



# Shared service Finance Policies and Procedures

<b>Version</b>	<b>Description</b>	<b>Date</b>	<b>Author</b>
0.1	Approved by Senior Management Team and AAC	2014 Jul	Senior Personal Assistant
1.0	Published on SPSO website	2015 Apr	Senior Personal Assistant
1.1	Audited	2016 Nov	Internal Auditor
2.0	Published on SPSO website	2016 Dec	Corporate Services Manager
3.0	Published on SPSO website	2017 May	Corporate Services Manager
4.0	Separated from Governance and Risk, fully reviewed and approved by Leadership Team. Published on SPSO website	2018 April	Corporate Services Manager
5.0	Published.	2020 Aug	Corporate Services Manager
6.0	Full review including new policies and shared services. Approved by Leadership Team. Published.	2022 Jan	Corporate Services Manager
7.0	Reviewed, updated, processes removed to separate doc	2023 Jan	Corporate Services Manager
8.0	Reviewed and updated following move to SPSO temporary structure	2024 Apr	Corporate Services Manager
9.0	Full review ahead of change of Ombudsman and new Officeholder	2025 Nov	Corporate Services Manager

## Contents: Finance Policies and Procedures

Procurement Policy

Finance policy on fixed assets

Procurement Procedure

Finance procedures

## Finance roles

The finance team within the Scottish Public Services Ombudsman (SPSO) provide financial processing services through a shared service agreement for other SPCB-funded office-holders. Additionally, the team provide financial processing for Bridgeside House facilities, on behalf of all Officeholders located in Bridgeside House.

Role	SPSO	SBC	SHRC	PSCS
Scheme of Delegation	SPSO – Scheme of Delegation	SBC - Scheme of Delegation	SHRC – Scheme of Delegation	[Link to SoD]
Accountable Officer	Ombudsman	Commissioner	Executive Director	Commissioner
Finance Manager	Head of Corporate and Shared Services	Corporate Services Manager	Head of Secretariat and Business Support	
Finance Officer	SPSO Corporate Services Manager			
Finance Administrator	SPSO Corporate Services Officer			
Accountant	SPSO Accountant			
Budget Holders	as delegated by the Officeholder			
Procurement Officer	Corporate Services Team Assistant	Corporate Services Manager	Business Support Officer	

# Procurement Policy

## Contents

<b>Overview.....</b>	<b>2</b>
<b>Authority to purchase.....</b>	<b>2</b>
<b>Separation of duties .....</b>	<b>2</b>
<b>Legal obligations .....</b>	<b>2</b>
Law and conditions of contract.....	2
Conditions of contract.....	3
Commitment of a contract .....	3
<b>Procurement challenges and complaints.....</b>	<b>4</b>
<b>Effective competition.....</b>	<b>4</b>
Non competitive action (NCA) .....	5
<b>Procurement standards .....</b>	<b>5</b>
Responsible purchasing .....	5
Value for money .....	6
Ethical standards .....	6
Openness and transparency.....	7
<b>Procurement requiring tendering.....</b>	<b>7</b>
Defining the need and management of risk .....	7
Environmental impact .....	8
Selection of suppliers .....	8
The specification .....	8
Timescales.....	8
Issuing invitation to tender (ITT) .....	9
Evaluation of bids .....	9
Awarding the contract .....	9
Mandatory standstill period .....	9
De-briefing suppliers .....	10
Managing the contract.....	10
Paying the supplier .....	10

Back to the main [Contents Page](#)

## Overview

---

1. 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.
2. The policy is designed to ensure that all Officeholder procurement activity is focussed on the delivery of value for money, sustainability and conducted to high professional standards and to the relevant legal requirements.
3. 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.
4. Procurement procedures covering purchase orders, credit card use and petty cash are outlined in this document with the finance processing procedures: [Finance processes and procedures](#).

## Authority to purchase

---

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

---

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

---

### 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 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

---

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.spso.org.uk/sites/spso/files/communications\\_material/foi/MoUs/1603MOUSPSOAuditScot.pdf](http://www.spso.org.uk/sites/spso/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

---

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 Accountable Officer, or their nominee, 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

---

### 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.

### **Procurement requiring tendering**

---

37. 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**

38. 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.

39. 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.
40. 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**

41. 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., delivery emissions and the extent to which goods contain recycled materials or are recyclable at end of life.

### **Selection of suppliers**

42. 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](#).
43. 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**

44. 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.
45. 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**

46. 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)**

47. 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>**

48. 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.
49. 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.
50. 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**

51. 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.
52. Only the Officeholder has the authority to award contracts. All contracts must be in writing.

## **Mandatory standstill period**

53. 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.

---

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

## **De-briefing suppliers**

54. 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 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**

55. 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**

56. 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 buyer.
57. 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 Accountable Officer, or their nominee.
58. The arrangements for authorising payment of Invoices are detailed in the Officeholder's Scheme of Delegation.

