of the minimum hotel accommodation standards. The expenses limits are intended to cover the cost of accommodation, breakfast and evening meal.

[Expenses Claim Form - Staff](#)

### **Accommodation choices:**

43. Travel and accommodation expenses, should be, where possible, arranged by Corporate Services within the overnight accommodation financial limit, and with anticipated costs paid in advance. Where this is not possible, the staff member will make their own accommodation arrangement within the overnight accommodation financial limit and repayment will be based on actual, receipted expenditure.
44. The staff member is responsible for paying any additional costs, such as evening meals at the hotel and telephone calls, directly to the hotel before departure. Alternatively, the staff member can decide to have their evening meal at a restaurant elsewhere. The staff member should obtain acceptable receipts for these costs and submit these together with a claim form in order to be reimbursed up to the additional allowance levels. An acceptable receipt must:
  - 44.1. bear the name, address and telephone number of the hotel or restaurant to whom the payment was made; and
  - 44.2. state clearly the date, the amount of money paid and for services, the service supplied and, where possible, the name of the person receiving the service.

*Make their own arrangements (for example, staying with friends or relatives)*

45. SPSO staff who choose to stay with friends or relatives can claim a fixed rate allowance for each night of stay. This allowance is claimed instead of accommodation and subsistence costs.

## **Travel and expenses claims**

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46. Claims for travel and should be made on the [Expenses Claim Form - Staff](#). The claim should, if relevant, be supported by acceptable original receipts unless there is good reason that receipts are not available. The SPSO reserves the right to refuse a claim if acceptable receipts cannot be produced.
47. Advances for travel and expenses are only paid in very exceptional circumstances and must be approved in advance by the Ombudsman or Director.
48. Claim forms must be signed by the staff member and authorised by the line manager. The authorisation of claims shall be taken to mean that the certifying person is satisfied that the expenditure was authorised, the expenses properly and necessarily incurred and that the allowances are properly payable by the SPSO.
49. Claim forms should be submitted at calendar monthly intervals or, for occasional claims, not later than one month after the expenditure took place.

## **Abuse of the travel and expenses policy**

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50. Staff are expected, when recording their travel time and claiming expenses, to ensure that they accurately reflect the amount of time that they have travelled and the expenditure incurred. As with all expenditure, travelling and expenses will from time to time be subject to inspection and analysis by the SPSO's auditors. On occasion it may be necessary for further information to be sought in support of a claim. It is recommended that an independent supporting record be kept by the staff member (for example, on the SPSO electronic diary).
51. Abuse of the Travel and Expenses Policy, such as submitting expenses that have not been incurred on SPSO work related business, is considered to be a falsification of documents and as such is an offence under the SPSO's Disciplinary Procedure – see [SPSO - Working for SPSO](#) handbook. This Disciplinary Procedure will be used to investigate any suspected or alleged abuses.

## Disputes

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52. There are a number of options open to a staff member if they do not agree with a decision or action relating to this policy:
  - 52.1. informal discussions with their line manager as there may be some simple misunderstanding of the procedure or facts which can be resolved by an informal route;
  - 52.2. use of the SPSO's Grievance Procedure – see [SPSO - Working for SPSO handbook](#); and
  - 52.3. assistance from a third party such as a trade union representative or some other suitably experienced person.

## **Annex 1: Use of private vehicle - additional arrangements**

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### **Private vehicle insurance**

The SPSO will only authorise use of a private vehicle for work related business travel where the staff member has adequate insurance cover. Adequate insurance cover will provide the staff member with unlimited insurance against claims in respect of:

- death or bodily injury to third parties;
- death or bodily injury to passengers; and
- damage to the property of third parties.

The policy must contain a clause which permits use of the vehicle by the staff member for business purposes. The staff member must provide an undertaking that they will not seek to recover from the SPSO any excess payable by the staff member under the policy. The staff member should check that the policy will not be invalidated or affected if the staff member carries official equipment in the vehicle.

The staff member will need to sign a statement saying that they have understood the policy requirements and confirm that they have and will maintain adequate insurance cover for as long as the vehicle is used for work related business travel.

The SPSO reserves the right to inspect the insurance policy.

### **Vandalism to own vehicle**

If the vehicle of a staff member is vandalised while on SPSO business, the SPSO will consider a claim for reimbursement where the following circumstances are met in full:

- the business duties required the staff member to be present in the area where the vandalism occurred;
- the vehicle was unattended when the damage was done;
- the use of public or other SPSO arranged transport was not reasonably practicable;
- there was no reasonable and safer alternative place to leave the vehicle;
- the police and the vehicle's insurers have been notified; and
- an immediate verbal report (or as soon as practicable) to the line manager / Ombudsman is followed up with a written report and estimates of the repair cost.

If agreed, an ex-gratia payment may be made to cover full or part repair or any lost no-claims bonus.

## **Personal effects**

Should personal property, excluding cash, be stolen from any vehicle while the owner is on SPSO work related travel, an ex-gratia payment may be made by the SPSO provided:

- the staff member provides an acceptable written statement as to why the property was not insured;
- there was good reason for the property to be carried in the car (for example, a briefcase); and
- all reasonable steps were taken to conceal and secure the property (for example, by locking in the boot).

The staff member should notify the line manager / Ombudsman immediately (or as soon as practicable) and follow this up with a written report recording the relevant facts and the extent of the loss.

## Annex 2: Rates and allowances - effective from 2018

### Travel rates

a. Standard mileage rate	Private Car  45p per mile for first 10,100 miles  25p per mile thereafter	Private Motor cycle, Scooter or Moped  24p per mile
b. Passenger supplement	2p per mile for each passenger	
c. Bicycle mileage rate	20p per mile	
d. Rail travel	Standard class rail travel should be used for all official business in the United Kingdom. A staff member may also travel First Class if they are required to travel at night (after 20:00) and are travelling alone. These and any other reasons for First Class travel must be approved in advance by a line manager.	
e. Air travel	Should be economy or tourist class. If economy or tourist class is not available, then the agreement of the line manager must be obtained before booking a higher class.	
f. Foreign travel	If you are required to travel abroad on official business, you will be reimbursed for the cost of any travel and expenses which you actually and necessarily incur, your entitlement will be based on actual, receipted expenditure. Travel and accommodation expenses will be arranged by Corporate Services. Anticipated costs need to be paid in advance when possible.	

### Expenses

a. Expenses	If you have to travel on official business, you will be reimbursed for the cost of any travel and expenses which you actually and necessarily incur. You will also be reimbursed for any necessary expenditure incurred by you if you have to stay away from home overnight, up to the
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	limit set out below. Reasonable cost will be reimbursed on receipts.
b. Overnight accommodation rate limits	<p>Overnight expenses rate covers dinner, bed and breakfast. In exceptional circumstances these rates may be exceeded but only on approval of your line manager.</p> <p><i>Greater London and overseas</i></p> <p>Expense limit for reclaim is up to £182 per night.</p> <p><i>UK excluding Greater London</i></p> <p>Expense limit is up to £156 per night.</p> <p><i>Minimum accommodation standards</i></p> <ul style="list-style-type: none"> <li>• single rooms with en-suite facilities (showers instead of baths are acceptable); TV, and tea / coffee making facilities in the room; a telephone in the room is desirable;</li> <li>• adequate space and, where it is necessary to work in the room, facilities (writing surface and telephone) for doing so;</li> <li>• the hotel should have satisfactory personal security arrangements and adequate emergency procedures. The surrounding area should be safe and environmentally pleasant; and</li> <li>• restaurant facilities should be available either in the hotel or locally, offering a table d'hote menu at reasonable prices for two courses with coffee but excluding other drink</li> </ul>
c. Staying with friends or family allowance	Fixed rate of £25.00

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# SPSO Gifts and hospitality

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1. This policy sets out the approach of the Scottish Public Services Ombudsman (SPSO) in ensuring that the integrity, impartiality and probity of staff members are not compromised by the inappropriate offer, acceptance or rejection of gifts and hospitality.

## **Introduction**

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2. It is the policy of the SPSO that staff should not accept gifts or hospitality for personal benefit as a consequence of their position. It is the responsibility of all staff to ensure that their actions do not give rise to, or foster, suspicion that outside individuals or organisations have gained favour or advantage through the offer or acceptance of any gifts or hospitality.
3. Additionally, SPSO staff must not offer, promise or give a gift, hospitality or other benefit to a third party which may be perceived as inducing that person or organisation to perform a relevant function or activity improperly.
4. Any gift or hospitality that is accepted by staff, or supplied by the SPSO, must be justified in terms of benefit to the SPSO.

## **Key principles**

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5. In most circumstances, SPSO staff do not directly give or receive any gifts or hospitality from other organisations, stakeholders, suppliers or contractors. Where such a situation arises, the general test of caution is one of common sense.
6. Would the public question the appropriateness of hospitality or gifts received by an SPSO staff member?
7. Would a reasonable person, assessing the hospitality, sponsorship or any gift provided by the SPSO, judge that it was appropriate and represented reasonable value for money to the public purse?

## **Legal implications**

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8. There is a wide range of complex, primarily criminal, legislation dealing with bribery and corruption which may arise where seriously inappropriate business gifts are made or received. This legislation includes:
  - 8.1. The Corruption Act 1889
  - 8.2. The Prevention of Corruption Act 1906
  - 8.3. The Anti-terrorism, Crime and Security Act 2001
  - 8.4. The Proceeds of Crime Act 2002.

9. Careful legal advice requires to be sought if issues of bribery and corruption arise. It is an offence for public servants to accept or solicit any gift or consideration as an inducement or reward for:
  - 9.1. doing, or knowingly not doing, anything in their official capacity, or;
  - 9.2. for showing favour or disfavour to any person in their official capacity.
10. Other relevant legislation includes the Public Interest Disclosure Act 1998 which to protects whistle-blowers from victimisation and dismissal where they raise concerns, in good faith, about misconducts and malpractices (see Whistleblowing Policy – see [SPSO - Governance and Risk.](#))

### **Contractual provisions concerning gifts**

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11. A number of implied terms are automatically imposed by the law into an employment contract. These implied terms include a duty of fidelity whereby all staff should serve the SPSO faithfully and honestly. This implied duty encompasses an obligation not to accept bribes and to account to the SPSO for 'secret profits'.
12. Accepting a bribe may amount to a breach of a staff member's implied duty of fidelity.

