

Governance, Risk and 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.

1. Scheme of Control

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Introduction

Under the terms of the Scottish Public Services Ombudsman Act 2002 (the Act), the officer known as the Scottish Public Services Ombudsman (the Ombudsman) is an individual appointed by Her Majesty on the nomination of the Scottish Parliament. Her Majesty may also, on the nomination of the Parliament, appoint individuals to be deputy Scottish Public Services Ombudsmen (Deputy Ombudsmen). There are to be no more than three deputy Ombudsmen at any time. There is currently no deputy Ombudsman in the organisation structure.

The Act states that the Ombudsman may appoint such staff, on such terms and conditions, as the Ombudsman may determine and that this determination requires the approval of the Parliamentary Corporation (the SPCB). The Office of the Scottish Public Services Ombudsman (SPSO) is the collective term for all staff working for the Ombudsman and for the organisation itself. The SPSO acts for the Ombudsman, at the instruction of the Ombudsman, under the authority of the Ombudsman and at the responsibility of the Ombudsman.

The Ombudsman and Ombudsman's staff are not to be regarded as servants or agents of the Crown or as having any status, immunity or privilege of the Crown; and the Ombudsman's property is not to be regarded as property of, or property held on behalf of, the Crown.

The Act states that any function of the Ombudsman may be exercised on the Ombudsman's behalf by any person (whether or not a member of the Ombudsman's staff) authorised by the Ombudsman to do so, and to the extent so authorised. The functions delegated by the Ombudsman are set out in a separate Scheme of Delegation.

The Act also requires the SPCB to designate the Ombudsman or a member of the Ombudsman's staff as the Accountable Officer. The Ombudsman is currently designated as the Accountable Officer. The Accountable Officer is answerable to the Parliament for the exercise of those functions.

In addition, the specific responsibilities of Accountable Officer, as defined in the Public Finance and Accountability (Scotland) Act 2000: Memorandum to Accountable Officers of other public bodies, are also to:

- ensure that from the outset proper financial systems are in place and applied and that procedures and controls are reviewed from time to time to ensure their continuing relevance and reliability, especially at times of major changes;
- sign the accounts assigned to them, and in doing so accept personal responsibility for their proper presentation as prescribed in legislation or in the financial memorandum or other similar document;

Scheme of Control

- ensure that proper financial procedures are followed and that accounting records are maintained in a form suited to the requirements of the management statement / financial memorandum or other similar document as well as in the form prescribed for published accounts;
- ensure that the public funds for which they are responsible are properly managed and safeguarded, with independent and effective checks of cash balances in the hands of any official;
- ensure that assets for which they are responsible such as land, buildings or other property, including stores and equipment, are controlled and safeguarded with similar care, and with checks as appropriate;
- ensure that, in the consideration of policy proposals relating to the resources for which they have responsibilities as Accountable Officer, all relevant financial considerations, including any issues of propriety, regularity or value for money, are taken into account, and where necessary brought to the attention of the Scottish Parliamentary Corporate Body;
- ensure that any delegation of responsibility is accompanied by clear lines of control and accountability together with reporting arrangements;
- ensure that effective management systems appropriate for the achievement of the organisation's objectives, including financial monitoring and control systems, have been put in place.

Scheme of Control

The SPSO Scheme of Control is a series of Protocols by whose proper implementation the Ombudsman can demonstrate that he is meeting his responsibilities as Accountable Officer.

The Scheme of Control, supported by the risk register, also defines how the Ombudsman will monitor and manage risk to the SPSO including:

- Fundamental risks (risks to the ability to implement statutory obligations)
- Strategic risks (risks to the direction and to the achievement of the Business Plan)
- Operational risks (risks to core business activities, processes and service standards)
- Technical risks (risks of managing assets, IT failure, etc)
- Financial risks (risks with financial controls and systems, fraud, etc)
- Compliance risks (risks to meeting regulatory obligations)
- Reputational risks (risks to the name, influence and standing of the office)
- Monitoring and managing the financial performance against statutory and other agreed standards
- Monitoring and managing the operational performance against agreed standards of service, quality, cost and efficiency
- Monitoring and managing the delivery of the Business Plan

Control and Inspection

The effectiveness of the Scheme of Control must be guaranteed by:

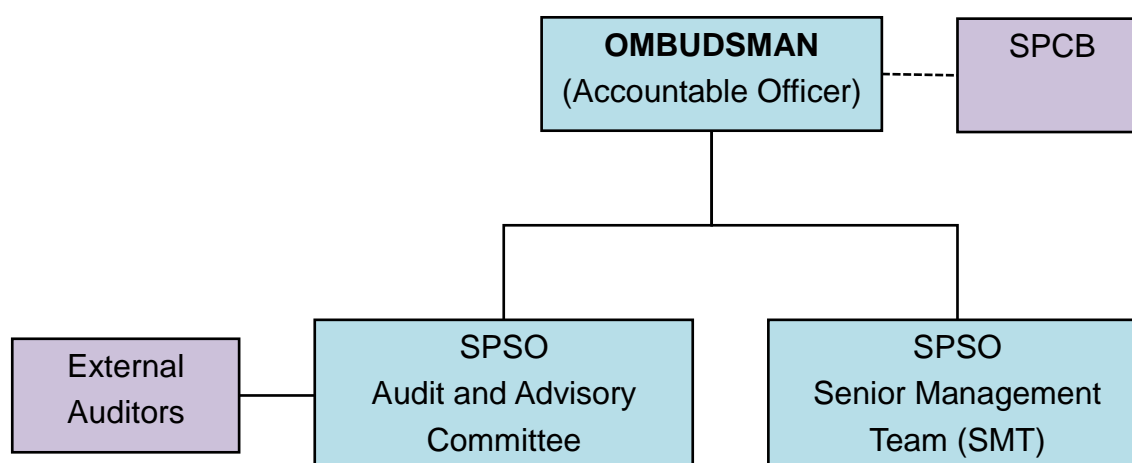
- Constantly checking that it is correctly applied;
- Regularly reviewing the definition and appropriateness of each Protocol within the Scheme of Control and of other SPSO policies; and
- Establishing an appropriate system of sanctions.

The Ombudsman acting independently and/or as Chair of the Senior Management Team may, at any time and acting on his own discretion, check that the Scheme of Control is being effectively and correctly applied. The Ombudsman may ask to consult any documents relating to any activities carried out by the SPSO and the individuals in charge of the processes that are being controlled.

The Ombudsman will periodically check the effectiveness of the Protocols by means of re-examining the management of specific incidents, checking how much staff know about the Scheme of Control and reviewing the Protocols against changing operational circumstances.

The Ombudsman is responsible for ensuring that there is an adequate system of sanctions in place that can be applied as appropriate when a breach of the Scheme of Control is judged to have occurred. Individual members of staff judged not to be fully executing their responsibilities under the Scheme of Control are liable to face sanction. Any sanctions imposed will be consistent with SPSO policies on discipline and grievance.

Overview



The main features of the Scheme of Control are:

- The authority of the Ombudsman is central to the design and operation of the Scheme of Control.
- The Ombudsman holds the role of Accountable Officer.

Scheme of Control

- The Ombudsman will lead a Senior Management Team with overall responsibility for the operation and development of the SPSO.
- A separate Audit and Advisory Committee will oversee the management of risk and audit issues, reporting to the Ombudsman.
- The day-to-day operational management of the SPSO will be the responsibility of the Director which will report operational performance, issues and actions to the Senior Management Team on a regular basis.
- All fora within the Scheme of Control will have a formal constitution as defined by Terms of Reference.

Finance Functions

Under the terms of the Scottish Public Services Ombudsman Act 2002 (the Act) the functions of the Accountable Officer are:

- signing the accounts of the expenditure and receipts of the SPSO;
- ensuring the propriety and regularity of the finances of the SPSO; and
- ensuring that the resources of the SPSO are used economically, efficiently and effectively.

In addition, that Act states that the Ombudsman must:

- keep accounts, and prepare annual accounts in respect of each financial year, in accordance with such directions as the Scottish Ministers may give;
- send a copy of the annual accounts to the Auditor General for Scotland for auditing; and
- if requested by any person make available at any reasonable time, and without charge, in printed or in electronic form, the audited accounts, so that they may be inspected by that person.

The financial year of the SPSO is the period beginning with the date on which the first Ombudsman is appointed and ending with 31 March next following that date, and each successive period of 12 months ending with 31st March.

SPSO Senior Management Team: Terms of Reference

Purpose

The Senior Management Team is authorised to consider any matter concerned with the planning, development and operation of the SPSO.

Duties

The Senior Management Team duties are:

- to ensure that the budgetary performance of the SPSO achieves the key financial targets;
- to monitor the operational performance of the SPSO against all relevant targets;

-
- to monitor the service performance of the SPSO against all relevant targets;
 - to manage and report on operational performance within their functional areas;
 - to ensure the SPSO meets all its statutory obligations;
 - to ensure the successful delivery of the SPSO's Strategic and Business Plans to agreed standards and timetable;
 - to ensure the successful management of the strategic and operational risks through monitoring and implementation of the risk register;
 - to review and assess the strategic development of the SPSO in response to external factors (political, legislative, etc);
 - to monitor the welfare, reward and development of staff against all relevant targets, the SPSO Workforce Plan and statutory requirements;
 - to ensure the successful management of risks relating to the management and investigation of complaints;
 - to monitor ongoing compliance to the SPSO Scheme of Control and to oversee the annual review of the SPSO Scheme of Control; and
 - to receive and respond to reports from the SPSO Groups (Complaints and Investigations, Strategy, and Corporate Services) and the Audit and Advisory Committee.

Membership:

- Ombudsman
- Director
- Head of Communications and Engagement
- Head of Complaints Standards

Membership: In Attendance

The Secretary will be appointed by the Ombudsman.

Chair

The Chair of the Senior Management Team shall be the Ombudsman.

Attendance

The Senior Management Team may also invite relevant employee and/or external advisers to attend meetings.

Frequency of Meetings

There will normally be four quarterly meetings and at least four other minuted meetings per year; complemented by weekly operational updates. The Ombudsman can cancel a meeting or call an extraordinary meeting for operational purposes but there cannot be a gap of more than two calendar months between meetings.

In the absence of the Ombudsman, the Director will act as Chair.

Agenda

Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Senior Management Team, no later than two working days before the date of the meeting. Supporting papers shall be sent to Senior Management Team members and to other attendees as appropriate, at the same time.

The Senior Management Team shall follow a standing agenda comprising:

- Performance Update, including management statistics;
- Corporate Services Update, including financial performance, risk management and human resources reports; and
- Strategy update, including policy and communications.

The agendas for the Senior Management Team meetings in April, July, October, and January will be extended to include:

- progress against SPSO Strategic Objectives and Business Plan;
- Service Improvement report;
- risk exceptions report; and
- other significant change initiatives.

Any agenda can be supplemented by any other matters agreed for inclusion by the Chair.

Minutes

The minutes of meetings of the Senior Management Team shall be circulated to all members of the Senior Management Team and will be published as decided and edited by the Chair.

The Chair can declare reserved, and not for publication beyond the Senior Management Team, any matter relating to a particular investigation and/or to a particular member of staff. The Chair can also reserve any matters whose publication beyond the Senior Management Team may prejudice the effective operation of the SPSO.

SPSO Audit and Advisory Committee: Terms of Reference

Purpose:

The role of the Audit and Advisory Committee of the SPSO is to support the Ombudsman (as Accountable Officer) and the Senior Management Team in monitoring the adequacy of the SPSO's governance and control systems through offering objective advice on issues concerning the risk, control and governance of the SPSO and associated assurances provided by audit and other related processes. The Committee will also be a source of advice and feedback on SPSO Strategic Objectives, annual Business Plans and advise the Ombudsman generally as appropriate.

Duties:

The Audit and Advisory Committee should carry out the duties below for the SPSO as appropriate:

Financial Reporting

The Audit and Advisory Committee shall monitor the integrity of the financial statements of the SPSO, including its annual and interim reports and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgements which they contain. The Audit and Advisory Committee shall also review summary financial statements and any financial information contained in certain other documents, such as budget submissions.

The Audit and Advisory Committee shall review and challenge where necessary:

- the consistency of, and any changes to, accounting policies both on a year on year basis and across the SPSO;
- the methods used to account for significant or unusual transactions where different approaches are possible;
- whether the SPSO has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
- the clarity of disclosure in the SPSO's financial reports and the context in which statements are made; and
- all material information presented with the financial statements, such as the operating and financial review and the corporate governance statement (insofar as they relate to the audit and risk management).