Back to the main [Contents Page](#)

# Finance policy on fixed assets

## Contents

<b>Overview.....</b>	<b>2</b>
<b>Control objectives.....</b>	<b>2</b>
<b>Background .....</b>	<b>2</b>
<b>Classification of assets.....</b>	<b>2</b>
Tangible fixed assets .....	2
Intangible fixed assets .....	3
<b>Maintenance of asset registers and stock registers .....</b>	<b>3</b>
<b>Control and security of assets and regular inspection arrangements .....</b>	<b>3</b>
<b>Valuation policies .....</b>	<b>3</b>
<b>Depreciation policies.....</b>	<b>4</b>
Buildings .....	4
Equipment and computers .....	4
<b>Disposal of tangible fixed assets .....</b>	<b>4</b>
Surplus tangible fixed assets .....	4
Obsolete fixed assets .....	5
Disposal of intangible fixed assets .....	5
<b>Accounting .....</b>	<b>5</b>

Back to the main [Contents Page](#)

## Overview

---

1. 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.
2. 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.

## Control objectives

---

3. 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

---

4. 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.
5. 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

---

### Tangible fixed assets

6. 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.
7. 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

8. 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

---

9. 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.
10. The Asset Register will include the following information:
  - 10.1. purchase price and date;
  - 10.2. asset accounting code;
  - 10.3. a physical description of the asset (where appropriate) together with details of serial or registration number;
  - 10.4. regular evidence of physical verification of the asset's existence; and
  - 10.5. a depreciation profile.
11. 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

---

12. 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.
13. 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.
14. 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.
15. The finance officer will assist the Accountant in annually updating and verifying asset registers and stock records. This should include making arrangements for physical inspection.

## Valuation policies

---

16. Fixed Assets will be valued as follows:
  - 16.1. IT equipment and software – to be valued at cost;
  - 16.2. telephone/telecoms equipment – to be valued at cost;
  - 16.3. furniture and fittings – to be valued at cost;

- 16.4. works of art – to be valued at open market value; and
- 16.5. office equipment and machinery – valued at cost.

17. 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**

---

18. 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.
19. Asset lives are normally as follows:

### **Buildings**

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

### **Equipment and computers**

- 19.2. Three years:

- 19.2.1. computers;
- 19.2.2. telecom systems; and
- 19.2.3. broadcasting equipment.

- 19.3. Five years:

- 19.3.1. fixtures and fittings; and
- 19.3.2. office furniture and equipment

20. 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**

---

21. 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**

22. 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.

23. 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.
24. Assets not fit for sale will be disposed of in discussion with the finance manager or the Accountant.
25. 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**

26. This section deals particularly with the secure disposal of IT hardware.
27. 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:
  - 27.1. wiping clean the hard disc;
  - 27.2. secure collection and secure disposal of equipment;
  - 27.3. 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; and
  - 27.4. a copy of the Certificates of Destruction to be kept by the Officeholder.

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

28. 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**

---

29. 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.
30. 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.

Back to the main [Contents Page](#)

# Procurement Procedure

## Contents

<b>Overview.....</b>	<b>2</b>
<b>Purchase order number sheet .....</b>	<b>2</b>
<b>Invoicing .....</b>	<b>2</b>

Back to the main [Contents Page](#)

## Overview

---

1. 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.
2. Refer to the Scheme of Delegation for the relevant Officeholder.

## Purchase order number sheet

---

3. 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.
4. 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.
5. Please refer to the [procurement policy](#) for contracted procurement procedures.

## Invoicing

6. 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.
7. 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.

Back to the main [Contents Page](#)

# Finance procedures

## Contents

<b>Overview.....</b>	<b>2</b>
Accountant .....	2
Finance Manager.....	2
Finance Officer.....	3
Finance Administrator .....	3
<b>Processing invoices for payment .....</b>	<b>3</b>
<b>Processing sales invoices .....</b>	<b>4</b>
Processing and issuing invoices for income .....	4
<b>Statutory requirements - Public Services Reform (Scotland) Act 2010 .....</b>	<b>4</b>
<b>Funding from the SPCB .....</b>	<b>5</b>
<b>Reporting procedures .....</b>	<b>6</b>
<b>Key finance processing events .....</b>	<b>6</b>

Back to the main [Contents Page](#)

## Overview

---

1. The finance 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.
2. 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.
3. It is imperative that this procedure is adhered to.

## Accountant

4. The accountant contacts the SPSO finance team to prepare the monthly financial reports for the previous month. The accountant provides the accountable officers with an external control to the work of the finance officer and finance administrator. On a monthly basis, the accountant will:
  - 4.1. run SAGE checkdata;
  - 4.2. reconcile bank, adjusting for any errors / unposted transactions;
  - 4.3. post credit card transactions from statements;
  - 4.4. post petty cash to sage from book, checking vouchers;
  - 4.5. count physical cash and agree to SAGE / petty cash spread sheet;
  - 4.6. post salaries to sage from Moorepay salary report;
  - 4.7. review balance sheet accounts, ensuring that
    - 4.7.1. fixed asset additions have been correctly posted;
    - 4.7.2. sundry debtors balance is accurate with reference to staff loan account schedule;
  - 4.8. confirm PLCA balance agrees to suppliers ledger statement;
  - 4.9. confirm SLCA balance agrees to customer ledger statement;
  - 4.10. confirm payroll accounts are cleared or represent previous month's PAYE etc;
  - 4.11. review the movement on income and expense accounts, checking any large / unusual entries to documentation;
  - 4.12. check suspense account is clear; and
  - 4.13. prepare monthly budget report by exporting sage Nominal Ledger report to excel and account for accruals / prepayments.
5. A checklist confirming the above and supporting documentation is completed for each management report prepared.
6. The accountant is responsible for working with the finance manager and finance officer in preparing the annual accounts.