### **Acceptance of gifts, rewards and hospitality**

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13. SPSO staff must not offer, promise or give a gift, hospitality or other benefit to a third party which may be perceived as inducing that person or organisation to perform a relevant function or activity improperly. If a staff member is in any doubt, they should seek guidance from their line manager before proceeding.
14. SPSO staff must exercise particular care in relation to the acceptance of gifts, hospitality or other benefit from any member of the public, or any individual or organisation with whom they have been in contact through official duties. This is due to the potential risks of creating a perceived obligation to the giver and of others perceiving such to influence your advice and/or decisions. Staff should only accept gifts of a trivial nature. Modest hospitality (for example, lunch, sandwiches) may be accepted, provided it is for a legitimate reason, is infrequent and that a situation is not reached where impartiality may be influenced, or be perceived by others to be influenced.
15. It is a disciplinary matter for an SPSO staff member to accept gifts or consideration as an inducement or reward for:
  - 15.1. doing or refraining from doing something; and / or
  - 15.2. showing favour or disfavour to any person or organisation.

16. Staff must not accept gifts and / or hospitality with an estimated value of £50 or more, without the express approval from a member of the Leadership Team. If the refusal of such a gift is likely to cause offence to the giver, for example, for cultural reasons, the staff member should discuss the facts immediately with their line manager. Isolated gifts of a modest or promotional nature (for example, a diary, calendar, confectionery, pen or key-ring) or modest hospitality such as a working lunch may be accepted without approval provided that this is not a regular occurrence.
17. The Corporate Services Manager (on behalf of the Ombudsman) keeps a central Register of Gifts and Hospitality. Where the estimated value of a gift or hospitality is in excess of £50, details must be reported to the Corporate Services Manager. Details should be provided in terms of the nature of the gift or hospitality, the giver, the relationship between the giver and recipient, the reason it was given, and the estimated value. The Ombudsman will advise as to the use and distribution of the gift.
18. Staff involved in procurement activity, or others who may be perceived to be in a position of influencing purchasing decisions, may not solicit or accept contributions of any kind from SPSO contractors, or those bidding for SPSO contracts. Invitations from suppliers or potential suppliers to attend social functions or offers of corporate entertainment (for example tickets to sporting events, theatre and travel) must always be politely refused.
19. If there is any doubt about whether or not a gift or hospitality should be accepted, contact a member of the Leadership Team for advice.

## **Hospitality and entertainment which staff may provide**

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20. The provision of modest hospitality to third parties, in the form of refreshments and lunches, is permitted, so long as it is in the context of SPSO business. Prior written approval, including reasons why, must be obtained from a member of the Leadership Team. The written approval should be attached to invoices or expense claim forms as evidence.

## **Provision of alcohol**

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21. Alcohol may only be provided if appropriate to the occasion. Alcohol and associated costs will generally be approved in the case of evening receptions and dinners where the SPSO is the official host. Prior written approval must be obtained from the Ombudsman. This must be attached to invoices or expense claims before payment is made.

## Disputes

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22. There are a number of options open to a staff member if they do not agree with a decision or action relating to this policy:
  - 22.1. informal discussions with their line manager as there may be some simple misunderstanding of the procedure or facts which can be resolved by an informal route;
  - 22.2. use of the SPSO's Grievance Procedure – see [SPSO - Working for SPSO handbook](#); and
  - 22.3. assistance from a third party such as a trade union representative or some other suitably experienced person.

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# SPSO Budgetary control and financial planning policy

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## Policy statement

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1. This policy sets out the principles and arrangements for budgetary control and financial planning by the Scottish Public Services Ombudsman (SPSO). SPSO is committed to managing its resources to ensure the long term financial well-being and economic effectiveness of the organisation. To enable this, the SPSO must operate a robust business planning and financial control framework and effective systems to monitor and accurately report delivery of its plans. This includes ensuring that financial forecasts and plans are appropriate and based on reasonable assumptions and information.
2. This policy reflects the budgeting process agreement between the Scottish Parliamentary Corporate Body (SPCB), the Scottish Parliament Finance and Constitution Committee and the SPSO.

## Roles and responsibilities

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3. The table below details the roles and responsibilities of key stakeholders in the Budgetary Control Processes

<i>Stakeholder/s</i>	<i>Role, Accountabilities and Responsibilities</i>
Scottish Parliamentary Corporate Body (SPCB)	The SPCB approves the Ombudsman's budget. The SPCB will determine the date when the budget proposals should be submitted and following scrutiny by the SPCB, the budget proposals will be forwarded to the Finance and Constitution Committee for consideration as part of the SPCB's overall budget.
Finance and Constitution Committee's Role	The Finance and Constitution Committee will consider the Ombudsman's budget proposals as part of the Committee's scrutiny of the SPCB's overall budget. The Ombudsman will give evidence in person to the Committee if required.
SPSO Advisory Audit Board (AAB)	Provide advice to the Ombudsman (and LT) on the SPSO's standard of corporate governance and internal control.  The AAB considers matters of governance, audit and internal control for the SPSO. In particular, the AAB provides confirmation for the Ombudsman on whether the necessary assurances required for the signing of the Governance

Statement contained within the annual accounts have been provided.

Ombudsman  
[Accountable Officer]

The SPCB is to designate the Ombudsman, or a member of the Ombudsman's staff as the accountable officer (AO). Appointment as the AO is a personal appointment.

The AO is answerable to Parliament in respect of the following functions:

- Signing the accounts of the expenditure and receipts of the Ombudsman;
- Ensuring the propriety and regularity of the finances of the Ombudsman; and
- Ensuring that the resources of the Ombudsman are used economically, efficiently and effectively.

The specific duties of the AO are set out in the Memorandum to the Accountable Officer.

The Ombudsman must, before the start of each financial year, prepare proposals for the SPSO use of resources and expenditure during the year (a "budget") and, by such date as the SPCB determines, send the budget to the SPCB for approval. The Ombudsman may seek to revise the SPSO budget during the year by submitting a revised budget to the SPCB for approval.

Director  
[Finance Manager]

The Ombudsman (AO) is to designate the role of finance manager to the Director. The finance manager is accountable for reviewing the Budget Control and Financial Planning Policy and Procedure and giving sign off for the policy and procedures to be adopted. The finance manager reviews and proposes the recommendation of the annual budget and financial plans to the Leadership Team for final approval.

The finance manager ensures a policy and associated procedures which are fit for purpose is in place.

Leadership Team (LT)

The LT are accountable for ensuring the processes detailed in this document are resourced and carried out effectively. LT members are responsible for ensuring they contribute



effectively to the processes required to set, manage, and monitor financial budgets/quarterly forecasts.

LT members will be held accountable for any mitigating actions deemed necessary to ensure that the approved budget is achieved.

Budget Holders

[LT, Corporate Services Manager, Building Coordinator, Comms Manager, ISA]

Budget Holders will be responsible for participating effectively in the processes required to set, manage, and monitor financial budgets.

They will also be held accountable for any mitigating actions deemed necessary to ensure that the approved budget is achieved. Some of these actions may be delegated to them by members of the LT.

Corporate Services Manager  
[Finance Officer]

The Ombudsman (AO) is to designate the role of finance officer to the Corporate Services Manager. The finance officer is responsible for participating effectively in the processes required to set, manage, and monitor the financial budgets.

Corporate Services Officer  
[Finance Administrator]

The finance administrator is responsible for processing financial transactions in line with the approved guidance and procedures.

Accountant

The Accountant is responsible for working with the finance manager and finance officer in preparing the monthly management reports and annual accounts.

Staff

All employees are responsible for identifying possible opportunities to make savings or to use resources more effectively and highlighting these to their line manager.

## **Budget control and financial planning framework**

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### **Principles**

4. There are four important principles for budgetary control:

- 4.1. ensuring that there is accurate and appropriate budgets in place before the beginning of the new financial year which meet the financial performance targets set by the LT;

- 4.2. effective controls are in place to prevent staff placing orders above their level of authority as set out in the Scheme of Delegation or incurring expenditure against a budget heading outwith their remit without the express agreement of the budget holder;
- 4.3. ensuring that there is accurate and timely reporting, and adequate analysis of performance against budget, during the course of the financial year allowing identification of any areas of concern; and
- 4.4. prompt decision making regarding any actions required in respect of potential overspends. Actions could include budget virement, seeking authorisation for additional budget, or mitigating actions to avoid variation from the budget.

## Glossary of Terms

<i>Term</i>	<i>Definition</i>
Budget	A resource expressed in numerical terms proposed by the LT for the purposes of carrying out, for a specific period, any or all of the functions of the SPSO.
Budget Holder	The individual with delegated authority to manage finances (income and expenditure) for a specific area of the organisation.
Virement	A transfer of resources between two budget headings and is in effect a downward revision in one budget heading offsetting an upward revision in another.

## Financial management framework

5. The Ombudsman's funding forms part of the SPCB's budget requirement and as such, is reported to the Parliament's Finance and Constitution Committee as part of the SPCB's overall budget submission.
6. By such date as determined by the SPCB, the Ombudsman must submit for approval the SPSO budget proposals for the use of resources and expenditure which must include estimates of any income expected to be received.
7. The Ombudsman has a duty to ensure that all resources are used economically, efficiently and effectively and a statement confirming that this requirement has been complied with must be included as part of the budget submission. The preparation and maintenance of the annual budgets is undertaken with this objective in mind.
8. Once the Budget Bill is passed by the Parliament, the SPCB will send the Ombudsman a formal statement advising what the approved budget provision is.

9. Transfers of significant budgetary provision between different budget headings requires the prior approval of the SPCB.
10. The production and interpretation of timely and accurate budgetary control information is an essential ingredient of the management of the SPSO. Staff involved with the budgetary process have a responsibility to the LT for identifying all possible opportunities to make savings or to use resources more effectively. All such opportunities should be brought to the attention of the appropriate manager for consideration and possible inclusion in the business plan.
11. The budgetary process requires adherence to particular timescales for the performance of tasks and duties. These are outlined in Budget Control And Financial Planning Procedures. The finance manager is responsible for guidance on budgetary timescales. It is the responsibility of all budget holders to adhere to the timetable and to inform the finance manager of any reasons preventing the achievement of a specific deadline.
12. The LT will periodically assess all functions of the business that incur financial consequences and ensure that the responsibility for exercising budgetary control is delegated to an appropriate Budget Holder.
13. The LT will annually review the range of delegated functions and budgetary responsibilities. Account shall be taken of the scope and approximate value of resources and the seniority of a prospective Budget Holder. These limits are laid down with the Scheme of Delegation.

### **Budgetary responsibility**

14. The Ombudsman is responsible for ensuring that financial performance is within the targets agreed in the approved budget. In exercising this responsibility, the Ombudsman will be guided by the advice of the Leadership Team and Audit Advisory Board.
15. The finance manager is responsible for ensuring that:
  - 15.1. an adequate system of monitoring financial performance is in place so that the SPSO can fulfil its business plan objectives.
  - 15.2. there is a suitable and adequate system of budgetary control. This will include ensuring that systems for invoicing and receipt of income, payroll, and payment of invoices adequately match the needs of the budgetary control system.
  - 15.3. all budgetary control information is provided on time in the required format to the LT and Advisory Audit Board (AAB).
  - 15.4. the total of all revenue budgets balance with the expected approved out-turn.