Internal Controls, Performance Management, and Risk Management Systems

The Audit and Advisory Committee shall keep under review the effectiveness of the SPSO's internal financial controls, other internal controls, performance management, and risk management systems including:

- the procedures for identifying business risks and controlling their financial impact on the SPSO;
- policies for preventing and detecting fraud;
- ensuring the SPSO complies with the relevant regulatory and legal requirements and best practice;
- operational effectiveness of the policies and procedures;
- actual performance as reported by line management, internal and external audit.
- insurance arrangements;
- SPSO's strategy and plans for assessing and dealing with risks;
- approve the statements to be included in the Annual Report concerning internal controls, performance management and risk management; and
- monitoring and securing the independence of the office.

Whistleblowing

The Audit and Advisory Committee shall review the SPSO's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.

Internal Audit

The Audit and Advisory Committee shall advise the Ombudsman in relation to:

- the engagement of suitably qualified individuals from outside the SPSO to carry out as appropriate any audit activities deemed necessary;
- the review and assessment of the internal audit requirements and approval of the annual internal audit work plan;
- reviewing promptly all reports on the SPSO from those auditors; and
- reviewing and monitoring the Senior Management Team's responsiveness to the findings and recommendations of the auditor.

External Audit

The Audit and Advisory Committee shall:

- oversee the relationship with the external auditor;
- meet regularly with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting stage;
- meet the external auditor at least once a year, without members of the Senior Management Team being present, to discuss their remit and any issues arising from the audit;
- review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement; and
- review the findings of the audit with the external auditor. This shall include, but not be limited to, the following:
 - a discussion of any major issues which arose during the audit,
 - any accounting and audit judgements, and
 - levels of errors identified during the audit.

The Audit and Advisory Committee shall also:

- review the effectiveness of the audit and raise any appropriate concerns with Audit Scotland;
- review any representation letter(s) requested by the external auditor before they are signed by the Senior Management Team; and
- review the letter and Senior Management Team's response to the auditor's findings and recommendations.

Reporting Responsibilities

The Audit and Advisory Committee Chair shall report formally to the Ombudsman on its proceedings after each meeting on all matters within its duties and responsibilities. The Audit and Advisory Committee shall make whatever recommendations to the Ombudsman and the Senior Management Team it deems appropriate on any area within its remit where action or improvement is needed.

Other Matters:

The Audit and Advisory Committee shall:

- have access to sufficient resources in order to carry out its duties; (it is a matter for the Ombudsman to appoint and fund Internal Audit on recommendation from the Audit and Advisory Committee);
- review the quality of management information and associated reporting systems;
- review the principles and policies being applied to the management and regulatory requirements; and
- consider other topics as defined by the Ombudsman.

The Audit and Advisory Committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Ombudsman and the Senior Management Team for approval.

Authority:

The Audit and Advisory Committee is authorised to:

- investigate any matter which it regards as relevant to its duties;
- have access to all available management information relevant to the conduct of its business;
- seek any information it requires from any employee of the SPSO in order to perform its duties;
- obtain, at the SPSO's expense, outside legal or other professional advice and to secure the attendance of third parties with relevant experience and expertise on any matter within its terms of reference; while meeting any requirements outlined in the Scottish Public Services Ombudsman Act 2002; and
- call any employee of the SPSO to be questioned at a meeting of the Audit and Advisory Committee as and when required. All employees are directed to co-operate with any request made by the Audit and Advisory Committee.

Should the Audit and Advisory Committee identify through its business indicative evidence of any fraud or illegal act, the chairman will report these matters immediately to the Ombudsman and the Senior Management Team. If the illegal act is perpetrated by the Ombudsman, the Audit Committee will report the matter to the Scottish Parliament.

Scheme of Control

The Audit and Advisory Committee shall not investigate any matter related to the investigation of complaints and enquiries or matters of jurisdiction or any other matter outside their defined role.

Membership:

The Audit and Advisory Committee Members are:

- three or more external Members, one of whom shall Chair the Committee, one of the other members will act as Deputy Chair.

Committee Members shall be appointed by the Ombudsman for an initial period of three years with the potential to extend membership for a further two years at the Ombudsman's discretion.

Attendance

Only committee members of the Audit and Advisory Committee have the right to attend meetings. However, other individuals may be invited to attend all or part of any meeting as and when appropriate.

Membership: In Attendance

In attendance at the Audit and Advisory Committee shall normally be:

- the Ombudsman (as Accountable Officer);
- the Director;
- heads of groups;
- internal audit; and
- external audit.

Administration:

The Corporate Services Manager shall act as the Secretary of the Audit and Advisory Committee.

Remuneration

External committee members will be paid an agreed daily rate for attending meetings and all incurred expenses as outlined in the [Travel and Subsistence Policy](#).

Frequency of Meetings

The Audit and Advisory Committee shall meet at least three times a year at appropriate times in the reporting and audit cycle and otherwise as required or requested by the Chair.

At least once a year the Audit and Advisory Committee should meet with external auditors in private.

Quorum

The quorum necessary for the transaction of business shall be two committee members. A duly convened meeting of the Audit and Advisory Committee at which a quorum is

present shall be competent to exercise all or any of the authorities, powers, and discretions vested in or exercisable by the Audit and Advisory Committee.

Agenda

Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Audit and Advisory Committee, no later than five working days before the date of the meeting. Supporting papers shall be sent to committee members and to other attendees as appropriate, at the same time.

Minutes

The Secretary shall minute the proceedings and resolutions of all meetings of the Audit and Advisory Committee, including recording the names of those present and in attendance. The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly. Minutes of Audit and Advisory Committee meetings shall be circulated promptly by the Secretary to all members of the Audit and Advisory Committee and, once agreed, to the Ombudsman and the Senior Management Team.

Independent Customer Complaints Reviewer: Terms of Reference

The Scottish Public Services Ombudsman (SPSO) has published service standards and a published service complaint procedure. Any person/body directly affected by the way in which SPSO handles a complaint about a body within its jurisdiction may refer a service complaint to the Independent Customer Complaints Reviewer (ICCR).

Customer Complaints

A service complaint means a complaint about SPSO's practical handling of a complaint, including any failure to comply with its published service standards. A service complaint excludes SPSO's judgment on issues about jurisdiction or the outcome of the complaint about the body under SPSO's jurisdiction. This means that the ICCR cannot consider or report on the merits of the complaint about the body under SPSO's jurisdiction.

Process

Under SPSO's published service complaint procedure the ICCR can look at service complaints if complainants are still unhappy after a response from the Director. A service complaint to the ICCR must be made within one month of SPSO completing its own internal procedures and telling the complainant in writing about the ICCR.

Usually, the ICCR will only consider the service complaint after SPSO has completed its consideration of the complaint about the body under its jurisdiction. In exceptional cases, the ICCR may ask SPSO to suspend investigation of the complaint against the body under its jurisdiction while he reviews and reports on a service complaint.

SPSO will promptly provide the ICCR with all its files and records relating to the service complaint, and promptly respond to enquiries from the ICCR. The ICCR may seek any further information that they consider necessary, either from the complainant or SPSO.

Reporting

The ICCR will send their findings in writing to the complainant and SPSO. There is no further review against the ICCR's opinion and recommendations. If the ICCR considers that a service complaint should be wholly/partly upheld, they may recommend an apology, an explanation, a process change and/or staff training.

If SPSO accepts the ICCR's recommendation, it will tell the complainant and the ICCR in writing, and carry out the recommendation. If SPSO does not accept the ICCR's recommendation, it will tell the complainant and the ICCR in writing, with its reasons.

If SPSO does not accept the ICCR's recommendation, the ICCR will notify the Audit and Advisory Committee, which will consider the issue at its next meeting. If (following the Audit and Advisory Committee meeting) SPSO still does not accept the ICCR's recommendation, it will publish its reasons in its annual report.

SPSO's annual report will include a report from the ICCR, summarising the nature of complaints received and recommendations made, and a formal response from SPSO.

Quality Assurance

The following procedures have been established to ensure appropriate control over the process for managing complaints and the quality of output from the SPSO. The SPSO approach to complaint handling is set out in the SPSO Commitments, Standards and Case Process Guidance.

- The Ombudsman has delegated his authority to the complaints reviewers in respect of the management of correspondence on and decision making in relation to individual cases (subject to limitations, as specified in the SPSO Standards and Commitments, in respect of cases formally investigated under Section 12 of the Scottish Public Services Ombudsman Act 2002).
- It is the responsibility of the Director to ensure that all complaints are investigated in accordance with the SPSO Act, and SPSO Standards and Commitments as defined in the SPSO Casework Guidance, that case details are retained and logged as appropriate and that all issued correspondence conforms to the SPSO guidelines on format, style and content.
- The Ombudsman will review and approve all draft investigation reports before they are issued for comment and all reports laid before Parliament.

Any appeal against a decision of the SPSO not to investigate a complaint will be reviewed by the Ombudsman. Details and analysis of such complaints should be made available to

the Senior Management Team on a quarterly basis along with relevant statistical information.

Any complaint about the service provided to a complainant or body will be reviewed initially by the Director. If dissatisfied with this review, the complaint may be escalated to the ICCR. Such complaints will gauge the actions of the SPSO against the SPSO Standards and in line with the SPSO policy on customer service complaints. The ICCR will produce a six-monthly report for the Senior Management Team and the Audit and Advisory Committee on any customer service complaints, identifying any areas for learning and improvement, and make recommendations for action. The Senior Management Team are required to respond to these recommendations and agree appropriate actions.

The SPSO has implemented a Quality Assurance process in complaints handling with the results reported to the Senior Management Team on a quarterly basis.

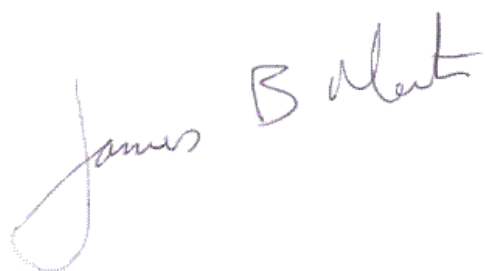
Any member of the Senior Management Team can ask to see and to review any case at any time and can require the relevant Team Manager to attend a meeting to discuss the case.

Governance

- The Scheme of Control cannot be amended without the recorded agreement of the Ombudsman.
- The External Auditors should be informed of any changes to the Scheme of Control.
- The Scheme of Control should be reviewed annually by the Audit and Advisory Committee under the authority of the Ombudsman.
- The Scheme of Control will be available to members of the general public if so requested under the Freedom of Information legislation.

I understand and fully accept the responsibilities and policies detailed within the Scheme of Control and will hold the Senior Management Team accountable for their actions as detailed within the Scheme of Control.

Signed/Dated:

A handwritten signature in blue ink that reads "James B. Martin". The signature is written in a cursive style with a large initial 'J'.

Jim Martin
Ombudsman

2 July 2013

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2. Scheme of Delegation

Link to [Scheme of Delegation](#) document

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3. Code of Professional Conduct (incorporating the Register of Interests)

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Introduction

The Scottish Public Services Ombudsman is accountable to the Scottish public for all actions and decisions taken. To meet the high expectation the Public have of us, you must ensure that your conduct is above reproach.

The Ethical Standards in Public Life etc. (Scotland) Act 2000 provides for new Codes of Conduct for local authority councillors and members of relevant public bodies.

While The Ethical Standards in Public Life etc. (Scotland) Act 2000 does not apply directly to the SPSO, we are a public authority and have adopted the principles of the said Act. It is your responsibility to make sure that you are familiar with, and that your actions comply with, the provisions of the SPSO Code of Conduct.

Guidance on the Code of Professional Conduct (the Code)

You must observe the rules of conduct contained in this Code. It is your personal responsibility to comply with these and review regularly, and at least annually, your personal circumstances with this in mind, particularly when your circumstances change. You must not at any time advocate or encourage any action contrary to the Code.

The Code has been developed in line with the key principles listed in Annex A and provides additional information on how the principles should be interpreted and applied in practice. No Code can provide for all circumstances and if you are uncertain about how the rules apply, you should seek advice from the Chair of the Audit and Advisory Committee. You may also choose to consult your own legal advisers and, on detailed financial and commercial matters, seek advice from other relevant professionals.

Compliance

The Ombudsman, the Director and Audit and Advisory Committee members agree that it is their personal responsibility to comply with the Code. They will not at any time advocate or encourage and action contrary to it.

Breaches of the code by staff members will be considered as a disciplinary matter under the SPSO Disciplinary Procedures.

The Chair of the Audit and Advisory Committee will be given responsibility for monitoring, evaluating and ensuring compliance with the Code.