## Finance Manager

7. 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.

8. International or cheque payments remain the responsibility of the Officeholder and will be processed by the finance manager for each organisation.

### **Finance Officer**

9. All payments are made by the finance officer through Bankline. Once invoices have been authorised by the finance manager (or other delegated signatory) they are passed to the finance officer for payment by BACS (bankers automated clearing service) transfer. 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. Detailed outline of the finance administration process is outlined in the [Finance administration process](#) document.

## **Processing invoices for payment**

11. All invoices are checked by the finance administrator for the following:
  - 11.1. whether it is a contract cost or a purchase order cost, and if it is recorded as such in the appropriate place;
  - 11.2. purchase order number;
  - 11.3. company name;
  - 11.4. amount of invoice;
  - 11.5. where appropriate, that the goods have been received; and
  - 11.6. and checks on SAGE to confirm it has not previously been processed.
12. 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.
13. 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 finance manager and finance officer will monitor the expenditure on the contract and will check and authorise the invoice for payment.
14. Once checked the invoice can be processed and entered onto SAGE. All regular payments without invoices or purchase orders, such as Council Tax, recorded in SAGE by the Accountant.

15. All the invoices that are being processed in a batch will be compiled and emailed to the finance manager (or other signatory) for authorisation. Once the authorisation has been confirmed, the invoices are passed to the finance officer for payment.
16. When paid, the finance administrator will check the bank transactions against the SAGE invoice entry to ensure:
  - 16.1. the amount paid matches the invoice total;
  - 16.2. the supplier paid matches the supplier invoice; and
  - 16.3. that all invoice payments match and have been made.
17. Any discrepancies should be raised with the finance officer.
18. The invoices are then marked as paid on SAGE:

## **Processing sales invoices**

---

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

19. The Officeholder may receive payment for different services. All sales invoices to organisations / individuals (debtors) are raised through SAGE by the finance administrator.
20. The sales invoice is issued with the following information:
  - 20.1. name of debtor addressed to ie company / organisation/individual;
  - 20.2. date issued;
  - 20.3. unique invoice number;
  - 20.4. payment terms / payment due date;
  - 20.5. PO number (if required);
  - 20.6. payment details, including bank details, confirming payment can be accepted by either BACS transfer or cheque; and
  - 20.7. for sales invoice where we are reclaiming costs should include evidence of those costs.
21. All sales invoices issued are recorded on SAGE by the finance administrator, and bank transactions are monitored to note when income has been received against invoice.

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

---

22. The Public Services Reform (Scotland) Act 2010 requires listed public authorities to publish quarterly information on a range of expenditures incurred on the following matters:
  - 22.1. Public Relations
  - 22.2. Overseas Travel
  - 22.3. Hospitality and Entertainment
  - 22.4. External Consulting
  - 22.5. Payments with a value in excess of £25,000 (incl. VAT)

## Funding from the SPCB

---

1. 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.
2. At the start of the financial year, the Officeholder is required to complete a forecast funding template setting out how the organisation intends to phase the drawdown of the approved budget.
3. 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.
4. In practice, the Officeholder will submit on a monthly basis, an application for funding which must provide the SPCB with the following information:
  - 4.1. forecast outturn by agreed headings against budget;
  - 4.2. amount to be drawn down; and
  - 4.3. current bank balance.
5. 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.
6. 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 their 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.
7. Budgeted funding not drawn down by the end of the financial year will lapse.
8. 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.
9. 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).

10. 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**

---

11. Each month of the year the accountant will produce a monthly management report. This reports will include details of:
  - 11.1. the current financial position;
  - 11.2. budget forecast to date;
  - 11.3. variance against budget heading or latest approved forecast;
  - 11.4. identification of how significant the variance from budget/ forecast spend is; and
  - 11.5. the total annual budget and latest year-end forecast.
12. 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.
13. The finance manager will review the monthly statements to prepare notes on:
  - 13.1. explanations for variance of actual performance from budget / forecast;
  - 13.2. recommendations for reallocation, recoding, rephasing or further investigation of variance required, if appropriate;
  - 13.3. mitigating actions required for overspends, if required; and
  - 13.4. reforecast of anticipated annual outturn.
14. The finance manager will discuss any significant variance displayed in the financial data with the LT

## **Key finance processing events**

---

23. 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.

Back to the main [Contents Page](#)