16. The finance manager reserves the right to require explanations on performance and spending/income trends within the remit of the Budget Holder. In normal circumstances, access will be through the LT.
17. The finance manager will review where necessary, the financial expertise of employees involved in the budgetary process and ensure that the appropriate guidance and training in respect of their budgetary duties is available.
18. The finance officer will ensure that all routines have been carried out in accordance with these instructions and that all appropriate persons have been properly informed of all pertinent matters.

#### *Delegated powers*

19. All Budget Holders should be encouraged to demonstrate efficient and effective use of resources whilst considering the overall financial health and priorities of the SPSO. The Ombudsman should be able to give reasonable managerial freedom to proven efficient Budget Holders, but reserves the right to have greater control in those areas where budgetary performance has previously come into question or future difficulties are anticipated.
20. The finance manager will ensure that Budget Holders are notified of their budget with a clear definition of:
  - 20.1. the functions / services for which the budget is provided; and
  - 20.2. the amount of the budget.
21. Once a budget heading has been delegated, no staff may incur expenditure against a budget heading outside their particular remit without the express agreement of the delegated Budget Holder for the budget heading concerned.
22. All purchases must be made in accordance with the Scheme of Delegation and Procurement Policy. No purchase requisition (purchase order) may be split in such a way as to circumvent particular spending limits attached to a Budget Holder or budget heading.
23. Members of the LT have delegated power to vire between budget headings. No virement action should be authorised without consultation with the finance manager.

#### **Role of the finance department**

24. The finance manager will provide the framework within which the budget setting takes place, and will:
  - 24.1. review payroll records to ensure that staff costs are correctly forecast;

- 24.2. calculate the financial effect of all proposed budgetary changes and prepare a quarterly reforecast out-turn position;
- 24.3. discuss with the Ombudsman all proposed changes, and budgetary variances; and
- 24.4. liaise with the SPCB for any contingency fund requirements, or in-year variations.

25. The Accountant will:

- 25.1. oversee transaction processes;
- 25.2. maintain budget information through a management report each month for the finance manager; and
- 25.3. prepare the year-end accounts.

26. The Finance Team will:

- 26.1. maintain a record of the totals of all budget headings and department allocations;
- 26.2. ensure that all financial transactions are correctly coded and authorised;
- 26.3. ensure the procurement process is followed;
- 26.4. monitor all actual expenditure against budgets;
- 26.5. monitor compliance with virements; and
- 26.6. provide timely finance information to enable LT finance decision making.

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# SPSO Budgetary control and financial planning procedure

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## Budget control and financial planning system

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### Overview

1. This document sets out the procedures for budgetary control and financial planning by the Scottish Public Services Ombudsman (SPSO). SPSO is committed to managing its resources to ensure the long term financial well-being and economic effectiveness of the organisation.
2. This procedure reflects the processes outlined in the SPCB Officeholders Finance Manual. The budgetary control system is made up of annual, quarterly, monthly and continuously running processes and these elements are described in more detail in the sections below.

### Annual budget setting

3. As a Scottish public service, the Ombudsman has regard to the guidance in Scottish Public Finance Manual ([SPFM](#)) Model Framework, including that funding should be according to need.
4. The SPSO has a budgeting process agreement between the SPCB and the Finance and Constitution Committee. The purpose of the Memorandum is to set out an understanding between the Scottish Parliament Corporate Body (SPCB), the Finance and Constitution Committee of the Scottish Parliament and the Scottish Public Services Ombudsman (SPSO) in relation to administrative arrangements to be observed in connection with the annual budgeting process.
5. Schedule 1, paragraph 13 of the Scottish Public Services Ombudsman Act 2002 provides that the SPCB will pay the salary and allowances of the Ombudsman and any expenses properly incurred by the Ombudsman in the exercise of SPSO functions so far as these expenses are not met out of sums received and applies for any services the SPSO provides.
6. The Ombudsman must before the start of each financial year, prepare budget proposals and send the budget to the SPCB for approval. The Ombudsman may, in the course of a financial year, prepare a revised budget for the remainder of the year and send it to the SPCB for approval.
7. In preparing a budget or revised budget, the Ombudsman must ensure the resources will be used 'economically, efficiently and effectively'. The Ombudsman's budget or revised budget must contain a statement confirming that the SPSO has complied with the statement.

8. The SPSO operates a strategic plan, annual business plan and annual cash-based budget to calculate its financial requirements. The SPSO will identify any risks associated with the annual business plan when drafting the plan. Any risks identified will be added to the Risk Register and subsequent actions added to the annual business plan or to individual staff member's action plans. In addition, requirements laid down in the SPSO's founding legislation are used to establish core objectives.
9. The objectives in the annual business plan are used to form the core of the budget. Only with these in place can funds required be ascertained.

### **Budget preparation**

10. The timetable for the budget setting and approval process is dictated by the SPCB's budget timetable, who require the officeholders' budget submissions in September. SPSO starts the process around July/August each year.
11. The finance officer will prepare the SPSO budget working sheet for the finance manager. This is based on:
  - 11.1. actual costs from the previous year;
  - 11.2. predictions based on the first four to six months of the current financial year; and
  - 11.3. comments for each budget heading, i.e. significant in-year changes and expenditure trends in current and previous years, and if there are any known or likely increases to these for the forthcoming year, such as inflation, rent increases, other cost increases above inflation.
12. The staffing costs account for approximately 75 percent of the total budget bid request by SPSO. The finance manager will prepare the staffing budget in accordance with the latest estimates of pay awards. The finance manager takes cognisance of the staffing trends and changes throughout the year and anticipates any changes which will be required, or which might impact on the forthcoming year's budget. The SPCB expect a cost-of-living increase to be included in the staffing budget. The value of this is arrived at in consultation with the Leadership Team (LT) and applicable Trade Unions.
13. A separate budget is prepared and managed by the finance officer for Bridgeside House, the offices of SPSO, on behalf of the officeholders who share this space under a shared services agenda. The costs for this relate to facilities, property and running costs. Most of these are fixed costs based on contracts, rents, and utilities/service charges. It is SPSO who submits, administers, and accounts for this budget, on behalf of all officeholders located in Bridgeside House.



14. SPSO does have some income from training. Any expected income generated by SPSO independently is deducted from the annual budget bid submission to SPCB. The Ombudsman may determine and charge reasonable sums for anything done or provided in the performance of, or in connection with the SPSO functions, for example, organising a training event and charging delegates a fee to attend. Income generated must be for the offset of known expenditure incurred by the Ombudsman in providing the service.
15. The finance manager is responsible for ensuring that the budget proposal will meet the expected approved out-turn. Once approved by LT, the final budget is issued to the SPCB for approval.

### Annual budget setting process timetable

<i>Activity</i>	<i>Timescale</i>	<i>Responsibility</i>	<i>Outcome</i>
Drafting the budget	August	finance manager	The finance manager develops a draft of the key priorities in consultation with the LT, and taking into account Strategic and Business plan priorities for the coming financial year.  The finance manager and finance officer prepare the budget bid, consulting with members of the LT, in line with prior agreements and direction from the SPCB.
Submission of budget bid	September	Ombudsman	Once approved by the Ombudsman, the finance manager submits the budget bid for the next financial year to SPCB, and responds to any requests for additional information.
Notification of approved budget	February	SPCB	The Finance Bill goes through Scottish Parliament and the Ombudsman is notified of approved budget for the coming year.
Monthly finance management reports	Monthly	Accountant	The accountant prepares monthly budget against expenditure reports for the finance manager to review and update the LT.
Quarterly finance management reports	Quarterly	finance manager	The finance manager prepared the Finance Report for the quarterly LT Governance

<i>Activity</i>	<i>Timescale</i>	<i>Responsibility</i>	<i>Outcome</i>
			meetings and the Advisory Audit Board (AAB) meetings.
Continuous monitoring of income and expenditure against budget	Ongoing	Finance team	Early detection of potentially significant variances from the budget / forecast notified to the finance manager for follow up actions to be considered (e.g. decision not to proceed with purchase, other mitigating actions, budget virement or request for additional budget)

### Quarterly monitoring

16. A formal budget against expenditure review is carried out at the end of each quarter and the revised anticipated outturn for the year reported to LT with any proposed changes to planned expenditure. The LT reviews the recommendations for approval.
17. Ad hoc or interim reports maybe produced and considered in light of significant emergent risks or organisational challenges.

### Investigation of variances

18. When significant deviation from the planned budgetary trend appears likely the finance manager should notify the Ombudsman as soon as known, and a comment should be included within the monthly Finance Report reported to LT.
19. In respect of significant adverse variances, action to remedy the problem should be taken as quickly as possible, but only after seeking appropriate agreement at LT. The LT must ensure that the overall spending position is controlled and the required budgeted surplus percentage is maintained. Appropriate prompt action is to be taken in order to minimise the serious consequences of potential overspends.
20. Budget holders are required to ensure that anticipated material under spends or possible significant overspends, whether planned or not, are notified to the finance manager at the earliest opportunity.
21. Expenditure for which no budgetary provision has been made and which cannot be covered by delegated powers must not be incurred without the express permission of the LT.

22. SPSO must be able to respond to overspends or under spends if the variations are due to activity and workload, or as the result of external factors influencing expenditure. Therefore, the LT may choose to undertake a virement between budgets.

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# Finance processing procedures – shared service

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## Overview

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1. The finance team within the Scottish Public Services Ombudsman (SPSO) provide financial processing services for the SPSO and the Scottish Biometrics Commissioner (SBC). Additionally, the team provide financial processing for Bridgeside House facilities, on behalf of all officeholders located in Bridgeside House.
2. This procedure is designed to help establish financial controls within the SPSO finance team to ensure accuracy, timeliness and completeness of financial data for all the services they provide.
3. The procedure is also a guide to staff with financial responsibility within each office and ensure that all employees follow the correct procedure for processing incoming and outgoing invoices, preventing the potential of financial mismanagement or fraudulent activities.
4. It is imperative that this procedure is adhered to.