General Conduct

Allowances

You must comply with any rules of the SPSO regarding remuneration, allowances and expenses.

Gifts and Hospitality

You must never canvass or seek gifts or hospitality.

You are responsible for your decisions connected with the offer or acceptance of gifts or hospitality and for avoiding the risk of damage to public confidence in the SPSO. As a general guide, it is usually appropriate to refuse offers except:

- isolated gifts of a trivial character or inexpensive seasonal gifts such as a calendar or diary, or other simple items of office equipment of modest value;
- normal hospitality associated with your duties and which would reasonably be regarded as inappropriate to refuse; or
- gifts received on behalf of the SPSO.

You must not accept any offer by way of gift or hospitality which could give rise to a reasonable suspicion of influence on your part to show favour, or disadvantage, to any individual or organisation. You should also consider whether there may be any reasonable perception that any gift received by your spouse or co-habitee or by any company in which you have a controlling interest, or by a partnership of which you are a partner, can or would influence your judgement. The term 'gift' includes benefits such as relief from indebtedness, loan concessions, or provision of services at a cost below that generally charged to members of the public.

You must not accept repeated hospitality from the same source. You must record details of any gifts and hospitality received with the Corporate Services Manager Assistant, and the record must be made available for public inspection.

You must not accept any offer of a gift or hospitality from any individual or organisation which stands to gain or benefit from a decision the Ombudsman's Office may be involved in determining, or who is seeking to do business with the SPSO, and which a person might reasonably consider could have a bearing on your judgement. If you are making a visits on behalf of the SPSO, then as a general rule you should ensure that the SPSO pays for the costs of these visits.

Confidentiality Requirements

You are bound by the terms of The Scottish Public Services Ombudsman Act 2002 Section 19.

Use of the Ombudsman's Office Facilities

You must not misuse facilities, equipment, stationery, telephony and services, or use them for party political or campaigning activities. Use of such equipment and services, etc must be in accordance with the SPSO policy and rules on their usage.

Appointment to Partner Organisations

You may be appointed, or nominated by the SPSO, as a member of another body or organisation. If so, you are bound by the rules of conduct of these organisations and should observe the rules of this Code in carrying out the duties of that body.

Registration of Interests

You must declare and record any personal interest that might influence, or be seen by others to influence, their impartiality in arriving at a decision. Those who have business or personal relationships with, or friends/relatives employed by, outside organisations bidding for SPSO contracts must inform their line manager and Human Resources at the outset.

The following paragraphs set out the categories of interests, financial and otherwise, which you have to register. These are 'Registerable Interests', and you must ensure that they are registered. The register is maintained by the Corporate Services Manager.

It is your personal responsibility to comply with these regulations and you should review regularly and at least once a year your personal circumstances. Annex B contains key definitions and explanatory notes to help you decide what is required when registering your interests under any particular category. The interests which require to be registered are those set out in the following paragraphs and relate to you. It is not necessary to register the interests of your spouse, civil partner, or cohabitee.

Category One: Remuneration

You have a registerable interest where you receive remuneration by virtue of being:

- employed;
- self-employed;
- the holder of an office;
- a director of an undertaking;
- a partner in a firm; or
- undertaking a trade, profession or vocation, or any other work.

The amount of remuneration does not require to be registered

If a position is not remunerated it does not need to be registered under this category. However, unremunerated directorships may need to be registered under category two 'Related Undertakings'.

If you receive any allowances in relation to membership of any organisation the fact that you receive such an allowance must be registered.

When registering employment, you must give the name of the employer, the nature of its business and the nature of the post held in the organisation.

When registering self-employment, you must provide the name and give details of the nature of the business. When registering an interest in a partnership, you must give the name of the partnership and the nature of its business.

Where you otherwise undertake a trade, profession or vocation, or any other work, the detail to be given is the nature of the work and its regularity. For example, if you write for a newspaper, you must give the name of the publication and the frequency of articles for which you are paid.

When registering a directorship, it is necessary to provide the registered name of the undertaking in which the directorship is held and detail the nature of its business.

Registration of a pension is not required as this falls outside the scope of the category.

Category Two: Related Undertakings

You must register any directorships held which are themselves not remunerated but where the company (or other undertaking) in question is a subsidiary of, or a parent of, a company (or other undertaking) in which you hold a remunerated directorship.

You must register the name of the subsidiary or parent company or other undertaking and the nature of its business, and its relationship to the company or other undertaking in which you are a director and from which you receive remuneration.

The situations to which the above paragraphs apply are as follows:

- you are a director of a board of an undertaking and receive remuneration – declared under Category one – and
- you are a director of a parent or subsidiary undertaking but do not receive remuneration in that capacity.

Category Three: Contracts

You have a registerable interest where you (or a firm in which you are a partner, or an undertaking in which you are a director or in which you have shares of a value as described in paragraph 3.18 below) have made a contract with the SPSO:

- under which goods or services are to be provided, or works are to be executed; and
- which has not been fully discharged.

You must register a description of the contract, including its duration, but excluding the consideration.

Category Four: Houses, Land and Buildings

You have a registerable interest where you own or have any other right or interest in houses, land and buildings, which may be significant to, of relevance to, or bear upon, the work and operation of the SPSO.

The test to be applied when considering appropriateness of registration is to ask whether a member of the public acting reasonably might consider any interests in houses, land and buildings could potentially affect your responsibilities to the SPSO and to the public, or could influence your actions or decision-making. If in doubt, you may consult with the Director.

You are required to give the address of the property, or otherwise give a description sufficient to identify it.

Category Five: Interest in Shares and Securities

You have a registerable interest where you have an interest in shares which constitute a holding in a company or organisation which may be significant to, of relevance to, or bear upon, the work and operation of the SPSO and the nominal value of the shares is:

- greater than one percent of the issued share capital of the company or other body; or
- greater than £25,000.

You are not required to register the value of such interests.

The test to be applied when considering appropriateness of registration is to ask whether a member of the public acting reasonably might consider any interests in shares and securities could potentially affect your responsibilities to the SPSO and to the public, or could influence your actions or decision-making. If in doubt, you may consult with the Director.

Category Six: Non-Financial Interests

You may also have a registerable interest if you have non-financial interests which may be significant to, of relevance to, or bear upon, the work and operation of the SPSO. It is important that relevant interests such as membership or holding office in other public bodies, clubs, societies and organisations such as trades unions and voluntary organisations, are registered and described.

The test to be applied when considering appropriateness of registration is to ask whether a member of the public acting reasonably might consider any non-financial interest could potentially affect your responsibilities to the SPSO and to the public, or could influence your actions or decision-making. If in doubt, you may consult with the appropriate Director.

Declaration of Interests

Introduction

The key principles of the Code, especially those in relation to integrity, honesty and openness, are given further practical effect by the requirement for you to declare certain

interests in proceedings of the SPSO. Together with the rules on registration of interests, this ensures transparency of your interests which might influence, or be thought to influence, your actions.

Public bodies inevitably have dealings with a wide variety of organisations and individuals and this Code indicates the circumstances in which a business or personal interest must be declared. Public confidence in the SPSO depends on it being clearly understood that actions and decisions are taken in the public interest and not for any other reason.

In considering whether to make a declaration in any proceedings, and for the Ombudsman and Director particularly in the handling of complaints, you must consider not only whether you will be influenced but also whether anybody else would think that you might be influenced by the interest. You must keep in mind that the test is whether a member of the public, acting reasonably, might think that a particular interest could influence you. It is your responsibility to judge whether an interest is sufficiently relevant to require a declaration and you are advised to err on the side of caution. You may also seek advice as appropriate.

Interests which Require Declaration

Interests which require to be declared may be financial or non-financial. They may or may not be interests which are registerable under this Code. Most of the interests to be declared will be your personal interests but, on occasion, you will have to consider whether the interests of other persons require you to make a declaration.

Shares and Securities

Any financial interest which is registerable must be declared. You may have to declare interests in shares and securities, over and above those registerable under category five of this Code.

You have a declarable interest where an interest becomes of direct relevance to a matter before the SPSO and you have shares comprised in the share capital of a company or other body and the nominal value of the shares is:

- greater than one percent of the issued share capital of the company or other body; or
- greater than £25,000.

You are required to declare the name of the company only, not the size or nature of the holding.

Houses, Land and Buildings

Any interest in houses, land and buildings which is registerable under category four of this Code must be declared.

Non-Financial Interests

If you have a registered non-financial interest under category six of this Code you have recognised that it is significant. There is, therefore, a very strong presumption that this interest will be declared where there is any link between a matter which requires your attention in your role with the SPSO and the registered interest. Non-financial interests include membership or holding office in other public bodies, clubs, societies, trade unions and organisations including voluntary organisations. They become declarable if and when members of the public might reasonably think they could influence your actions and decisions.

You may serve on other bodies as a result of express nomination or appointment by the SPSO. You must always remember the public interest points towards transparency particularly where there is a possible divergence of interest between different public authorities.

You will also have other private and personal interests and may serve, or be associated with, bodies, societies and organisations as a result of your private and personal interests and not because of your role with the SPSO. In the context of any particular matter you will have to decide whether to declare a non-financial interest. You should declare an interest unless you believe that, in the particular circumstances, the interest is irrelevant or without significance.

Interests of Other Persons

The Code requires only your interests to be registered. You may, however, have to consider whether you should declare an interest in regard to the financial interests of your spouse or co-habitee which are known to you. You may have to give similar consideration to any known non-financial interest of a spouse, civil partner, or co-habitee. You have to ask yourself whether a member of the public acting reasonably would regard these interests as effectively the same as your interests in the sense of potential effect on your responsibilities within the SPSO.

The interests known to you, both financial and non-financial, of relatives and close friends may have to be declared. The Code does not attempt the task of defining 'relative' or 'friend'. The key principle is the need for transparency in regard to any interest, which might (regardless of the precise description of relationship) be objectively regarded by a member of the public, acting reasonably, as potentially affecting your responsibilities within the SPSO.

Making a Declaration

You must consider at the earliest stage possible whether you have an interest to declare in relation to any matter or complaint which is to be considered. You must declare the interest as soon as you realise it is necessary to your line Manager, the Director or the

Ombudsman and have it recorded by the Corporate Services Manager or to whoever is deputising for her in her absence.

Effect of Declaration

Declaring an interest, financial or not, has the effect of prohibiting your involvement in the particular matter or in the complaint under consideration.

Annex 1: Key Principles of the Code of Conduct

Public Service

You have a duty to act in the interests of the public body of which you are a member and in accordance with the core tasks of that body.

Selflessness

You have a duty to take decisions solely in terms of public interest. You must not act in order to gain financial or other material benefit for yourself, family or friends.

Integrity

You must not place yourself under any financial, or other, obligation to any individual or organisation that might reasonably be thought to influence you in the performance of your duties.

Objectivity

You must make decisions solely on merit when carrying out public business.

Accountability and Stewardship

You are accountable for your decisions and actions to the public. You have a duty to consider issues on their merits, taking account of the views of others and must ensure that the public body uses its resources prudently and in accordance with the law.

Openness

You have a duty to be as open as possible about your decisions and actions, giving reasons for your decisions and restricting information only when the wider public interest clearly demands.

Honesty

You have a duty to act honestly. You must declare any private interests relating to your public duties and take steps to resolve any conflicts arising in a way that protects the public interest.

Leadership

You have a duty to promote and support these principles by leadership and example, to maintain and strengthen the public's trust and confidence in the integrity of the public body and its members in conducting public business.

Respect

You must respect fellow members of your public body and employees of the body and the role they play, treating them with courtesy at all times.

Annex 2: Definitions

1. Remuneration - includes any salary, wage, share of profits, fee, expenses, other monetary benefit or benefit in kind. This would include, for example, the provision of a company car or travelling expenses by an employer.
2. Undertaking - means: a) a body corporate or partnership; or b) an unincorporated association carrying on a trade or business, with or without a view to a profit.
3. Related Undertaking - is a parent or subsidiary company of a principal undertaking of which you are also a director. You will receive remuneration for the principal undertaking though you will not receive remuneration as director of the related undertaking.
4. Parent Undertaking - is an undertaking in relation to another undertaking, a subsidiary undertaking, if a) it holds a majority of the voting rights in the undertaking; or b) it is a member of the undertaking and has the right to appoint or remove a majority of its board of directors; or c) it has the right to exercise a dominant influence over the undertaking (i) by virtue of provisions contained in the undertaking's memorandum or articles or (ii) by virtue of a control contract; or d) it is a councillor of the undertaking and controls alone, pursuant to an agreement with other shareholders or councillors, a majority of the voting rights in the undertaking.
5. Group of companies - has the same meaning as 'group' in section 262(1) of the Companies Act 1985. A 'group, within s262(1) of the Companies Act 1985, means a parent undertaking and its subsidiary undertakings.
6. Public body - means a devolved public body listed in Schedule 3 of the Ethical Standards in Public Life etc. (Scotland) Act 2000.
7. A person - means a single individual or legal person and includes a group of companies.
8. Any person - includes individuals, incorporated and unincorporated bodies, trade unions, charities and voluntary organisations.
9. Spouse - does not include a former spouse or a spouse who is living separately and apart from you.
10. Co-habitee - includes a person, whether of the opposite sex or not, who is living with you in a relationship similar to that of husband and wife.

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4. Whistleblowing Policy

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The term 'whistleblowing' is not legally defined. It is generally understood to mean drawing attention to alleged wrongdoing, internally where there is a proper mechanism for doing so, or externally where such a mechanism is lacking.

Introduction

This policy sets out the Scottish Public Services Ombudsman (SPSO) approach to whistleblowing and provides guidance to staff about raising concerns. It is intended to encourage and enable staff to raise concerns within the SPSO, rather than overlooking a problem or blowing the whistle outside. The policy takes account of the Public Interest Disclosure Act 1998 (PIDA).

The PIDA amends the Employment Protection Act 1996 and aims to promote greater openness in the workplace. It protects whistle-blowers from detrimental treatment (victimisation or dismissal) for raising serious concerns about matters in the public interest. The PIDA says that a disclosure will qualify for protection if, in the reasonable belief of the staff member at the time of disclosure, it tends to show that one or more of the following types of malpractice (known as a 'relevant failure') has occurred, is occurring or is likely to occur:

- a criminal offence;
- a failure to comply with a legal obligation;
- a miscarriage of justice;
- the endangering of an individual's health and safety;
- damage to the environment; or
- deliberate concealment of information about any of the above.

Also, the staff member must have followed the disclosure procedures set out in the PIDA. These are set out in this Policy.

The SPSO is committed to the highest standards of honesty, openness and accountability. As a part of this commitment, the SPSO encourages staff with concerns about any aspect of its work to come forward and express these concerns.

SPSO staff are encouraged to put their name to their concern. Concerns expressed anonymously are much less powerful, but they may be considered at the discretion of the Ombudsman. In exercising this discretion, the factors to be taken into account include the seriousness of the issues raised, the credibility of the concern and the likelihood of confirming the allegation from attributable sources.

Where a concern relates more appropriately to other SPSO policies, such as those dealing with **Dignity at Work**, **Grievance** or **Discipline**, then these policies should be used instead.

All whistleblowing disclosures are treated in confidence. The SPSO will do all it can to protect the identity of a staff member who raises a concern and does not want their name to be made known. However, there may be situations where a matter cannot be investigated unless the identity of the staff member made known. The implications of making their identity known are discussed fully with the staff member beforehand and protective measures put in place, if required.

It is recognised that a decision to report a concern can be a difficult one to make, not least because of the fear of reprisal from those responsible for the alleged wrongdoing. Staff coming forward with a concern can be confident that it will not affect their career or enjoyment of their job. This applies equally if the staff member has come forward in good faith with a concern that turns out later not to be justified.

The nature of the work of the SPSO means that staff members may, during the consideration of a complaint, become aware of wrongdoing by a complainant or a listed authority. If so, the staff member must report these findings to their line manager immediately. The line manager must consult the Ombudsman before taking any action in relation to these findings.

This policy covers all permanent and short-term staff employed by the SPSO, including contractors providing services and agency workers. The usual employment law restrictions on minimum qualifying periods do not apply.

Reporting a Concern – Internal Disclosures

Staff members who have a concern, become aware of wrongdoing or consider that have been asked to act in way that raises a fundamental issue of conscience for them, should speak to their line manager in confidence. Staff who are line managed by the Ombudsman should raise concerns with HR.

If it is inappropriate or difficult for the staff member to raise a concern with their line manager, or the concern is about the line manager, then the concern can be discussed with HR.

If the staff member does not consider that the response received from the line manager or HR is reasonable, then they may take their concern directly to the Ombudsman. If the staff member is not satisfied with the response from the Ombudsman, or the concern relates to the Ombudsman, then the staff member may take the concern to the [Audit and Advisory Committee](#) by emailing the Chair - tom.frawley@ni-ombudsman.org.uk.

Staff members are encouraged to report concerns as soon as they become aware of them. The staff member must not investigate the concern themselves. A staff member making a disclosure is not expected to prove the truth of any allegation, but sufficient information

should be contained in the disclosure to demonstrate that reasonable grounds for the allegation exist.

Staff members who disclose an 'alleged wrongdoing' (see Section 1.2) to the SPSO are protected by the PIDA, provided that the disclosure is made in good faith and the staff member has a reasonable suspicion that the alleged wrongdoing has occurred, is occurring or is likely to occur.

The person receiving the disclosure must consider it seriously. They need to decide whether the concern is a matter for this policy or another SPSO policy. This policy is concerned with disclosure of information that is, or will be in the public interest to do so. It is not intended to replace the Grievance Procedure, which is there for staff to raise any matter of a personal nature or to express dissatisfaction with a management decision. If the line manager decides that it is a matter for a different policy, then this is discussed with the staff member and advice given about the appropriate steps to take.

If the matter is for this policy, the whistle-blower is asked whether they wish their identity to be disclosed and reassured about protection from possible reprisals or victimisation. The whistle-blower is also asked whether they wish to make a written statement. In either case, the person receiving the disclosure must write a brief summary of the discussion, to be agreed and signed by both parties.

The Ombudsman must be told about any whistleblowing disclosures. As soon as the initial facts are established, the person receiving the disclosure must give the written summary of the discussion to the Ombudsman. Initial enquiries may be made to decide whether an investigation is appropriate. Some concerns may be resolved by agreed action without the need for investigation. If urgent action is required, this may be taken before any investigation is conducted. The Ombudsman makes the decision to initiate an investigation. The Ombudsman will report all incidents of whistleblowing to the Audit and Advisory Committee.

Investigating a Whistleblowing Disclosure

The type of investigation depends on the nature and circumstances of the disclosure. The Ombudsman normally delegates the role of Investigating Officer to the Director. The police may be involved at an early stage if criminal activity is suspected.

The purpose of an investigation is to establish the relevant facts. An investigation takes place as sensitively and speedily as possible. The Procedure for Investigating a Whistleblowing Disclosure is set out in a separate document. It may not be possible to give precise timescales in an investigation, but time limits should be allocated for each stage of the procedure.

The whistle-blower must be kept informed of progress of any investigation. No later than ten working days (and earlier if possible) after a disclosure has been made, the Ombudsman should contact them to indicate how the disclosure is being handled, advise what is likely to happen next and give an estimated timescale.

If the alleged wrongdoer (the subject of the disclosure) is another SPSO staff member, they must be told as quickly as possible about the allegation and allowed to respond (see Procedure for Investigating a Whistleblowing Disclosure). Just as the SPSO seeks to protect whistle-blowers who raise concerns in good faith, so it seeks to protect staff members against whom allegations are made.

The whistle-blower and alleged wrongdoer are both entitled to be accompanied by a representative, who is either a work place colleague or a Trade Union representative, at any investigation hearing conducted under the Whistleblowing Policy.

The outcome of an investigation is reported to the Ombudsman. The Ombudsman decides what action to take. This may include action under the SPSO Disciplinary Procedure.

As soon as possible after the outcome has been agreed, the Investigating Officer meets the whistle-blower to give feedback on the action taken. This would not include details of any disciplinary action, which would remain confidential.

Reporting a Concern – Regulatory Disclosures

SPSO staff are encouraged to raise concerns internally. However, there may be circumstances when a staff member has disclosed a concern internally, but is not satisfied by either the response after investigation or the lack of response. In addition, there may be situations where the staff member is unable or afraid to talk to anyone internally because of the nature of the concern.

The PIDA sets out the circumstances in which it is appropriate to report concerns to an external body. It makes special provision for disclosure to 'prescribed persons' where a staff member reasonably believes the wrongdoing falls within their remit. These are known as regulatory disclosures.

The prescribed persons, along with the matters for which they are prescribed, are listed in a Schedule to the PIDA. This Schedule is updated by Statutory Instrument, the most recent one being the Public Interest Disclosure (Prescribed Persons) (Amendment) Order 2003. Prescribed persons include the Health and Safety Executive, the Inland Revenue and Audit Scotland, along with regulators such as the Care Inspectorate.

In order to be protected, the regulatory disclosure must be about a relevant failure. In addition, the staff member must make the disclosure in good faith, reasonably believe the information and allegations are substantially true and reasonably believe that the matter falls within the description of matters for which the person has been prescribed.

Reporting a Concern – Wider Disclosures

Again, staff are encouraged to raise concerns internally first, but may decide that wider disclosure is needed. The PIDA also deals with wider disclosures, for example to the police, the media or any other non-prescribed persons. Disclosures are only protected if they are about relevant failures, they meet the preconditions detailed below and they are not made for personal gain. The disclosure must be made in good faith and the staff member must reasonably believe the information or allegation is substantially true. Preconditions are that:

- the staff member has previously disclosed substantially the same information to the SPSO or a prescribed person;
- the staff member reasonably believes they would be subject to 'a detriment' if they raised the concern within the SPSO or to a prescribed person;
- there is no prescribed person and the staff member reasonably believes that evidence is likely to be concealed or destroyed if the disclosure is made internally; or
- the wrongdoing itself is of an exceptionally serious nature (as a matter of fact and not simply the staff member reasonably believes it to be exceptionally serious).

It is for an Employment Tribunal to decide what is reasonable for the staff member to make as a disclosure (see section 6). In deciding the reasonableness of the disclosure, the ET will consider all the circumstances. These will include:

- the identity of the person to whom the disclosure was made (it is more likely to be considered reasonable to disclose to a professional body having responsibility for standards and conduct in a particular field, such as accountancy, than to the media);
- the seriousness of the wrongdoing;
- whether the risk or danger is on-going;
- whether the disclosure breached the duty of confidentiality that the SPSO owed to a third party;
- what action has been taken or might reasonably be expected to have been taken if the disclosure was previously made to the SPSO or a prescribed person; and
- whether the staff member complied with any approved internal procedures if the disclosure was previously made to the SPSO.

Protection after Making a Disclosure

The PIDA says that a worker has the right not to be subjected to any detriment by any act, or any deliberate failure to act, by his employer on the ground that the worker has made a protected disclosure. Therefore, the legislation does not introduce a general protection for whistle-blowers that applies in all circumstances. It applies to workers who follow the

procedures laid down in the legislation, as set out above, in disclosing specific categories of wrongdoing (relevant failures – see Section 1.2).

A staff member would not qualify for protection if they were committing an offence by disclosing the information (for example, if disclosure was prohibited under the Official Secrets Act 1989). Confidentiality clauses, such as gagging clauses in employment contracts and severance agreements that conflict with the protection provided by the PIDA are not legally binding.

If there is the need to determine whether a disclosure has been made in good faith, any internal investigation may take into account evidence relating to why the staff member might want to make a dishonest or malicious allegation. The SPSO **Rules of Conduct** state that staff members are expected to maintain the highest standards of honesty and integrity. A dishonest or malicious allegation may be considered as serious or gross misconduct, resulting in action under the SPSO **Disciplinary Procedure**.

Detriment may take a number of forms, such as denial of promotion, facilities or training opportunities that the employer would otherwise have offered. A staff member who has made a disclosure and who feels that they have suffered adverse treatment as a result, should submit a formal complaint under the SPSO **Grievance Procedure**, detailing what has taken place.

A staff member who considers that they have been victimised or subjected to a detriment for making a protected disclosure (other than a dismissed employee) can bring a claim at the employment tribunal for (1) a declaration to that effect and (2) such uncapped compensation as is just and equitable for the loss suffered and expenses reasonably incurred.

Staff members protected by the PIDA may make a claim for unfair dismissal if they are dismissed for making a protected disclosure. Workers who are not employees may not claim unfair dismissal. However, if their contract has been terminated because they made a protected disclosure, they may instead make a complaint that they have been subjected to a detriment.

Harassment or victimisation of a whistle-blower is a serious matter and will result in disciplinary action.

Independent Advice

A staff member who is unsure whether to use the Whistleblowing Policy, or would like independent advice at any stage, is encouraged to seek legal advice, contact their trade union for advice or contact an advice agency such as the independent charity Public Concern at Work (see [Annex 1](#) for details).