## Finance roles

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### Individuals involved and their responsibilities

Accountable Officer:	Officeholder: SBC - Commissioner (Brian Plastow) SPSO - Ombudsman (Rosemary Agnew)
Finance Manager:	SBC – TBC SPSO - Director (Niki Maclean)
Accountant:	Julie Murphy
Finance Officer:	Corporate Services Manager (Fiona Paterson)
Finance Administrator:	Corporate Services Officer (Lindsey S)
Procurement Officer	Corporate Services Team Assistant (Louise Lavery)
Budget Holders	as delegated by the officeholder

### Officeholder Scheme of Delegation

SPSO – Scheme of Delegation

SBC – Scheme of delegation

### Accountant

5. The accountant contacts the SPSO monthly and prepares the financial reports for the previous month. The accountant provides the SPSO with an external control to the

work of the finance officer and finance administrator. On a monthly basis, the accountant will:

- 5.1. run Sage checkdata;
  - 5.2. reconcile bank, adjusting for any errors/unposted transactions;
  - 5.3. post credit card transactions from statements;
  - 5.4. post petty cash to sage from book, checking vouchers;
  - 5.5. count physical cash and agree to sage/petty cash spread sheet;
  - 5.6. post salaries to sage from Moorepay salary report;
  - 5.7. review balance sheet accounts, ensuring that
    - 5.7.1. fixed asset additions have been correctly posted;
    - 5.7.2. sundry debtors balance is accurate with reference to staff loan account schedule;
  - 5.8. confirm PLCA balance agrees to suppliers ledger statement;
  - 5.9. confirm SLCA balance agrees to customer ledger statement;
  - 5.10. confirm payroll accounts are cleared or represent previous month's PAYE etc.
  - 5.11. review the movement on income and expense accounts, checking any large/unusual entries to documentation;
  - 5.12. check suspense account is clear;
  - 5.13. prepare monthly budget report by exporting sage Nominal Ledger report to excel and account for accruals/prepayments.
6. A checklist confirming the above and supporting documentation is completed.
7. The accountant is responsible for working with the finance manager and finance officer in preparing the annual accounts.

### **Finance Manager**

8. Invoices must be processed by two members of staff as a control measure to reduce the risk of theft and/or fraud. The finance manager, the accountable officer, or other or authorised member of the Scheme of Delegation, will authorise the payment of invoices processed by the finance administrator; and reserve the right to query or deny authorisation to any invoice. If an issue regarding an invoice is identified by a relevant individual, the invoice will be handed back to the finance administrator who will seek to resolve the issue and/or answer the query.

### **Finance Officer**

9. All payments are made by the finance officer. Once invoices have been authorised by the finance manager (or other delegated signatory) they are passed to the finance officer for payment by BACS transfer, including international payments, or by cheque

when required. Once paid, the finance officer will confirm the completion of authorised payments to the finance manager.

## **Finance Administrator**

10. The finance administrator prepares all the invoices for income and payment, and enters the information on SAGE accounting system. The procurement officer supports the finance administrator with the issue of sales invoices.

## **Funding from the SPCB**

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23. Some elements of expenditure such as the Officeholder's salary costs and corporate card expenditure will be incurred directly by the SPCB and charged against the Officeholder's budget. To meet all other expenditure, the Officeholder will draw down funding on a monthly basis according to need. The total funding drawn down and the costs incurred directly by the SPCB, must not exceed the approved budget.
24. At the start of the financial year, the Officeholder is required to complete a forecast funding template setting out how the SPSO intends to phase the drawdown of the approved budget.
25. Funding will be paid to the Officeholder in monthly instalments on the basis of a written application. The written application shall certify that the conditions applying to the use of funding have been observed to date and that further funding is required for purposes appropriate to the Officeholder's functions.
26. In practice, the Officeholder will submit on a monthly basis, an application for funding which must provide the SPCB with the following information:
  - 26.1. forecast outturn by agreed headings against budget;
  - 26.2. amount to be drawn down; and
  - 26.3. current bank balance.
27. Cash balances should be kept at the minimum level consistent with the efficient operation of the Officeholder's office and details of the Officeholder's bank account balance should be included on the funding request form submitted monthly to the SPCB's Finance Office.
28. Cash balances at 31 March should be no higher than 1/12th of the non-staff costs element of the Officeholder's approved budget for any given year. The Officeholder must inform Officeholder Services, when so requested, the cash balance of the SPSO bank account as at 31 March and if it exceeds 1/12th of non-staff costs then the Officeholder must either return the excess funds to the SPCB or adjust the

drawdown. Funding recovered/adjusted, will be added to the Officeholders' Contingency Fund.

29. Budgeted funding not drawn down by the end of the financial year will lapse.
30. Where the Officeholder anticipates an underspend in the approved budget, the Officeholder must notify the SPCB in writing as soon as possible to enable the funding to be surrendered.
31. The SPCB has established a Central Contingency Fund for Officeholders to eliminate the need for each officeholder having to include funding for contingencies in their separate budgets. Where funding is required for unplanned or unexpected expenditure on a one-off basis, and the costs cannot be met from the Officeholder's approved budget, the Officeholder may submit to the SPCB, a request for contingency funding (see the Memorandum of Understanding between the SPCB and the Officeholder on Access to the Officeholders' Contingency Fund).
32. Contingency funding from the Officeholders' Contingency Fund may be available for, for example, legal advice/representation; temporary staff cover for maternity absences and projects to improve efficiency and effectiveness. Applications will be considered by the SPCB on a case by case basis.

## **Reporting procedures**

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33. Each month of the year the accountant will produce a monthly management report. This reports will include details of:
  - 33.1. the current financial position;
  - 33.2. budget forecast to date;
  - 33.3. variance against budget heading or latest approved forecast;
  - 33.4. identification of how significant the variance from budget/ forecast spend is; and
  - 33.5. the total annual budget and latest year-end forecast.
34. Budget / forecast values reported within these statements are based upon the financial transactions undertaken in the month. The report will contain accruals in order to allow for financial transactions not yet invoiced in the accounting records.
35. The finance manager will review the monthly statements to prepare notes on:
  - 35.1. explanations for variance of actual performance from budget / forecast;
  - 35.2. recommendations for reallocation, recoding, rephrasing or further investigation of variance required, if appropriate;
  - 35.3. mitigating actions required for overspends, if required; and



- 35.4. reforecast of anticipated annual outturn.
36. The finance manager will discuss any significant variance displayed in the financial data with the LT

## Key finance processing events

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11. The annual finance processing timetable is below:

*December* The finance manager and finance officer will agree the audit plan with the External Auditor, who will notify the relevant Officeholder's Board and submit the plan to Audit Scotland in March.

*February* The annual business plan and risk register are drafted. Early indications of the plan for the next financial year are identified.

*March* Year-end preparation: the finance assistant will track all regular payments and payments listed on the PO sheet to ensure invoices are received in good time, and issue reminders to all suppliers where required to submit invoices for any work undertaken in the current financial year.

The finance assistant reviews nominal activity to identify any mispostings in the accounts for correction.

*April* The accounts for the previous financial year are closed after the third week of April. The accountant:

- ensures that nominal codes are accurate;
- identifies and adjusts for accruals and prepayments with a value over £250;
- reviews the accounts and identifies any items for inclusion in the fixed asset register;
- updates the fixed asset register and identifies and records depreciation amounts for the year;
- identifies and records any staff leave liabilities;
- ensures adequate backups of the accounting system are taken; and
- runs a trial balance.

Prior to closing the accounts the following Sage reports are run:

- journals for the year;
- all transactions for the year;
- nominal activity for the year;
- creditors control account;

- debtors control account (if relevant);
- ledger year end balances;
- period trial balance; and
- report showing zero ledger balances.

The accountant runs Sage end of year.

Invoices received in April for the previous financial year will continue to have the previous years' voucher/ref number until the accountant advises otherwise.

*May* The finance manager, finance officer and accountant produce the draft Annual Accounts. These are reviewed and approved by the Officeholder prior to being submitted to External Auditors.

The finance officer and finance assistant publish the Statement of Expenditure information under Section 31 and 32 of the Public Service Reform Act 2010; and updates the list of current contracts published on the website.

*June* External audit of the accounts – field work

*September* The Officeholder accounts are approved. The Officeholder publishes the Annual Report and Financial Statements, and External Auditor's report.

## **Processing sales invoices**

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### **Processing and issuing invoices for income**

12. The Officeholder may receive payment for different services, such as car parking rents, as a training provider and through shared services. Occasionally sales invoices will also be required to reclaim miscellaneous income.
13. All sales invoices to organisations / individuals (debtors) are raised by the finance administrator, with support from the procurement officer, using the headed invoice template, at the following times:
  - 13.1. annual car parking invoices are raised with the corresponding lease each with payments received in equal monthly amounts, as per each contract;
  - 13.2. shared services invoices are issued as agreed with each customer;
  - 13.3. training invoices are issued on receipt of a course booking form, when approved by the training unit administrator; and

- 13.4. miscellaneous invoices are issued on receipt of relevant information and authorisation by the relevant manager.
14. The finance administrator with support from the procurement officer issues each sales invoice with the following information:
  - 14.1. name of debtor addressed to ie company / organisation/individual;
  - 14.2. date issued;
  - 14.3. unique invoice number;
  - 14.4. payment terms / payment due date;
  - 14.5. PO number (if required);
  - 14.6. payment details, including SPSO bank details, confirming payment can be accepted by either BACS transfer or cheque; and
  - 14.7. for sales invoice where we are reclaiming costs should include evidence of those costs.
15. The sales invoices are securely saved in Financial Transactions Management folder for the relevant financial year.
16. All sales invoices issued are recorded on SAGE by the finance administrator / procurement officer. Once logged on SAGE:
  - 16.1. click onto the 'Customers' tab button;
  - 16.2. click on the Invoice tab;
  - 16.3. the next screen that appears will be headed 'Batch Customer Invoices'.  
There are seven columns to complete:

A/C	Supplier code	click in the field and search for the supplier
Date	Invoiced received	Enter the date we received the invoice
Ref	Our reference	Example 21/001 The first part of the reference is the year the financial year starts. The second part starts at 001 for the first record of that year and increases sequentially until the end of the financial year
Ex.Ref	Invoice number	Enter the unique invoice number
N/C	Nominal code	displayed as default for most suppliers. The nominal code must be checked for accuracy at this point. If you are unsure it is correct check first with the finance officer

Dept	Department code	use the drop-down to see the different departments that we record
Details	Details of invoice	enter the supplier, type of service provided and include dates where appropriate
Net	amount	enter the total for the invoice or, if the invoice is split between departments / nominals, enter the amount for that portion of the split

*Note: New Customers*

*Add new customers by clicking on the 'New' tab and using the 'Customer Record Wizard' and complete the following information:*

*the customer name and check 'Account Reference' default nominal code and department Terms Agreed' should be confirmed*

**Sage recording following payment of invoice**

17. The finance officer will download a bank statement at least once a fortnight for the finance administrator / procurement officer to note:
  - 17.1. payment of any monies received;
  - 17.2. match payment to the relevant invoice and mark the invoice as paid;
  - 17.3. record on Sage the date the payment was made and whether the invoice was paid in full:
    - 17.3.1. click onto the 'Customers' tab button;
    - 17.3.2. under Tasks choose Receive Payment;
    - 17.3.3. in the new pop up box, type in the name of customer in the account drop down box and the details of any outstanding invoices will be displayed;
    - 17.3.4. if there is more than one record select the record(s) that match the payment received
    - 17.3.5. enter the date the payment was made and whether the invoice was paid in full.