A qualifying disclosure is protected if it is made to a legal adviser in the course of obtaining legal advice. Staff members who seek other advice should bear in mind the distinction between seeking information about the provisions of the PIDA and the requirements attached to making a protected disclosure.

Disputes

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:

- 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; and
- use of the SPSO's **internal grievance procedure**.

Annex 1: Public Concern at Work – Contact Details

Public Concern at Work is the leading authority on public interest whistleblowing. Its charitable objectives are to promote compliance with the law and good practice in organisations across all sectors. In practical terms, it focuses on the responsibility of workers to raise concerns about wrongdoing and the responsibility of those in charge to investigate and remedy such issues. It provides free advice and assistance to individuals who are concerned about apparent danger or wrongdoing in the workplace.

UK Office

Public Concern at Work
3rd Floor, Bank Chambers
6 - 10 Borough High Street
London SE1 9QQ

Telephone: 020 7404 6609 (general enquiries and helpline)

Fax: 020 7404 6576

Email: whistle@pcaw.co.uk (UK enquiries)

helpline@pcaw.co.uk (UK helpline)

services@pcaw.co.uk (UK services)

Website: www.whistleblowing.org.uk

Hours: The UK office is open and the helpline is staffed from 09:00 to 18:00, Monday to Friday. There is an answering machine out-of-hours.

Scottish Office

Public Concern at Work
The Nerv Centre
80 Johnstone Avenue
Hillington Business Park
Glasgow
G52 4NZ

Telephone: 0141 883 6761 (general)

Email: ht@pcaw.co.uk

The Office is staffed weekday mornings and helpline calls are rerouted to the UK lawyers based in London.

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5. Anti-Fraud Policy

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Introduction

The Scottish Public Services Ombudsman Office is a body which, due to the nature of the duties performed within the organisation, requires a standard of absolute honesty and integrity from its staff. Trust is an essential part of this process and there is no room for dishonesty, either within the Ombudsman's Office, its complainants or the listed authorities.

This policy should be read in conjunction with the following policies:

- Scheme of Control
- Scheme of Delegation
- Whistleblowing Procedure
- Gifts and Hospitality Procedure
- Grievance Procedure
- Travel and Subsistence Policy
- Discipline Procedure
- Conduct and Behaviour Procedure

No precise legal definition of fraud exists; many offences referred to as fraud are covered by the Theft Acts of 1968 and 1978. The term is used to describe acts such as deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts and collusion. For the purpose of this policy, fraud may be defined as the use of deception with the intention of obtaining an advantage, avoiding an obligation or causing loss to another party.

This policy is concerned with occupational fraud ie fraud committed by SPSO employees or contractors in the course of their work.

Occupational fraud and abuses fall into four main categories:

- theft, the misappropriation or misuse of assets for personal benefit;
- bribery and corruption;
- false accounting and/or making fraudulent statements with a view to personal gain or gain for another: for example, falsely claiming overtime, travel and subsistence, SPSO leave or special leave (with or without pay); and
- externally perpetrated fraud against an organisation.

All policies and practices adopted by the SPSO to safeguard the organisation against fraud are in line with the fraud section of the [Scottish Public Finance Manual \(SPFM\)](#).

Prevention of Fraud

The Ombudsman is committed to preventing fraud and corruption from occurring, to having appropriate systems of detection and correction in place and to maintaining an anti-fraud culture.

To achieve this the SPSO will comply with the requirements of Government Accounting to:

- assess the organisation's overall vulnerability to fraud and the specific areas which are most vulnerable;
- develop and maintain effective controls to prevent fraud;
- ensure that if fraud occurs a vigorous and prompt investigation will take place;
- take appropriate disciplinary and legal action in all cases, where justified;
- review systems and procedures to prevent similar frauds;
- investigate whether there has been a failure in supervision and take appropriate disciplinary action where supervisory failures occurred; and
- record and report all discovered cases of fraud.

The Ombudsman will:

- not tolerate fraud, impropriety or dishonesty;
- investigate all instances of suspected fraud, impropriety, or dishonest conduct by SPSO staff or external organisations;
- take action – including dismissal and/or criminal prosecution - against any member of staff defrauding (or attempting to defraud) the SPSO, other SPSO staff, other organisations with which they have contact or SPSO contractors;
- take action - including criminal prosecution - against external organisations defrauding (or attempting to defraud) the SPSO, SPSO staff in the course of their work, SPSO contractors or other organisations with whom SPSO staff have contact;
- co-operate fully with any external investigating body;
- always seek to recover funds lost through fraud;
- maintain a Fraud Register in which it will log details of all allegations of fraud, their, investigation and conclusions; and
- monitor and report on fraud in line with its governance arrangements.

SPSO Staff:

- must not defraud the SPSO, other staff, other organisations with which they have contact or SPSO contractors; and
- must demonstrate the highest standards of honesty, propriety and integrity in the exercise of their duties.

Examples of Concerns

Concerns which should be reported include, but are not limited to, staff committing or attempting to commit:

- any dishonest or fraudulent act;
- forgery or alteration of documents or accounts;
- misappropriation of funds, supplies or other assets;
- impropriety in the handling or reporting of money or financial transactions;
- profiting from an official position;
- disclosure of official activities or information for advantage;
- accepting or seeking value from third parties by virtue of official position or duties; and
- theft or misuse of property, facilities or services.

External organisations' actions which should be reported include, but are not limited to:

- being offered a bribe or inducement by a supplier;
- receiving fraudulent (rather than incorrect) invoices from a supplier; and
- reported allegations of corruption or deception by a supplier.

Responsibilities

The maintenance of an anti-fraud culture underpins all work to counter fraud. All SPSO staff should understand the risk of fraud faced by the office, ie that fraud is serious and would divert resources away from the SPSO's primary objectives and would have a negative impact on the reputation of the Ombudsman.

Responsibilities are as follows.

Ombudsman

- Maintain adequate systems of control to mitigate risk relating to fraud occurring, going undetected and not being appropriately challenged.
- Appoint an appropriate person to investigate allegations of fraud if those allegations involve the Director, or if the Director recommends another party should investigate.
- Approve investigation plans.
- Report all incidents of fraud to the Audit and Advisory Committee.

Director

- Monitor reports relating to fraud and investigations of allegations of fraud in line with governance arrangements.
- Actively manage risk relating to fraud in line with the [Risk Management Policy](#).
- Enforce the SPSO anti-fraud policy.
- Appoint an appropriate investigator and approve investigation plans if an allegation is made about the Ombudsman.
- Communicate this policy and changes to it to all staff.

Managers

- Provide assurance to the Ombudsman and SMT of the adequacy of systems to manage the risk relating to fraud.
- Report on fraud to the SMT in line with governance arrangements.
- Investigate allegations of fraud in line with the SPSO policy and guidance, unless the subject of an allegation or with agreement from the Ombudsman to an alternative investigator being appointed.
- Draw up an investigation plan for the Ombudsman (or Director)'s approval prior to carrying out an investigation into an allegation of fraud this should be:
 - proportionate to the allegation;
 - carried out according to the principles of fairness, natural justice, respect for human rights and equality, impartiality and in the interests of the organisation;
 - evidence based;
 - supported by clear and appropriate records of all actions, supporting information and findings; and
 - conclude with a report of findings and recommendations.
- Provide support and guidance to staff in the application of this policy;

Anti-Fraud Policy

- Maintain and review this policy regularly, ensuring that changes in external policy and guidance, or relevant legislation are incorporated promptly.
- Maintain and review this policy, and supporting systems, as appropriate following investigation of an allegation of fraud.
- Ensure that records relating to allegations of fraud are reflected in records management policies and procedures, and managed in accordance with them. (The Director will anonymise entries in the Fraud Register where the outcome of the investigation is that the allegations were unfounded.)

SPSO Staff

- Staff have a personal responsibility to comply with the SPSO policy on fraud.
- Staff members who have a concern or become aware of fraud must report, in confidence, all suspected incidents of fraud to their line manager immediately they become aware of them. Staff who are line managed by the Ombudsman should raise concerns with the Director. Staff who are line managed by an SMT member should raise concerns with the Ombudsman. If staff are unsure whether something is likely to constitute fraud, they should ask for clarification from an SMT member.
- If a staff member does not consider that the response received from the line manager or SMT member is reasonable, then they may take their concern directly to the [Audit and Advisory Committee](#) by emailing the Chair - tom.frawley@ni-ombudsman.org.uk.
- If the staff member is not satisfied with the response from the Audit and Advisory Committee, or the concern relates to the Ombudsman, then the staff member may take the concern to Audit Scotland.
- Suspected incidents of fraud must be kept confidential and not discussed except in the context of an investigation.
- Individuals must co-operate fully with any investigation into and allegation of fraud.
- There will be no recriminations against staff who report reasonably held suspicions and any attempt to deter staff from reporting such suspicions will be treated very seriously.
- Malicious allegations could however be regarded as a disciplinary matter.

Detecting Fraud

To increase your awareness of the potential for fraudulent activities, you should identify property or resources to which you have responsibility. You should ask yourself:

- How could this property be misused or improperly used?
- If this property was misused or misappropriated, how would I know?
- What controls exist to prevent or detect inappropriate use of property?
- What additional controls are necessary to ensure the property is adequately protected from loss?
- Is the cost of these controls reasonable in relation to the risk involved?

To ensure that an adequate system of internal control exists within your area of responsibility the key points to consider are:

- separation of duties;
- physical safeguards over property;
- proper documentation;
- adequate supervision; and
- independent checking of key transactions.

If there is a specific area where you have concerns that a risk exists or where you feel improvements could be made, you should discuss your concerns with your line manager. They will consider what action is required, if any, to address the potential risk.

Protection from Detrimental Treatment

The Public Interest Disclosure Act 1998 gives some protection to individuals from detrimental treatment (victimisation or dismissal) for raising serious concerns about matters in the public interest. This could include criminal activity such as fraud. For further information see the [SPSO Whistleblowing Policy](#).

Internal Audit

Internal audit is an 'independent appraisal function established by the management of an organisation for the review of the internal control system as a service to the organisation. It objectively examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources'.

All internal auditors undertake broadly similar types of work. This involves reviewing and testing the internal controls of key financial and non-financial systems.

The key factors for a successful internal audit operation are:

- setting clear and properly focused objectives for internal audit;
- maintaining internal audit independence;
- planning and controlling the work of internal audit;
- resourcing the internal audit work programme;
- having effective reporting and follow-up arrangements; and
- holding internal audit to account for its performance.

The nature of the function of the SPSO office requires that there be a reliable and robust internal audit process. This will be implemented and managed by the Director, reporting to the Audit and Advisory Committee.

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6. Risk Management Policy

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Scope

This policy provides guidance on risk management and the steps that need to be followed in order to identify and manage key business risks.

Key Points

- Risk management should be closely linked to the business planning process. There should also be a link between risk management, business planning and plans for business continuity.
- In order to effectively manage risk, organisations need to define their risk appetite. There are two main reasons for this; to ensure resources are prioritised in the right areas and to encourage management to take risks where it will generate the highest value.
- A risk needs to threaten the achievement of the SPSO's business plan to justify inclusion in the risk register.
- One of the key elements of internal control will be ensuring that the Senior Management Team have adequate advice on risk when reaching strategic decisions.
- With a constantly changing business environment and evolving priorities, the risks the SPSO faces change over time and need to be reviewed regularly.
- The risk register should only contain risks that the SPSO is in a position to manage and control or to minimise the impact on the SPSO should the risks materialise.
- The Senior Management Team should ensure that risk assessment is embedded into the corporate and performance management, business planning and financial reporting processes and not carried out as an isolated exercise.

Background

This policy outlines the steps that need to be followed in order to identify and manage key risks to the achievement of the SPSO's business objectives in line with Best Practice. Risk management should therefore be closely linked to the business planning process. There should also be a link between risk management, business planning and plans for business continuity.

Risks arise from possible threats to the SPSO's ability to achieve its objectives, and failure to take advantage of opportunities. Risk can be either external (for example, changes in economic or political circumstances or the actions of organisations with which the SPSO has close links) or internal (for example, failure of systems or the actions of staff). Managers must remain continually watchful for new or developing risks.

Roles and Responsibilities

[Annex 1](#) sets out the roles and responsibilities and the timetable for managing risk in SPSO. Through a process of corporate evaluation of the known risks, the Senior

Management Team should aim to arrive at an overall list (grouped as appropriate) of the key risks confronting the SPSO. This list will incorporate those key risks facing teams, as identified by team managers during their regular operational meetings with their senior manager, which threaten achievement of the the SPSO's strategic and business objectives.

As part of their responsibility for internal control and as part of an effective business planning process the Senior Management Team should meet at least quarterly to review the key business risks associated with achievement of the SPSO's strategic objectives. It is for the Senior Management Team to judge the impact of all potential key risks (not only financial risks) and to consider how they should be managed.

The five main objectives of the quarterly review of the risk register should be to:

- discuss, evaluate and agree the list of key business risks which might affect the ability to deliver departmental objectives and targets;
- assess existing controls (the measures in place to reduce or limit risk);
- determine the appropriate response to each risk;
- allocate responsibility for managing each risk; and
- agree future review procedures.

Risk Evaluation

Taking each of the risks in turn the Senior Management Team will discuss and rate the inherent likelihood of each risk occurring, and its impact on quality, cost and timescales should it occur. This is done by assessing and awarding a numerical value where the lowest risk =1 and the highest risk =5. These rating values are then combined to provide an overall inherent risk rating using the following scale:

20-25 = Critical unacceptable level of risk exposure that requires immediate mitigating actions

10-19 = High unacceptable level of risk which requires controls to be put in place to reduce exposure

4-9 = Medium acceptable level of risk exposure subject to regular active monitoring.

1-3 = Low acceptable level of risk subject to regular passive monitoring.

The control actions currently in place for each risk are detailed and the risk is re-assessed with a current score. The overall significance of the risk is then rated as low, medium, high or critical.

Response to Risk

Once the key risks have been identified and assessed, the Senior Management Team consider how to manage them to complete this aspect of internal control. Consideration is given to new risks resulting from changed business objectives. Response to risk can be to:

- tolerate it - because there is no cost effective control and the risk can be adequately monitored;
- transfer it - to another party, for example, by contracting out;
- terminate it - by closing down the activity; or
- treat it - by taking appropriate action to manage the risk through the introduction of appropriate controls.

The response in any particular case will depend on the nature and impact of the risk and the extent to which the risk can be managed. Where appropriate, the action required to manage the risk is then described, and the key manager(s) responsible for implementing the action detailed. This action will be mirrored in the Business Plan.

Risk Toleration Level

The response to each risk will determine the amount of risk the Senior Management Team is prepared to accept before action (or further action) is deemed necessary to manage the risk. The framework is designed to encourage the identification and management of key risks through a systematic approach. Consideration is given to the business tolerance for the risk and a target score for each risk is agreed. Any further planned controls to mitigate the risk and reach the target score are recorded. These actions will be mirrored in the current business plan.

Ownership of Risk

The Senior Management Team will seek to promote a management environment in which all staff participate in the identification, notification and management of business risks. Risk management should be embedded throughout the SPSO at all appropriate levels.

Controls

Controls relate to procedures that help to ensure management objectives and policies are carried out. They ensure that risks, which may inhibit the achievement of objectives, are kept to a minimum. Controls include measures, which can range from approval and authorisation procedures to performance reviews, to segregation of duties.

Controls fall into four categories and can be defined as follows:

Directive designed to ensure that a particular outcome is achieved

Preventive	designed to limit the possibility of an undesirable outcome being realised
Detective	designed to identify occasions when undesirable outcomes are realised
Corrective	designed to correct undesirable outcomes, which have been realised

One of the key elements of internal control will be ensuring that the Senior Management Team have adequate advice on risk when reaching policy decisions.

Controls should be proportional to the risk. For the most part, they should, for example, be designed to give a reasonable assurance of confining likely loss to the toleration levels agreed by the Senior Management Team. Control actions have associated costs and it is important that they offer value for money in relation to the risks being controlled and are mainly designed to contain risk rather than obviate it.

Review and Assurance

The Audit and Advisory Committee have a responsibility for monitoring risk management arrangements in the SPSO. Amongst other functions, they monitor the work of the Internal Auditors, who provide independent assurance to senior management about the adequacy of the SPSO's internal control systems. This is achieved through a programme of audit assignments and regular reports to the Audit and Advisory Committee and Senior Management Team.

Risk Register

Following the preparation of the coming year's business plan the risk register should be reviewed and updated against the objectives. A final version of the register will then be tabled at the quarter one Audit and Advisory Committee meeting with the business plan. When it has been reviewed by the Audit and Advisory Committee, the register should be circulated to all members of staff so that they are aware of the risk management policy and the controls in place to limit exposure to risk.

Embedding the Process

The Senior Management Team will ensure that risk assessment is embedded into the corporate and performance management, business planning and financial reporting processes. The Senior Management Team's approach to internal control is based on the underlying principle of line management's accountability for risk management and internal control. The risk register supports the assurances given by/to the Ombudsman as Accountable Officer in relation to the signing of the annual governance statement.

The Senior Management Team and Audit and Advisory Committee follow an agreed timetable for continuing review of the risk register, and other sources of assurance, whilst

bearing in mind that the key risks faced by the SPSO may change and that the adequacy of the internal control system requires regular re-assessment.

The 'top down' approach to risk management in the SPSO acknowledges that day-to-day control rests with Management Team and the Senior Management Team. However, in order to fully embed risk management risk registers should be prepared with full staff involvement. That should result in risk management becoming a two-way process with views on risk from the lower levels being communicated up the line.

Assurance for the Senior Management Team

The sources of assurance that Senior Management Team use are:

- Senior Management Team and Audit and Advisory Committee review of the risk management process;
- review of the risk register;
- performance and risk indicators;
- views of line management and key staff;
- independent monitoring activities; and
- audit.

Annex 1: Roles and Responsibilities in Managing Risk

<i>Responsibility</i>		<i>Role</i>
Audit and Committee	Advisory	To monitor (oversee) the effective management of risk by the SPSO and review the risk management processes and reviewing assurance on the adequacy of the internal control system.
External and Auditors	Internal	To give preliminary consideration to the key corporate risks facing the SPSO and provide advice to the AAC, Accountable Officer and Senior Management Team.
Ombudsman Accountable Officer	as	To ensure that the organisational risks which it faces are dealt with in an appropriate manner in accordance with relevant aspects of best practice in corporate governance.
Senior Management Team as Risk Owners		To ensure that the organisation manages strategic and operational risk effectively through the development of a risk management process.
Director, Services Manager Internal Auditors Managers	Corporate and	To support the Senior Management Team in the effective development, implementation and review of the risk register. To manage risk effectively in their particular areas, including where appropriate, maintaining risk registers.
All Staff		To manage risk effectively in their jobs and to contribute as necessary to the risk register process.

Annex 2: Timetable for the Management of Risk by Senior Management Team / MT

<i>Timing</i>	<i>Action</i>
March	Senior Management Team review strategic risks as part of the business planning process.
March - June	Risk Register reviewed by the Audit and Advisory Committee and all staff with adjustments made accordingly.
Throughout Year	Senior Management Team reviews the risk register quarterly and provides a report to the Audit and Advisory Committee. Internal Auditors review risk management process three-yearly and provides a report to the Audit and Advisory Committee. External Auditors audit risk management process as part of their annual audit for Audit Scotland.
Thrice Yearly	Audit and Advisory Committee reviews risk management process.

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7. Travel and Subsistence Policy

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This policy sets out the principles and arrangements concerning 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

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.

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.

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.

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.

All SPSO staff are required to obtain the authority of their line manager before incurring travel or subsistence related expenditure.

SPSO staff who travel for work related reasons must comply with SPSO guidance on personal safety in relation to travel.

Work Related Travel

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.

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.

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

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.

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.

Standard class rail travel should be used. However the staff member may travel First Class if the timetabled train journey totals three hours or more and the staff member will be working on the train on official business. 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.

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.

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

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 of the office).

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.

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

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 (see below).

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.

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:

- 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;
- the staff member must have a current full driving licence and present it to the SPSO on request;
- the staff member must satisfy the SPSO that they have current insurance cover for business use of the private vehicle (see Appendix 1 to this policy). The SPSO does not accept any insurance liability for private vehicles used on work related business;
- the staff member accepts responsibility for ensuring that a private vehicle used for work related travel is maintained in a roadworthy condition; and
- the staff member must agree to notify the SPSO in writing of any current or subsequent driving convictions or disqualification.

Application form to [Use your Private Motor Vehicle on Official Business](#)

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.

[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.

SPSO staff who use a private vehicle for work related travel will have the expenses actually and necessarily incurred met by payment of a mileage allowance at the standard rate per mile as set out in Appendix 2. The SPSO has dispensation from the Inland Revenue for the Travel and Subsistence 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:

- 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
- 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.

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.

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.

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

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:

- name of the driver;
- required pick-up location;
- date and time of collection;
- drop-off location; and
- date and time of return.

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.

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

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.

SPSO staff can claim a bicycle mileage allowance if they use a bicycle for work related travel (see [Annex 2](#)).

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 to [Use your Private Motor Vehicle on Official Business](#)

Travel Loans

Season Ticket Loan

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.

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.

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

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 clothing and equipment in order to encourage bike travel.

The loan is made up to a maximum of £750. 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.

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 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.

Subsistence Payments

Subsistence payments reimburse SPSO staff for any necessary additional expenditure incurred while on work related business. Absence on work related business does not automatically create an entitlement to subsistence payments. In general, if no extra expense is incurred, no subsistence payment is due.

Day Subsistence

SPSO staff can claim a day subsistence rate (up to an agreed expense limit) if they are absent from the SPSO office on work related business for more than five hours and necessarily buy a meal or meals at greater cost than if they were working in the SPSO office. Day subsistence rates will not be paid if meals are provided at public expense during an absence, for example on a training course or at a conference.

The SPSO has three day subsistence rates:

- for an absence of over five hours, but less than ten hours;
- for an absence of over ten hours; and
- for an absence of over 12 hours.

This amount of absence time should be calculated as follows:

- if the journey starts and ends at the SPSO office, the actual time of absence. In this case, the actual start and end time should be shown on the claim form; or

- if the staff member travels direct from home or returns there directly, the shorter of the actual time of absence and the time the staff member would have been absent had the journey first started and/or ended at the SPSO office (the notional time). In this case, both the actual and notional absence times should be shown on the claim form.

Wherever possible, receipts must be provided in support of a claim. The current day subsistence rates are set out in [Annex 2](#).

Day subsistence can also be claimed for the balance of time at the end of a 24-hour cycle of overnight expenses (night subsistence, see below). For example, if a staff member left the office at 09:30 on Monday the 24 hour cycle of overnight subsistence would have ended at 09:30 on Tuesday (or at 09:30 after the last night away from home). Day subsistence can then be claimed for the day, starting at 09:30, for example, on the Tuesday (unless lunch is provided on the final day) and ending at the time the staff member returns to the office. If the staff member has been given lunch after the night's absence from home (for example, at a residential conference), the balance of time begins after lunch.

Overnight Subsistence

SPSO staff can claim overnight subsistence if they are absent from the office on work related business for a period that includes an overnight stay. For example, if they have to travel the night before they start work or cannot reasonably get home the same night as they finish.

Overnight subsistence is paid on the basis of 24 hour cycles. If a staff member starts their journey from the SPSO office, then the 24-hour cycle begins at the time they set off from the office. If the staff member travels directly from home, the cycle begins either at the time they actually left home, or the time they would have left the office, whichever is less. The relevant times should be shown on the claim form.

The overnight subsistence rate also covers a 24-hour period for the purposes of claiming further subsistence rates, such as day subsistence for the following day. However, this does not necessarily mean that the staff member has to be absent for the full 24 hours, as long as it is an overnight stay and they incur necessary additional expenditure.

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 subsistence limits are intended to cover the cost of accommodation, breakfast and evening meal. In addition, the staff member can claim up to an amount (personal incidental rate) for other indirect expenses, such as a telephone call home and a newspaper.

SPSO staff may choose to:

Have hotel accommodation booked through the SPSO booking agent, with the SPSO paying the actual costs

In this case, the booking agent will make an accommodation arrangement for the staff member within the overnight accommodation financial limit. 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:

- bear the name, address and telephone number of the hotel or restaurant to whom the payment was made; and
- 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.

Book their own hotel and claim actual costs

In this case, the staff member will make their own accommodation arrangement within the overnight accommodation financial limit. The staff member is responsible for paying their accommodation costs and any additional costs directly to the hotel before departure. As before, the staff member should obtain acceptable receipts for all costs and submit these together with a claim form in order to be reimbursed up to SPSO allowance levels.

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

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.

Overnight subsistence rates cannot be claimed if a staff member has to stay away overnight because they are attending a residential course and the SPSO is meeting all meal and accommodation costs. In this case, the staff member can claim a residential course rate to cover incidental expenses.

Other Subsistence Rates

SPSO staff can claim an evening meal rate for meals bought that they would otherwise have taken at home if they are required to work late at night (that is until at least 20:00) and in addition to ordinary day duty. The staff member must obtain an acceptable receipt for this cost, wherever possible, and submit it together with a claim form in order to be reimbursed.