## Processing invoices for payment

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### Step 1 – Checking invoices

18. All invoices are checked by the finance administrator for the following:
  - 18.1. if it is a contract cost or a purchase order cost;
  - 18.2. company name;
  - 18.3. amount of invoice;
  - 18.4. where appropriate, that the goods have been received; and
  - 18.5. and checks on Sage to confirm it has not previously been processed.
19. For invoices without a purchase order the finance administrator will query the purchase with the member of staff who placed the order. If verified, a purchase order will be added to the purchase order spreadsheet. If it is not verified, the finance administrator reserves the right to deny or delay payment until a full investigation has been conducted.
20. Contracted suppliers may not have a purchase order, for example: utility suppliers; rent; and advisers. On these occasions the expenditure is agreed to a limit but each individual invoice may vary until the contract is complete. The Director and finance officer will monitor the expenditure on the contract and will check and authorise the invoice for payment.
21. Cross checked the invoice with the invoice calendar and / or the PO sheet. Any variation of cost against the PO sheet are to be queried. Contract costs on the invoice calendar can vary month to month depending on the contract, however, any unusual / unexplained variations in cost should be queried.
22. The invoice is then ready for processing. There is a finance stamp which details the checks and authorisations made. The stamp is added to the invoice email (shown below). The finance administrator confirms on the invoice stamp:
  - 22.1. whether it is a contract or PO;
  - 22.2. the approval number (see [authorisation and payment](#));
  - 22.3. the reference number;
  - 22.4. the date the invoice was received;
  - 22.5. the date the invoice was checked; and
  - 22.6. which department(s) and nominal(s) are to be attributed to the invoice recording any department/nominal split. There is also a space to record any notes

APPROVAL		
Type:	Contract / PO	
Approval:	###	
Ref:	##/###	
Received	dd mmm	
Checked:	dd mmm initial	
Date paid:	dd mmm	
Dept:	Nominal	
0	0000	£
0	0000	£
Notes:		

Non invoice checks:

- all regular payments without invoices or purchase orders, such as Council Tax, are checked by the Accountant

### Step 2 – Sage entry

- Once checked the invoice can be processed and entered onto Sage.

*Only the Accountant, finance administrator and procurement officer have the SAGE accounting software. Each have individual logins, passwords and differing access rights. This is a further control measure to reduce the risk of fraud or theft.*

Procedure:

- If you do not have a note of the last reference number used you can go to transactions in SAGE and scroll until you find the last ref number used

*The voucher/ref is as sequential number that resets at the beginning of each financial year on instruction from the Accountant. It consists of a year identifier and a number, for example 21/125 would be the 125th record for the year 2021/22*

- To add an invoice to the system click on Suppliers and Batch Invoice from the sub-menu bar

*Where an invoice is divided between nominal codes and/or departments, each proportionate amount must be a separate entry in Sage. It is also useful to split an invoice if the amounts are across two financial years.*

*You must always use a different voucher/ref number for different nominal codes*

- 21/125 – nominal 8041 – £255

- 21/126 – nominal 8049 - £135

*For the same nominal but different department splits you can use the same voucher/ref number*

- 21/125 – department 4 - £50
- 21/125 – department 5 - £75
- 21/125 – department 0 - £375

27. There are eight fields to complete:

A/C	Supplier code	click in the field and search for the supplier
Date	Date of the invoice	enter the date the invoice was received at the SPSO office in paper or electronic form
Ref	Voucher/reference	enter the unique sequential voucher/ref number
Ex.Ref	Invoice number	enter the invoice number
N/C	Nominal code	displayed as default for most suppliers. The nominal code must be checked for accuracy at this point. If you are unsure it is correct check first with the finance officer
Dept	Department code	use the drop-down to see the different departments that we record
Details	Details of invoice	enter the name of the supplier and the invoice number if there is no invoice number enter the period of time the invoice relates to
Net	amount	enter either the total for the invoice or for split invoices the total for that portion

*New Supplier: If the supplier is not on sage, check with the member of staff who ordered the goods / services, as to the nature of the supplier and confirm the named supplier on the invoice is correct.*

*Click on the dropdown in the A/C field. It has an option to add a new supplier. Fill in the following tabs with as much information as possible from the Invoice:*

- *Details – Add in the A/C and the company name and address*
- *Defaults – enter a default nominal if appropriate*
- *Credit Control – check terms agreed*

- Save

### **Step 3 – Update your invoice**

28. Add the department and nominal(s) to the finance stamp. Detail any splits of department, nominal and cost.

### **Step 4 – Authorisation and payment**

29. There is an email template for sending invoices for authorisation. All the invoices that are being processed in that batch will fall under the same authorisation number. The authorisation number is a unique sequential number, for example, #78. The authorisation number is recorded in the email name and also recorded on each of the invoice emails via the finance stamp.
30. Complete the table in the template with the details of the invoices that able to be authorised under that authorisation number. For each invoice that is detailed on the table attach the corresponding email.
31. Once complete pass the invoices to the finance manager (or other signatory) for authorisation.
32. Once the authorisation has been confirmed, pass the invoices to the finance officer for payment.

### **Step 5 – Once authorised and paid**

33. The finance officer will pass the invoices back to the finance administrator with list of the payments made. The finance administrator will check:
  - 33.1. the amount paid matches the invoice total;
  - 33.2. the supplier paid matches the supplier invoice; and
  - 33.3. that all invoice payments match and have been made.
34. Any discrepancies should be raised with the finance officer.
35. For invoices that have a purchase order, the finance administrator will update the purchase order spreadsheet with voucher numbers and the date paid.
36. The invoices are then marked as paid on SAGE:
  - 36.1. select Suppliers/Make a payment;
  - 36.2. select the supplier from the Payee list and all of the unprocessed entries for that supplier should show in the table below;
  - 36.3. amend the date to the date the invoice was paid;



- 36.4. for cheques enter the cheque number;
- 36.5. on the table click in the payment field and select Pay in Full;
- 36.6. for split invoices you may have more than one entry for that supplier so select each payment field and select pay in full for each;
- 36.7. you will see the total at the bottom right of the window which should match the invoice total; and
- 36.8. select Save.

## Payment methods

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### *BACS Transfer*

37. A BACS (bankers automated clearing service) payment is the preferred method due to the time restrictions of cheque payments. BACS payments are completed by the finance officer through the online bank account with RBS. The account is login and password protected and can only be accessed by the finance officer. Full access to bank details can be made available to the Ombudsman or finance manager on request.
38. BACS reports should be checked each month to ensure correct bank account details remain in use, specifically for staff members pay. This is done by logging on to the payment services website, downloading the reports and forwarding any incorrect bank account details to HR officer for amending any bank account details that have changed. Login details and instructions for this process are stored in the electronic Finance library.
39. BACS payments over £20,000 require validation by a second person at time of payment to reduce the risk of any errors that may occur.
40. To process a BACS transfer payment:
  - 40.1. log into the RBS online account;
  - 40.2. select Payments and Transfers;
  - 40.3. select Manage Payees from the Single Payment box;
  - 40.4. select the company or supplier from the list, and click Amend Payee;
  - 40.5. change the Payee reference to the new invoice number or other identifying reference, authorise;
  - 40.6. select Pay and enter the total amount of the invoice for payment, authorise.
  - 40.7. The following day, print a list of paid transactions from the statement on the bank account.
  - 40.8. Any new payee and their first payment will require the use of the RBS Card Reader.

*Note: RBS Card Reader*

*The purpose of the RBS Card Reader is to safe guard payments being made through the online bank account. This is securely stored by the finance officer. The RBS Card Reader can only be activated by inserting the Digital Banking Card which is stored separately. The RBS Card Reader and the Digital Banking Card are kept separate in order to reduce the risk of theft and or fraud.*

*Once this card is inserted into the RBS Card Reader a password known only to the finance officer must be entered on the keypad provided. Once active, the RBS Card Reader will request a number from the online bank account screen and then display a security code to authorise the addition of the new payee and the first payment. This is a control measure from RBS designed to lower the risk of hackers accessing the online account.*

### *Cheque Payments*

41. Cheque payments are completed by the finance officer or, in their absence, by the finance administrator. Note that the only members of staff authorised to sign off cheques are those listed in the Scheme of Delegation for the relevant Officeholder. If a cheque is for an amount over £1000, two signatures are required. For cheques under £1000 only one signature is required.
42. Any invoice paid by cheque must have the cheque number written on the original invoice.

### *Payment of Childcare Vouchers*

43. Payment is made by the relevant Officeholder on a monthly basis to childcare providers where staff receive childcare vouchers. Following the monthly payroll run, the payroll administrator will confirm to the finance officer which payments should be made on or around the pay date.

## **Statutory requirements - Public Services Reform (Scotland) Act 2010**

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44. The Public Services Reform (Scotland) Act 2010 requires listed public authorities, including the SPSO, to publish quarterly information on a range of expenditures incurred on the following matters:
  - 44.1. Public Relations
  - 44.2. Overseas Travel
  - 44.3. Hospitality and Entertainment
  - 44.4. External Consulting
  - 44.5. Payments with a value in excess of £25,000 (incl. VAT)

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# Procurement Policy – shared service

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## Overview

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1. The finance team within the Scottish Public Services Ombudsman (SPSO) provide financial processing services for the SPSO and the Scottish Biometrics Commissioner (SBC). Additionally, the team provide financial processing for Bridgeside House facilities, on behalf of all officeholders located in Bridgeside House.
2. The Procurement Policy reflects good purchasing practices and should be read in conjunction with the other policies contained within this Finance Handbook. This policy applies to all purchases, i.e. goods, services (including consultants, advisers and external research) and works. It applies to purchases funded from both capital and revenue and also to goods / services supplied through sponsorship and hire / lease.
3. The policy is designed to ensure that all Officeholder procurement activity is focussed on the delivery of value for money and conducted to high professional standards and to the relevant legal requirements.
4. It is mandatory that the policy is followed by everyone involved in the procurement process, whether as end-user / customer, purchaser, project team member, budget holder or contract manager.

## Finance roles

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Accountable Officer:	Officeholder: SBC - Commissioner (Brian Plastow) SPSO - Ombudsman (Rosemary Agnew)
Finance Manager:	SBC – TBC SPSO - Director (Niki Maclean)
Accountant:	Julie Murphy
Finance Officer:	Corporate Services Manager (Fiona Paterson)
Finance Administrator:	Corporate Services Officer (Lindsey S)
Procurement Officer	Corporate Services Team Assistant (Louise Lavery)
Budget Holders	as delegated by the officeholder

## Officeholder Scheme of Delegation

SPSO – Scheme of Delegation

SBC – Scheme of delegation

## Authority to purchase

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5. The Officeholder's Scheme of Delegation details the purchasing authority of designated members of staff. Purchasing Authority is the authority to enter into a legally binding contract on behalf of the Officeholder. (Note: a Purchase Order is a legally binding contract). Authority covers all purchasing commitments, including variations to and extensions of contracts.
6. The Officeholder is the Contracting Authority, with legal responsibility for all procurement decisions.

## Separation of duties

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7. It is imperative that separation of duties is maintained at all times in order to protect staff concerned from accusations of impropriety. Purchasers should not be responsible for any financial approvals connected with contracts that they have committed to.

## Legal obligations

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### Law and conditions of contract

8. All procurement on behalf of the Officeholder is governed by a framework of rules including:
  - 8.1. Treaty on the Functioning of the European Union (EU Treaty) – fundamental principles of transparency, equal treatment, non-discrimination, proportionality and mutual recognition apply to all procurements, regardless of whether the full EU procurement rules apply.
  - 8.2. EU Procurement Directives - EC Procurement Directive 2014/24/EU provides detailed procedural rules that we must comply with when procuring and awarding contracts above EU financial threshold. Directive is given effect into Scots law by the Public Contracts (Scotland) Regulations 2015.
  - 8.3. The Public Contracts (Scotland) Regulations 2015 – these regulations apply to procurement when the estimated value of the contract equals or exceeds the current EU financial threshold. They impose minimum procurement standards that must be followed at all times.
  - 8.4. European Court of Justice and national case law as published.
  - 8.5. Procurement Reform (Scotland) Act 2014 – this Act provides a framework for sustainable public procurement above and below EU threshold contract values where appropriate.

- 8.6. Public Services Reform (Scotland) Act 2010 – this Act requires listed public authorities, including the SPSO, to publish quarterly information on a range of expenditures incurred on the following matters: Public Relations; Overseas Travel; Hospitality and Entertainment; External Consulting; and Payments with a value in excess of £25,000 (incl. VAT).
9. The legal framework is not static and, therefore, the policy will evolve through new and amended legislation, European Commission decisions and relevant Court judgements.

### **Conditions of contract**

10. All contracts awarded should be subject to Scots law and using agreed contract conditions. Any proposal to the contrary, or any attempt by a supplier to make any other law applicable, must be referred to the Officeholder.

### **Commitment of a contract**

11. Under Scots law, a contract is an agreement between two or more parties that is enforceable by law. There is no fundamental difference between a 'purchase', and 'agreement' or a 'contract'.
12. All contracts are in writing and awarded by a purchaser with the appropriate level of purchasing authority. Legally, contracts can be made by word of mouth, or implied by the action of the parties. Therefore, in discussion with suppliers, it is essential that staff ensure that a contract is not unintentionally created.
13. The exception to the above Conditions of Contract and Commitment of a Contract are purchases made using the Corporate Card as these purchases are made under the card provider's contract conditions and there may be no commitment in writing. All purchases made using a Corporate Card must comply with the [Credit Card Policy](#) to ensure that an effective record of each commitment is maintained.

### **Procurement challenges and complaints**

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14. Formal challenges and complaints may be brought against the Officeholder alleging a breach of these rules. The consequences of a successful challenge may, depending on the nature of the breach, result in the duration of a contract being shortened; or reputational damage to the Officeholder. Any challenges raised and any correspondence from legal advisers challenging the procurement process or contract award decision would be dealt with by the Finance Manager, with legal advice as required, to ensure the Officeholder had complied with its policy and met



its legal obligations. Any unresolved issues would be escalated to the Accountable Officer for a final response.

15. SPSO have a memorandum of understanding with Audit Scotland, who can investigate concerns raised by people or organisations about the financial or governance arrangements in accordance with its powers under the 2000 Act.

[http://www.spsso.org.uk/sites/spsso/files/communications\\_material/foi/MoUs/1603MOUSPSOAuditScot.pdf](http://www.spsso.org.uk/sites/spsso/files/communications_material/foi/MoUs/1603MOUSPSOAuditScot.pdf)

16. In addition, the Scottish Government provide, through their Single Point of Enquiry Service, confidential advice and can, if they consider it is helpful, intervene to help resolve disputes. Details about them can be found here:

<http://www.gov.scot/Topics/Government/Procurement/Selling/supplier-enquiries>

17. There is always an independent route for challenge to procurement decisions of public organisations through the courts. A complaints process is not a replacement for that process and such processes do not cover all matters that could be litigated, only areas where it has been decided an alternative route is appropriate.

## **Effective competition**

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18. Goods, services and works are obtained through genuine and effective competition unless there are convincing reasons to the contrary (see [Non Competitive Action](#)). The purchaser is responsible for identifying the most appropriate procurement process that is likely to offer the best value for money (VfM).
19. Formal tendering procedures must be used for all procurements with an anticipated value of more than £50,000 (excluding VAT). The process for this is outlined at the end of this policy.
20. For requirements between £5,000 and £50,000, a minimum of three written quotations is required (however, for potentially complex / high risk requirements, tendering procedures should be considered). The value should include any potential extensions to the contract.
21. Requirements below £5,000 (excluding VAT) do not require formal competition or Purchasing Authority. However, it remains the purchaser's responsibility to ensure that the purchase represents overall value for money and offers fair and equitable treatment to suppliers. Therefore, two verbal quotes or electronic comparisons should be obtained and recorded for purchases between £2,000 and £5,000, but this should be considered in relation to the associated administrative costs.

## Non competitive action (NCA)

22. An NCA may only be granted in exceptional circumstances and is strictly limited to situations where competition is not deemed appropriate. All requests to proceed with an NCA must receive written approval from the Director prior to commencement of any other action.
23. Examples of exceptional circumstances where NCA may be justified include:
  - 23.1. For work of exceptional urgency caused by unforeseeable circumstances where competitive tendering would cause unacceptable delay (for example, after critical equipment breakdown, storm, fire, etc.). Insufficient organisational planning (for example, requirement to spend funds within a particular financial year) cannot be considered as acceptable justification. Note: where the total contract value exceeds the current EU procurement threshold, details of this process will be included in the return issued by the SPCB to the EU Commission.
  - 23.2. The proposed supplier has, by recent experience (normally, within the last 12 months, but this will depend on relevant market conditions), proved to offer best value for money as the result of a fully compliant, competitive procurement exercise. Further competition would be highly likely to produce the same outcome. However, EU procurement rules must be taken into account, dependent on the value of the additional requirement.
  - 23.3. The proposed supplier is the only one known to provide the goods and / or services required (adequate research must have been carried out to demonstrate that this is the case) and there are no satisfactory alternatives. Note: where the total contract value exceeds the current EU procurement threshold, details of this process will be included in the return issued by the SPCB to the EU Commission.
  - 23.4. Where Intellectual Property Rights are an issue, for example, bespoke designs and some research programmes. However, it is essential that procedures are in place to ensure value for money.

## Procurement standards

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### Responsible purchasing

24. The Officeholders endeavour to create a positive environmental impact through every procurement exercise undertaken, regardless of its value or scope.
25. The [Sustainable Procurement Duty](#), outlined in the [Procurement Reform \(Scotland\) Act 2014](#), requires that consideration is given to how to improve the:

- 25.1. Social,
- 25.2. Environmental and
- 25.3. Economic wellbeing

of the area(s) in which the Officeholders operate, with a particular focus on reducing inequality.

- 26. All purchasing is undertaken in a responsible manner and delivers benefits not only for the organisation but for society, the economy and the environment. The Officeholders are committed to delivering tangible improvements across the following areas:
  - 26.1. environmental impact;
  - 26.2. ethical and social issues; and
  - 26.3. Small and Medium Enterprises (SMEs) and Scottish suppliers
- 27. Appropriate equality considerations will be incorporated into the production of specifications, evaluation of tenders, and Contractor Performance Management. All suppliers working for the Officeholder will abide by the Bridgeside House Health and Safety and Security procedures and all relevant Health and Safety legislation.
- 28. Purchasers will actively support and encourage suppliers to create and maintain an ethical supply chain for the direct procurement of goods, services and minor works.

### **Value for money**

- 29. Contracts are awarded on the basis of value for money (VfM). VfM is defined as the optimum combination of whole life cost and quality (or fitness for purpose) to meet the customer's requirement. Whole life cost takes into account all aspects of cost over the life of the contract and may include capital, maintenance, management, operating and end-of-life disposal costs. Only in limited cases may contracts be awarded on the basis of lowest price.

### **Ethical standards**

- 30. Staff must maintain the highest standards of honesty, integrity, impartiality and objectivity in all dealings with suppliers and potential suppliers. Relationships with suppliers must always be conducted on a professional basis, with proper regard to ethics and propriety.
- 31. Purchasers and customers must not be involved in any procurement where they have a relationship or interest in organisations likely to bid for Officeholder contracts. Those who have business or personal relationships with, or friends / relatives employed by, outside organisations bidding for Officeholder contracts must inform the finance manager at the outset.

32. Staff involved in procurement activity, or others who may be perceived to be in a position of influencing purchasing decisions, may not solicit or accept contributions of any kind from Officeholder contractors, or those bidding for Officeholder contracts. Invitations from suppliers or potential suppliers to attend social functions or offers of corporate entertainment (for example tickets to sporting events, theatre and travel) must always be politely refused.
33. If there is any doubt about whether or not a gift or hospitality should be accepted, contact a member of the Accountable Officer for advice.