Travel and Subsistence Claims

Travel and subsistence allowances are shown in [Annex 2](#). Allowances are reviewed on 1 April each year, but may not change on review.

Claims for travel and subsistence should be made on the SPSO Travel and Subsistence Claim Form. 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.

Advances for travel and subsistence are only paid in very exceptional circumstances and must be approved in advance by the Ombudsman or Director.

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.

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

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 subsistence 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).

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 [Disciplinary Procedure](#). This Disciplinary Procedure will be used to investigate any suspected or alleged abuses.

Disputes

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:

- 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;
- use of the SPSO's internal grievance procedure; and

- 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

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 July 2010

Travel Rates

a. Standard Mileage Rate	<i>Private Car</i> 40p per mile for first 10,000 miles 25p per mile thereafter	<i>Private Motor cycle, Scooter or Moped</i> 24p per mile
b. Passenger Supplement	2p per mile for each passenger	
c. Bicycle Mileage Rate	20p per mile	

Subsistence Rates

a. Day Subsistence	<p><i>Rate for an absence (over 5 hours, but less than 10 hours)</i> Expense limit for reclaim is £7.50</p> <p><i>Rate for an absence (over 10 hours, but less than 12 hours)</i> Expense limit for reclaim is £9.30</p> <p><i>Rate for an absence (over 12 hours)</i> Expense limit for reclaim is £13.55</p>
b. Night Subsistence	<p>Overnight Accommodation Rate Limits In exceptional circumstances these rates may be exceeded but only on the approval of your line manager.</p> <p><i>London</i> Expense limit for reclaim is up to £163 per night.</p> <p><i>Elsewhere</i> Expense limit is up to £139 per night.</p> <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>Alcohol</i> May be reimbursed up to a limit of £8.00 per night but only if taken with an evening meal if you have had to stay away overnight on business.</p> <p><i>Personal Incidental Rate</i> Expense limit is £5.00</p>

c. Staying with Friends or Family Allowance	Fixed rate of £25.00
d. Residential Course Rate	Expense limit is £5.00
e. Evening Meal Rate	See Evening Meal above

Minimum Accommodation Standards

- 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;
- adequate space and, where it is necessary to work in the room, facilities (writing surface and telephone) for doing so;
- the hotel should have satisfactory personal security arrangements and adequate emergency procedures. The surrounding area should be safe and environmentally pleasant; and
- 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 drinks.

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8. Gifts and Hospitality

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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

In general, it is the policy of the SPSO that staff members should not accept gifts or hospitality for personal benefit as a consequence of their position. It is the responsibility of all staff members 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.

When offering hospitality or gifts to individuals or organisations, the SPSO will consider the requirement to utilise public funds appropriately. Accordingly, no staff member will accept or offer any gift or hospitality that could cause his/her judgement or integrity to be compromised, either in fact or by reasonable implication.

Any gift or hospitality that is accepted by staff members, or supplied by the SPSO, must be justified in terms of benefit to the SPSO.

This policy is designed to support the Values of the SPSO in terms of customer service to all stakeholders, namely:

Integrity	We demonstrate high standards of honesty and reliability
Impartiality	We are fair and even-handed in dealing with stakeholders, the public and one another
Professionalism	We provide high quality professional advice and support services
Client Focus	We are responsive to the needs of stakeholders, the public and other staff members
Efficiency	We use resources responsibly and cost-effectively
Mutual Respect	We treat everyone with respect and courtesy and take full account of equal opportunities issues at all times

Scope

The policy applies to all staff members of the SPSO.

Key Principles

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. Would the public question the appropriateness of hospitality or gifts received by an SPSO staff member?

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

There is a plethora of complex, primarily criminal, legislation dealing with bribery and corruption which may arise where seriously inappropriate business gifts are made. This legislation includes:

- The Corruption Act 1889
- The Prevention of Corruption Act 1906
- The Anti-terrorism, Crime and Security Act 2001
- The Proceeds of Crime Act 2002.

Current criminal law is complex and careful legal advice requires to be sought if issues of bribery and corruption arise. It suffices to say that it is an offence for all public servants to accept or solicit any gift or consideration as an inducement or reward for:

doing, or knowingly not doing, anything in their official capacity, or;
for showing favour or disfavour to any person in their official capacity.

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](#).)

Contractual Provisions Concerning Gifts

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 members 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'.

Accepting a bribe may amount to a breach of a staff member's implied duty of fidelity.

Acceptance of Gifts, Rewards and Hospitality

Staff members must not accept any gift, hospitality, award, decoration, or other benefit from any member of the public or organisation with whom they have been in contact

Gifts and Hospitality

through their official duties. This does not apply to isolated gifts of a trivial nature, for example a diary, calendar, or modest hospitality, provided that this is not a regular occurrence. If the refusal of such a gift is likely to cause offence to the giver, the facts should be reported immediately to the Human Resources Officer.

The Corporate Services Manager (on behalf of the Ombudsman) keeps a register of gifts and hospitality. Staff members should let the SPA know if they have been presented with a gift or hospitality. The SPA will need to know the nature of the gift or hospitality, who gave it, why it was given and an estimated value of it. The Ombudsman will then advise as to whether the staff member may retain the gift, or accept the hospitality, and register the details.

Staff members 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. SPSO staff should only accept gifts of a trivial nature. Records of all gifts offered and whether or not they were accepted must be kept and copied to Human Resources. If multiple gifts are offered to staff, the total value of all gifts should be considered when deciding whether or not acceptance is appropriate.

It is a disciplinary matter for SPSO staff to accept gifts or consideration as an inducement or reward for:

- doing or refraining from doing something
- showing favour or disfavour to any person or organisation

Modest hospitality (for example, lunch, sandwiches, dinner) may be accepted from a supplier, 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. Invitations from suppliers or potential suppliers to attend social functions must not be accepted without receiving the prior written consent of the Ombudsman. Records of all hospitality offered, and whether or not accepted, must be kept by Human Resources. Whilst offers of modest hospitality may be accepted by the appropriate manager, requests to accept any other offers received must be referred to Human Resources.

Offers from suppliers of corporate entertainment (for example tickets to sporting events, theatre and travel) must always be politely refused.

If there is any doubt about whether or not a gift or hospitality should be accepted, contact Human Resources for advice.

Hospitality and Entertainment which Staff may Provide

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 the Ombudsman for all hospitality. The written approval should be attached to invoices or expense claim forms as evidence.

Provision of Alcohol

Alcohol may only be provided if appropriate to the occasion entertaining one or more key external individuals or stakeholders.

If the cost of alcohol is expected to exceed £20 per occasion, written approval must be obtained in advance from the Ombudsman. This must be attached to invoices or expense claims before payment is made.

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.

Disputes

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:

- 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;
- use of the SPSO's [internal grievance procedure](#); and
- assistance from a third party such as a trade union representative or some other suitably experienced person.

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9. Procurement Policy

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The Procurement Policy reflects good purchasing practices and should be read in conjunction with the other policies contained within this Handbook: Governance, Risk and Finance. This policy applies to all purchases, ie 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. 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.

The Policy is designed to ensure that all SPSO procurement activity is focussed on the delivery of value for money and conducted to high professional standards and to the relevant legal requirements.

Authority to purchase

The [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 Scottish Public Services Ombudsman (SPSO). (Note: a Purchase Order is a legally binding contract). Authority covers all purchasing commitments, including variations to and extensions of contracts.

The SPSO is the Contracting Authority, with legal responsibility for all procurement decisions.

Separation of Duties

It is SPSO policy 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

All procurement on behalf of the SPSO is governed by a framework of rules including:

- 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.
- EU Procurement Directives - EC Procurement Directive 2004/18/EC 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 2012.
- The Public Contracts (Scotland) Regulations 2012 – 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.

- European Court of Justice and national case law as published.
- 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).

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

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 Director.

Commitment of a Contract

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'.

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.

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 the Corporate Card must comply with the [Credit Card Policy](#) to ensure that an effective record of each commitment is maintained.

Procurement Challenges and Complaints

Formal challenges and complaints may be brought against the SPSO 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 SPSO. Any challenges raised and any correspondence from legal advisors challenging the procurement process or contract award decision would be dealt with by the Director, with legal advice as required, to ensure the SPSO had complied with its policy and met its legal obligations. Any unresolved issues would be escalated to the Ombudsman for a final response.

SPSO have a memorandum of understanding with Audit Scotland, who can investigate concerns raised by people or organisations about the SPSO's 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

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>

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

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).

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.

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.

Requirements below £5000 (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 £2k and £5k, but this should be considered in relation to the associated administrative costs.

Non Competitive Action (NCA)

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.

Examples of exceptional circumstances where NCA may be justified include:

- 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.
- 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.
- 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.
- 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

Value for Money

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.

Responsible Purchasing

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 SPSO is committed to delivering tangible improvements across the following areas:

- environmental impact
- ethical and social issues

- Small and Medium Enterprises (SMEs) and Scottish suppliers

Appropriate equality considerations will be incorporated into the production of specifications, evaluation of tenders, and Contractor Performance Management. All suppliers working at the SPSO will abide by the SPSO Health and Safety procedures and all relevant Health and Safety legislation.

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.

Ethical Standards

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.

Purchasers and customers must not be involved in any procurement where they have a relationship or interest in organisations likely to bid for SPCB contracts. Those who have business or personal relationships with, or friends/relatives employed by, outside organisations bidding for SPSO contracts must inform the Director at the outset.

Staff involved in procurement activity, or others who may be perceived to be in a position of influencing purchasing decisions, must not solicit or accept contributions of any kind from contractors, or those likely to bid for contracts. Staff should only accept gifts of a trivial nature. Records of all gifts offered and whether or not they were accepted must be kept in the Declaration of Gifts. If there is any doubt over whether a gift should be accepted, the Director should be contacted for advice.

Openness and transparency

It is the SPSO policy that its procurement will be delivered in an open and accessible manner. The SPSO 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 SPSO holds, including information which comes from third parties, such as contractors. In most cases, the SPSO will respond to an information request by disclosing the information. The Act does permit the SPSO to refuse to provide information, but only where an exemption in the Act can be applied. For example, the SPSO 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 SPSO would attract the exemption in section 33 of the Act, the SPSO will expect the contractor to alert the SPSO to this fact before the contract is finalised. The SPSO will not generally agree conditions in contracts which require them to gain prior approval of the contractor for the release of information.

Occasionally, contractors may provide information to the SPSO 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 SPSO 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

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.

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

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

Prior to any procurement being undertaken, the actual need must be clearly defined, i.e. 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.

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.

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

The SPSO 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 SPSO 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

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](#).

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

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.

Evaluation of bids¹

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 SPSO in terms of whole life costs.

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 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

For purchases above £30k, a contract award recommendation will be produced and submitted to the Ombudsman for approval. The recommendation will demonstrate the

¹ 'Bids' include formal tender submissions and quotes

procurement process that took place; it will provide a brief summary of the submissions received and justify the award recommendation.

Only the SPSO has the authority to award contracts. All contracts must be in writing.

Mandatory Standstill Period

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

De-briefing suppliers

All unsuccessful suppliers must be offered a de-brief to explain why their bid was unsuccessful.

Managing the contract

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 SPSO and contractors.

Paying the supplier

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.

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.

The arrangements for authorising payment of Invoices are detailed in the Scheme of Delegation.

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10. Procurement Procedure

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This procedure lays out the process to procure goods for the SPSO to run its operations, otherwise not contracted. The Purchase Order (PO) number spreadsheet ([link](#)) is the main control mechanism for the various payment facilities used for SPSO procurement, which include payment by invoice, credit card, cheques and petty cash. Additionally, staff may claim expenses through payroll.

Purchase Order Number Spreadsheet

The PO number spreadsheet ensures that SPSO has, for monitoring purposes, detailed records of all purchases not under contract. The PO number spreadsheet records the supplier, order details, initials of the purchaser, cost and authorisation in accordance with the Scheme of Delegation. The authorisation section of the PO number spreadsheet is password protected for use by those listed on the Scheme of Delegation.

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; 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.

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

Invoicing

When authorisation has been given for procurement, in accordance with the Scheme of Delegation, a staff member may raise an order for 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.

The authorisation email and the order confirmation are both passed to the finance administrator. Once the goods have been received, the finance officer is notified and given approval to pay the invoice.

Credit Card Policy

The SPSO recognises that 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.

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 [Travel and Subsistence Policy](#) and the [Anti-Fraud Policy](#).