### **Openness and transparency**

34. Procurement will be delivered in an open and accessible manner. The Officeholder is a Scottish public authority for the purposes of the Freedom of Information (Scotland) Act 2002 (the Act). Anyone has the right to request information the Officeholder holds, including information which comes from third parties, such as contractors.
35. In most cases, the Officeholder will respond to an information request by disclosing the information. The Act does permit the Officeholder to refuse to provide information, but only where an exemption in the Act can be applied. For example, the Officeholder may claim the section 33 exemption (commercial interests) in the Act to withhold information if its disclosure would prejudice substantially someone's commercial interests. If a contractor considers that the disclosure of information they have provided to the Officeholder would attract the exemption in section 33 of the Act, the Officeholder will expect the contractor to alert the Officeholder to this fact before the contract is finalised. The Officeholder will not generally agree conditions in contracts which require them to gain prior approval of the contractor for the release of information.
36. Occasionally, contractors may provide information to the Officeholder on the basis that it will remain confidential and will not be disclosed in the event that an information request is made for it. The Officeholder will agree to accept information in confidence from contractors only in very limited circumstances. Even where we do agree to accept information in confidence, the information may still be disclosed if the disclosure would no longer constitute an actionable breach of confidence, for example, if the information is no longer confidential.

### **Disposing of goods**

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37. Some assets may have a resale value, whilst for others there may be a cost (including an environmental cost) of their disposal. All these factors should be taken into account at the outset. Goods should be re-used wherever possible. Goods that

cannot be re-used must always be disposed of in a manner that minimises the impact on the environment, recycling as many components as possible.

38. Whatever the method of disposal, it is particularly important that clear records are kept, documenting decisions and actions taken. Reference should be made to the SPSO Finance Processing Procedures where appropriate.

## **Procurement requiring tendering**

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39. The Scottish Government provides an online tool, the [Procurement Journey](#), which is intended to support all levels of procurement activities by providing one source of guidance and documentation for the Scottish public sector, which is updated with any changes in legislation, policy; and facilitates best practice and consistency. This resource may be used for a procurement exercise requiring tendering, to access the most recent guidance and templates.

### **Defining the need and management of risk**

40. Prior to any procurement being undertaken, the actual need must be clearly defined, ie that it is fit for the purpose for which it is intended. If an actual requirement does exist, it must be procured by means that offer best overall value for money.
41. It is essential that the full extent of the anticipated and potential need is defined at the outset. The extent of the requirement dictates the overall contract value which, in turn, determines the appropriate procurement process.
42. Risks associated with the procurement will be evaluated across the lifecycle of the procurement process from identification of need to contract renewal, and appropriate mitigation actions identified.

### **Environmental impact**

43. The Officeholder will always be prepared to challenge the need as defined. Not purchasing goods or services is the most effective method of reducing environmental impact. Otherwise, the Officeholder will re-use existing items wherever possible, consider refurbishment/upgrade etc. and the extent to which goods contain recycled materials or are recyclable at end of life.

### **Selection of suppliers**

44. The objective is to identify organisations that have the necessary resources and capability to meet the specified requirement and to ensure that suppliers are selected in a way that is fair and transparent. In practice, for all but very low value

requirements, this will mean a degree of advertising. In general, all advertisements will be posted on the [Public Contracts Scotland Portal](#).

45. Due to the size and nature of our business and types of procurement exercises undertaken, it is not considered proportional or effective to send a Pre-Qualification Questionnaire (PQQ) to interested suppliers.

### **The specification**

46. For requirements in excess of £30k (excluding VAT), a full specification must be produced. The specification should be developed in output terms, ie by defining what is to be achieved and not by stating how it is to be achieved. For requirements below £30k, the specification should be appropriate to the value and complexity of the purchase. It must be written in a way that does not give an advantage to any particular supplier(s) and enables suppliers to produce a meaningful submission that can be effectively evaluated.
47. Companies tendering for the contract will base their tenders on the information Officeholder provides. Tenders will only be evaluated on the basis of how each supplier responds to the requirements stated in the Project Specification. It is imperative that every aspect of the services required is identified at the beginning of this process. Once identified the services required must be clearly communicated in the Project Specification.

### **Timescales**

48. Dates for issuing the invitation, deadline for submissions, evaluation of tenders and notice of appointment to be planned and decided.

### **Issuing invitation to tender (ITT)**

49. The completed Invitation to Tender and evaluation documents must be forwarded to the finance manager for approval prior to the start of the tender process. Once approval has been given, the ITT is to be sent to appropriate companies and uploaded to the Officeholder website and Public Contracts Scotland Portal with a brief summary of what services are to be procured. All incoming tenders must be collated without opening until the deadline for submissions date.

## **Evaluation of bids<sup>1</sup>**

50. The objective when evaluating submitted bids is to identify the one which most closely meets the requirements as set out in the specification, and which represents best value for money to the Officeholder in terms of whole life costs.
51. Evaluation criteria, and any associated weightings and evaluation guidance must be determined prior to invitations to tender or quote being issued (for very straightforward quotes, criteria may not be necessary). The evaluation criteria must be reflected in the Project Specification included in the invitation to tender. If an item is not included in the Project Specification, it cannot be included in the evaluation.
52. Tenders must be evaluated by at least two Officeholder staff members with the evaluation sheets completed independently. Once all tenders have been evaluated, the staff members who completed the evaluations must meet with the finance manager to review and appoint a successful supplier. The successful bid should meet the specification in full and, where the lowest total price (over the lifetime of the contract) was not selected, the reasons should be recorded.

## **Awarding the contract**

53. For purchases above £30k, a contract award recommendation will be produced and submitted to the accountable officer for approval. The recommendation will demonstrate the procurement process that took place; it will provide a brief summary of the submissions received and justify the award recommendation.
54. Only the Officeholder has the authority to award contracts. All contracts must be in writing.

## **Mandatory standstill period**

55. The mandatory EU standstill period allows a period of time between the notification of a contract award decision and the commencement of that contract. A minimum period of ten calendar days will be applied following written communication of the award decision.

## **De-briefing suppliers**

56. All unsuccessful suppliers must be notified by letter and offered a de-brief to explain why their bid was unsuccessful. Redacted versions of the Tender Evaluation documents may be released to unsuccessful companies. If this documents is

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<sup>1</sup> 'Bids' include formal tender submissions and quotes

released, the only company name that should appear is the name of the company requesting the information, all other company names should be redacted.

### **Managing the contract**

57. Contractor Performance Management (CPM) is the process that enables both parties to a contract to meet their obligations in order to deliver the objectives required from the contract. It also involves building a good working relationship between the Officeholder and contractors.

### **Paying the supplier**

58. Contractors must be paid within agreed terms, and the CBI Prompt Payers Code observed at all times. Unless otherwise stated in the contract, payment is to be made promptly and, where appropriate, in accordance with the Scottish Government target of ten working days of invoices for goods and services, completed to the satisfaction of the SPSO.
59. Payment should not be made in advance of goods and/or services being delivered. However, exceptions can be made in certain circumstances, which will be covered by appropriate contract conditions. No contract specifying advance payment should be entered into without the prior agreement of the Director.
60. The arrangements for authorising payment of Invoices are detailed in the Officeholder's Scheme of Delegation.

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# Procurement Procedure – shared service

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## Overview

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1. The finance team within the Scottish Public Services Ombudsman (SPSO) provide financial processing services for the SPSO and the Scottish Biometrics Commissioner (SBC). Additionally, the team provide financial processing for Bridgeside House facilities, on behalf of all officeholders located in Bridgeside House.
2. The Procurement Procedure lays out the process to procure goods for the Officeholder to run its operations, otherwise not contracted. The [purchase order \(PO\) number sheet](#) is the main control mechanism for the various payment facilities used for Officeholder procurement, which include payment by invoice, credit card, cheques and petty cash. Additionally, staff may claim expenses through payroll.
3. Refer to the Scheme of Delegation for the relevant Officeholder.

## Finance roles

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Accountable Officer:	Officeholder: SBC - Commissioner (Brian Plastow) SPSO - Ombudsman (Rosemary Agnew)
Finance Manager:	SBC – TBC SPSO - Director (Niki Maclean)
Accountant:	Julie Murphy
Finance Officer:	Corporate Services Manager (Fiona Paterson)
Finance Administrator:	Corporate Services Officer (Lindsey S)
Procurement Officer	Corporate Services Team Assistant (Louise Lavery)
Budget Holders	as delegated by the officeholder

## Officeholder Scheme of Delegation

[SPSO – Scheme of Delegation](#)

[SBC – Scheme of delegation](#)

## Purchase order number sheet

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4. The PO number sheet ensures that, for monitoring purposes, detailed records of all purchases not under contract. The PO number sheet records the supplier, order details, initials of the purchaser, cost and authorisation in accordance with the Officeholder's Scheme of Delegation.

5. At the time of ordering and prior to any payment, all purchases not under contract must be logged on the PO number spreadsheet. If an invoice is received with no corresponding PO number, the finance administrator will contact the member of staff who has placed the order and/or the supplier to confirm the purchase; the purchaser will then amend the PO number spreadsheet to include the purchase order in question. If the finance administrator is not satisfied the order was authorised appropriately, payment may be delayed until a full investigation has been conducted.
6. Please refer to the [procurement policy](#) for contracted procurement procedures.

### **Invoicing**

7. When authorisation has been given for procurement, in accordance with the Scheme of Delegation, a staff member may raise an order for the required items and provide the supplier with a PO number from the PO number spreadsheet. Items would be procured from a supplier that offers the best value price, oppose to the best price.
8. The authorisation email and the order confirmation are both passed to the finance administrator. Once the invoice had been received for these goods and the details checked by the finance administrator, the finance officer is passed the invoice for payment.

### **Use of SPSO Credit card policy**

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9. A credit card facility is a major convenience and can, if properly managed, contribute to easier and more secure accounting of some expenses. Credit cards are issued to allow the purchase of low value, business related non-recurring goods and services that are not covered by existing contracts and where it is not possible to be invoiced. It is anticipated that this will include personal incidental expenses and unforeseen travel needs while the cardholder is not working from within the office.
10. This policy must be adhered to at all times. Failure by cardholders to adhere to the policy and procedures may result in the withdrawal of their credit card facility and possible disciplinary action. This policy should be used in conjunction with the Officeholder's [Travel and Expenses Policy](#) and the Anti-Fraud Policy.

### **Card holders**

11. Credit cards are issued as described in the SPSO Scheme of Delegation. The card should only be used for those activities that are a direct result of the cardholder's role within the SPSO. Cardholders will be held responsible for purchases made on that card.

### **Card holder responsibilities**

12. The SPSO credit card must not be used for personal purchases. Where doubt exists as to whether an item is business related or not, prior authorisation should be obtained from the Officeholder or finance manager. The use of the card for services that threaten the reputation of the Officeholder are expressly prohibited.
13. The card holder shall:
  - 13.1. sign a declaration to confirm they have understood the procedure for use of the SPSO credit card;
  - 13.2. ensure the credit card is only used by the named card holder;
  - 13.3. keep the credit card secure;
  - 13.4. obtain and retain a receipt for all transactions;
  - 13.5. mark receipts with the reason for purchase and details of the goods or services; and
  - 13.6. pass all receipts to the finance administrator, thereby confirming these purchases are legitimate business expenses.

### **Advance purchase travel arrangements**

14. The procurement or finance officer's credit cards are used to purchase travel in advance for members of staff attending business out with the office. Requests for such purchases are passed to the procurement officer in advance of the date of travel with authorisation from line managers where appropriate. The best value travel option is sourced, booked, and recorded on the PO number spreadsheet.

### **One-off Purchase of Goods and Services**

15. The SPSO credit cards can also be used to make payments for one-off goods and services such as training courses, catering for office related events and incidental office expenses. In line with the Finance Processing Procedure, all requests for one-off goods or services purchased on an Officeholder credit card will be accompanied by a PO number. All PO numbers should be pre-authorised by a member of staff with the appropriate authorisation level as declared in the Scheme of Delegation. Once the transaction is completed the electronic receipt must be forwarded to the finance officer for stage 1 reconciliation at the end of each month.

### **Purchases out with the Office**

16. Where the SPSO credit card is used out with the office and it is not possible to obtain a PO number, the card holder must obtain and retain a receipt for all transactions, mark receipts with the reason for purchase and details of the goods or services and

pass all receipts to the finance administrator on return to the office, thereby confirming these purchases are legitimate business expenses.

### **Credit card reconciliation**

17. When the monthly bank statement for each credit card is received the finance administrator will check the purchases against receipts to complete stage 1 reconciliation of these statements. Where a purchase occurs and no receipt has been received, the finance administrator will approach the relevant cardholder to confirm the purchase and request the receipt. If there is no receipt available, the cardholder must confirm to the finance administrator the nature and legitimacy of the purchase and explain why no receipt is available. The finance officer will pass the statement with receipts attached to the Accountant.
18. The Accountant is responsible for the monthly stage 2 reconciliation of accounts where all credit card payments are posted to the correct nominal code. Completed credit card statements are then filed.

### **Petty cash processing procedures**

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19. The SPSO hold a petty cash balance of £200. Petty cash is used to pay for ad-hoc items such as milk, cleaning products, and one off stationery items for amounts totalling no more than £25 (any higher amount should be claimed through payroll expenses).
20. The finance officer is responsible for withdrawal and safekeeping of petty cash from the bank. They will provide a signed cheque detailed 'to cash' to withdraw the money.
21. When petty cash expenditure is incurred, a receipt must be provided with appropriate authorisation. A record of the purchase is made on the petty cash spreadsheet which is password protected and securely stored in the Financial Transactions Management folder. A record of the date, goods purchased, the total amount is made, and the receipts stored for the Accountant. Petty cash expenditure is recorded on Sage by the Accountant on a monthly basis.

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# Finance policy on fixed assets – shared service

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## Overview

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1. The finance team within the Scottish Public Services Ombudsman (SPSO) provide financial processing services for the SPSO and the Scottish Biometrics Commissioner (SBC). Additionally, the team provide financial processing for Bridgeside House facilities, on behalf of all officeholders located in Bridgeside House.
2. Expenditure on the acquisition of an asset, or expenditure which adds to, and not merely maintains, the value of an existing asset, shall be capitalised and be classified as a fixed asset. Fixed assets are assets with an expected life of more than one year.
3. The Officeholder's fixed assets will, where appropriate, be subject to indexation and amortised to revenue over an appropriate period in a consistent and prudent manner. To ensure custody and security, Officeholder's assets must also be properly and well managed.

## Finance roles

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Accountable Officer:	Officeholder: SBC - Commissioner (Brian Plastow) SPSO - Ombudsman (Rosemary Agnew)
Finance Manager:	SBC – TBC SPSO - Director (Niki Maclean)
Accountant:	Julie Murphy
Finance Officer:	Corporate Services Manager (Fiona Paterson)
Finance Administrator:	Corporate Services Officer (Lindsey S)
Procurement Officer	Corporate Services Team Assistant (Louise Lavery)
Budget Holders	as delegated by the officeholder

## Officeholder Scheme of Delegation

SPSO – Scheme of Delegation

SBC – Scheme of delegation

## Control objectives

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4. All fixed assets should be correctly identified, capitalised and recorded on appropriate registers. Where appropriate they must be subject to indexation and depreciation, kept secure and periodically subject to independent verification as to

their value, condition and location. Independent verification means verification by someone who is not directly involved in the administrative process and can gain no improper advantage with respect to the asset requiring protection.

## **Background**

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5. Assets are either fixed or current and can be defined as rights or other access to future economic benefits controlled by the Officeholder as result of past transactions or events. Fixed assets - tangible, intangible or investments - are assets with an expected life of more than one year. Current assets are cash or other assets which can reasonably be expected to become cash in the normal course of business, including stocks, debtors, accrued income and payments in advance; these are not subject to this policy.
6. The finance manager has a duty to ensure that the assets for which they are responsible such as land, buildings or other property - including stores and equipment - are properly and well managed. Robust systems should be in place to ensure that the accuracy and integrity of information held on registers, databases and inventories is safeguarded and readily available for inspection. More detailed information is given below:

## **Classification of assets**

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### **Tangible fixed assets**

7. Title to all property is held by the Officeholder. The minimum level for capitalisation of a tangible fixed asset is £500 inclusive of irrecoverable VAT. However, the threshold for buildings is set at £10,000.
8. Assets other than artwork are reflected at their value to the organisation by reference to historic cost. Artwork is reflected at open market value.

### **Intangible fixed assets**

9. Software licences are capitalised as intangible fixed assets and amortised on a straight line basis over the expected life of the asset (three years).

## **Maintenance of asset registers and stock registers**

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10. The Asset Register is part of Officeholder's key financial management system and must contain details of all assets (both tangible and intangible) owned, whose value or original purchase price is over the Officeholder's capitalisation thresholds.



11. The Asset Register will include the following information:
  - 11.1. purchase price and date;
  - 11.2. asset accounting code;
  - 11.3. a physical description of the asset (where appropriate) together with details of serial or registration number;
  - 11.4. regular evidence of physical verification of the asset's existence; and
  - 11.5. a depreciation profile.
12. The Accountant maintains the Fixed Asset Register for the Officeholder with assistance from the finance officer.

## **Control and security of assets and regular inspection arrangements**

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13. The finance manager should make appropriate arrangements for the physical security of assets and other valuable items within their department. All staff should ensure the safe custody of assets within their direct control or area of work.
14. Records (originals or copies) of land and property assets that should be readily available for inspection include: leases, licences, full information on the last rent review including the level of rent, the basis of assessment, any third party decision and any photographic record of the condition of the property.
15. Holdings of land and buildings, plant and machinery, office equipment and furniture (fixed assets) should be kept under constant review. The fixed asset register maintained by the Accountant can be accessed for this purpose.
16. The finance office will assist the Accountant in annually updating and verifying asset registers and stock records. This should include making arrangements for physical inspection.

## **Valuation policies**

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17. Fixed Assets will be valued as follows:
  - 17.1. IT equipment and software – to be valued at cost;
  - 17.2. telephone/telecoms equipment – to be valued at cost;
  - 17.3. furniture and fittings – to be valued at cost;
  - 17.4. works of art – to be valued at open market value; and
  - 17.5. office equipment and machinery – valued at cost.
18. Separate guidance for the valuation of assets that have been identified for disposal are given in the section on Disposal of Tangible Fixed Assets below.

## Depreciation policies

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19. Depreciation is provided on all tangible fixed assets other than artwork at rates calculated to write off the costs or valuations on a straight line basis in equal instalments over their estimated useful lives. Capitalised building works are depreciated over an accelerated period – ie the remaining period of the lease.
20. Asset lives are normally as follows:

### Buildings

- 20.1. Building adaptations are depreciated over the remaining period of the lease.

### Equipment and computers

- 20.2. Three years:

- 20.2.1. Computers
- 20.2.2. Telecom Systems
- 20.2.3. Broadcasting Equipment

- 20.3. Five years:

- 20.3.1. Fixtures and Fittings
- 20.3.2. Office Furniture and Equipment

21. The depreciation that is applied will be charged to Officeholder's operating statement. There will be an annual impairment review of fixed assets and depreciation accelerated if required as a result of this exercise.

## Disposal of tangible fixed assets

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22. Formal approval for the disposal of any asset held on the Fixed Asset Register must be obtained from the finance manager. Goods that cannot be re-used must always be disposed of in a manner that minimises the impact on the environment and as many components as possible should be recycled.

### Surplus tangible fixed assets

23. Once surplus assets have been identified they should be sold as quickly as possible subject to value-for-money considerations. Surplus assets should not be sold for 'book value' and the finance manager should ensure that the best possible price is obtained for them. Payment should normally be required to be made before goods are released for collection or delivery.

24. To ensure that value for money is achieved and that high standards of propriety are maintained, there should be proper supervision of staff and, where possible, clear separation of responsibilities in relation to the declaring of the asset surplus and ready for disposal, and the valuation and disposal process.
25. Assets not fit for sale will be disposed of in discussion with the finance manager or the Accountant.
26. There may, exceptionally, be cases where it is considered that a disposal of assets at less than market value is justified. Approval by the finance manager in writing must be sought for such cases.

### **Obsolete fixed assets**

27. This section deals particularly with the secure disposal of IT hardware.
28. Obsolete fixed assets, are generally disposed of due to obsolescence rather than being surplus to requirement. These should not be offered for sale, but disposed of securely to ensure the security of data held on the disc is not compromised. The Officeholder should ensure the IT providers (SCOTS) have a secure and appropriate procedure for disposing of hardware. This should include:
  - 28.1. wiping clean the hard disc;
  - 28.2. secure collection and secure disposal of equipment;
  - 28.3. providing a Certificate of Destruction for all component parts of equipment showing serial number and method of destruction, for example, shred and melt hard disc for scrap metal, granulate circuit boards;
  - 28.4. a copy of the Certificates of Destruction to be kept by the Officeholder.

### **Disposal of intangible fixed assets**

29. Guidance in relation to the disposal of intangible fixed assets, for example, software licences should be sought on a case by case basis from, in the first instance, the finance manager with advice received from the software provider.

## **Accounting**

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30. The gain or loss on the disposal of fixed assets is calculated as the difference between the sale proceeds and the Net Book Value (NBV) after deducting disposal expenses. Any profit or loss from sales of fixed assets will be recorded against the Disposal of Fixed Assets account in the General (or Nominal) Ledger.
31. Acquisitions, disposals and losses of assets etc. during a financial year should be noted in the annual accounts in accordance with relevant accounting standards and

policies. Assets transferred to other public bodies without charge or at less than market value should be the subject of separate notes in the accounts as should any individual losses of more than £100,000.

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