Card holders

Credit cards are issued as described in the Scheme of Delegation, ie:

- Ombudsman
- Director
- Corporate Services Manager (Finance Officer)
- Facilities Administrator (Procurement Officer)
- Head of Communications and Engagement

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

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 Ombudsman or Director. The use of the card for services that threaten the reputation of the SPSO are expressly prohibited.

The card holder shall:

- sign a declaration to confirm they have understood the procedure for SPSO credit card use;
- ensure the credit card is only used by the named card holder;
- keep the credit card secure;
- 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, thereby confirming these purchases are legitimate business expenses.

Advance Purchase Travel Arrangements

The Finance Officer's credit card is used to purchase travel in advance for members of staff attending SPSO business out with the office. Requests for such purchases are passed to the procurement officer (Facilities Administrator) 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

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 SPSO credit card will be accompanied by a PO number. All PO numbers should be pre-authorized 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

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

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.

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

The SPSO hold a petty cash balance of £150. Petty cash is used to pay for ad-hoc items such as milk, cleaning products, one off stationery items, short notice train tickets; amounts totalling no more than £25 (any higher amount should be claimed through payroll expenses).

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.

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 Finance/Expenditure 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.

11. Finance Processing Procedures

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Summary

This procedure is designed to help establish financial controls within the SPSO that ensure accuracy, timeliness and completeness of financial data. The procedure is also a guide to staff with financial responsibility and ensures further that all SPSO employees follow the correct procedure for processing incoming and outgoing invoices, preventing the potential of financial mismanagement or fraudulent activities.

It is imperative that this procedure is adhered to.

Individuals Involved in Procedure

Accountable Officer:	Jim Martin (Ombudsman)
Finance Manager:	Niki Maclean (Director)
Accountant:	Julie Murphy
Finance Officer:	Fiona Paterson (Corporate Services Manager)
Finance Administrator:	Lindsey Muchemwa (Compendium Officer)
Procurement Officer	Stacy Forsyth (Facilities Administrator)
Department Heads:	John Stevenson Emma Gray

Passwords

This procedure will refer to passwords known only to the individuals involved in the procedure. The following documents are password protected:

- PO number spreadsheet
- Petty cash spreadsheet

Accountant

The Accountant to the SPSO visits the office monthly and prepares the financial report 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:

- run Sage checkdata;
- reconcile bank, adjusting for any errors/unposted transactions;
- post credit card transactions from statements;
- post petty cash to sage from book, checking vouchers;
- count physical cash and agree to sage/petty cash spread sheet;
- post salaries to sage from Moorepay salary report;
- review balance sheet accounts, ensuring that
 - fixed asset additions have been correctly posted;
 - sundry debtors balance is accurate with reference to staff loan account schedule;
 - confirm PLCA balance agrees to suppliers ledger statement;

- confirm SLCA balance agrees to customer ledger statement;
- confirm payroll accounts are cleared or represent previous month's PAYE etc.
- review the movement on income and expense accounts, checking any large/unusual entries to documentation;
- check suspense account is clear;
- prepare monthly budget report by exporting sage Nominal Ledger report to excel and account for accruals/prepayments.

A checklist confirming the above and supporting documentation is completed.

The accountant is responsible for working with the finance manager and finance officer in preparing the annual accounts.

Invoice Processing

In line with SPSO policy, invoices must be processed by two members of staff as a control measure to reduce the risk of theft and/or fraud.

Finance Administrator

Step 1 – Checking Invoices

All invoices are checked by the finance administrator for the following:

- date received/date of invoice
- company name
- invoice number
- amount of invoice
- where appropriate, that the goods have been received
- and checks on Sage to confirm it has not previously been processed.

The invoice is then stamped ready for processing.

The finance administrator confirms on the invoice:

- the purchase order number where required, cross checking with the PO spreadsheet. Where there is any variation in description or amount, this is verified via the purchaser.
- the amount for each department and the correct nominal code for these.

Non invoice checks:

- all regular payments (ie monthly/quarterly/annual bills) are marked off on the invoice calendar

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.

Finance Processing Procedures

Contracted suppliers may not have a purchase order, for example: utility suppliers and advisers. On these occasions the expenditure is agreed to a limit but each individual invoice will 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.

Step 2 – Sage entry

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

Only the finance administrator and finance 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. The Accountant can access Sage on either of the above computers through their own individual login.

Procedure:

From the menu bar click on Modules/Financials; then scroll down to the bottom of the list to identify the voucher/ref number of the last invoice that has been processed

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 016/125 would be the 125th invoice for the year 2016/17

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

Where you have to split an invoice down into either different nominals or departments or a combination of both you must make one entry in Sage for each portion of the total

You must always use a different voucher/ref number for different nominals

- 16/125 – nominal 5002 – £255
- 16/126 – nominal 5004 - £135

For the same nominal but different department splits you can use the same voucher/ref number and use alphabetical letters at the end to identify they are all part of the same nominal

- 16/125a – department 4 - £50
- 16/125b – department 5 - £75
- 16/125c – department 0 - £375

You can use a combination of the above for different departments and nominals

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 as it is on the invoice
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*

Click save

Step 3 – update your invoice

For straight forward invoices, add the nominal(s) to the finance stamp on the invoice. For split invoices, write the department(s) and voucher/ref number(s) next to the totals on your workings.

Step 3 – authorisation and payment

Now pass the invoices to the finance manager (or other signatory) for authorisation. Once authorised, pass the invoices to the finance officer for payment.

Step 4 – Once Authorised and Paid

The finance officer will pass the invoices back to the finance administrator with list of the payments made. The finance administrator will check:

- the amount paid matches the invoice total
- the supplier paid matches the supplier invoice
- that all invoice payments match and have been made

Any discrepancies should be raised with the finance officer

For invoices that have a purchase order, the finance administrator will update the purchase order spreadsheet with voucher numbers and the date paid

The invoices are then marked as paid on Sage

- select Suppliers/Make a payment
- select the supplier from the Payee list and all of the unprocessed entries for that supplier should show in the table below
- amend the date to the date the invoice was paid
- for cheques enter the cheque number
- on the table click in the payment field and select Pay in Full
- 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
- you will see the total at the bottom right of the window which should match the invoice total
- select Save.

There may be some older transactions listed when you enter the supplier into the Payee field. You should only process this year's transactions, however, if you think something is wrong or has been missed you should check it and raise any issues with the finance officer

Finance Manager

The finance administrator will pass processed invoices to the finance manager or Ombudsman for authorisation of payment. The Head of Complaints Standards, Head of Communications and Engagement, and finance officer can authorisation payment of up to £1,000.

The finance manager (or authorised member of the Scheme of Delegation) reserves 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 officer who must then seek to resolve the issue and/or answer the query.

Finance Officer

Invoice Payments

All payments are made by the finance officer. Once invoices have been authorised by the finance manager (or other 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 sign and date the payment authorised and payment made by fields on the invoice.

BACS Transfer

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.

BACS reports should be checked each month to ensure correct bank account details remain in use. This is done by logging on to the payment services website, downloading the reports and amending any bank account details that have changed. Login details and instructions for this process are stored in the SharePoint Finance library.

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.

To process a BACS transfer payment:

- log into the RBS online account;
- select Payments and Transfers;
- select Manage Payees from the Single Payment box;
- select the company or supplier from the list, and click Amend Payee;
- change the Payee reference to the new invoice number or other identifying reference, authorise;
- select Pay and enter the total amount of the invoice for payment, authorise.
- The following day, print a list of paid transactions from the statement on the bank account.
- 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

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. If a cheque is for an amount over £1000, two signatures are required. For cheques under £1000 only one signature is required.

Any invoice paid by cheque must have the cheque number written on the original invoice.

Payment of Childcare Vouchers

Payment is made by SPSO 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.

Issuing Invoices

The SPSO receives payment for different services, such as car parking rents, as a training provider and through shared services. Occasionally invoices will also be required to reclaim miscellaneous income.

All invoices to organisations/individuals (debtors) are raised by the finance officer, using the headed invoice template, at the following times:

- car parking invoices are issued on a monthly basis, as per each contract
- shared services invoices are issued as agreed with each customer
- training invoices are issued on receipt of a course booking form, when approved by the training unit administrator
- miscellaneous expenses are issued invoices on receipt of relevant receipts and authorisation by the relevant manager.

The finance officer issues each invoice with the following information:

- name of debtor addressed to ie company/organisation/individual
- date issued
- unique invoice number
- payment terms/payment due date
- PO number (if required)
- payment details, including SPSO bank details, confirming payment can be accepted by either BACS transfer or cheque.

The invoices are securely saved in Finance/Income folder for the relevant financial year.

All invoices issued are recorded on Sage by the finance officer. After logging into Sage, the finance officer will:

- click onto the 'Customers' tab button;
- click on the Invoice tab;
- 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	Date of the invoice	enter the date as it is on the invoice
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 type of service provided
Net	amount	enter either the total for the invoice

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'
- full postal address and telephone number, 'Email' and 'Contact Name' must be recorded, and the remaining boxes if information available.
- nominal code
- 'Terms Agreed' should be confirmed
- The next three screens are not required
- On the last screen 'Entering your customers opening balance', the 'No, there is no opening balance to enter' should be selected before finally clicking on 'Finish'.

Sage Recording following Payment of Invoice

The finance officer will check the bank account at least once a week, noting:

- payment of any monies received;
- match payment to the relevant invoice and stamp the invoice as paid;
- record on Sage the date the payment was made and whether the invoice was paid in full:
 - click onto the 'Customers' tab button;
 - under Tasks choose Receive Payment;
 - 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;
 - enter the date the payment was made and whether the invoice was paid in full.

Annual Financial Planning

January Discuss and agree audit plan with Audit Scotland and Audit & Advisory Committee (A&AC).

February At end of month, the Finance Administrator issues reminders to all suppliers to submit invoices for any work undertaken in the current financial year.

March The finance administrator reviews nominal activity each quarter and finally at year-end, identify any mispostings in the accounts for correction.

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

- April* The accounts for the previous financial year are closed during 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 Director and Accountant produce the draft Annual Accounts. These are reviewed and approved by the Senior Management Team prior to being submitted to Auditors.

The finance officer publishes 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.

The SPSO carry out staff reviews. Performance during the previous year is discussed and a conclusion agreed. Prior to the review each staff member extracts their objectives from the annual business plan for the new financial year. At the review these objectives and key performance indicators are

agreed with management.

June External audit of the accounts

July The Director and the Corporate Services Manager prepare the budget bid in line with prior agreements and direction from the SPCB.

The Director develops a draft of the key priorities for the coming financial year.

The SPSO accounts are approved. The SPSO publishes annual accounts and auditor's report.

August The Director submits the budget bid for the next financial year to SPCB.

October The SPSO conducts a 6-month review the Strategic Plan and annual business plan.

September Formal scrutiny by the SPCB of the budget bid for the next financial year.

to

November

January to Finance Bill goes through Parliament.

February

General Notes

- The SPSO operates a five-year strategic plan, annual business plan and annual cash-based budget to calculate its financial requirements.
- The SPSO reviews its budget monthly, and the business plan quarterly and Strategic Plan annually.
- In-year budget variances of an agreed amount will be reported to the SMT and AAC in the Financial Monitoring Report, and the SPCB as required.
- 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 Commission and Commissioners' founding legislation are used to establish core objectives.
- The objectives outlined in the annual business plans are allocated to each staff member and monitored through the SPSO Performance Management System.
- 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.

Statutory Requirements - Public Services Reform (Scotland) Act 2010

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:

- Public Relations
- Overseas Travel
- Hospitality and Entertainment
- External Consulting
- Payments with a value in excess of £25,000 (incl. VAT)

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12. Finance Policy on Fixed Assets

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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.

The SPSO'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, SPSO's assets must also be properly and well managed.

Control Objectives

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

Assets are either fixed or current and can be defined as rights or other access to future economic benefits controlled by the SPSO 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.

The Director 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

Title to all property is held by the SPSO. 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.

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

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

The Asset Register is part of SPSO'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 SPSO's capitalisation thresholds.

The Asset Register will include the following information:

- purchase price and date;
- asset accounting code;
- a physical description of the asset (where appropriate) together with details of serial or registration number;
- regular evidence of physical verification of the asset's existence; and
- a depreciation profile.

The Accountant maintains the Fixed Asset Register for the SPSO with assistance from the Corporate Services Manager.

Control and Security of Assets and Regular Inspection Arrangements

The Director 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.

Physical 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.

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.

Administrators should assist the Accountant in periodically updating and verifying asset registers and stock records. This should include making arrangements for physical inspection.

Valuation Policies

Fixed Assets will be valued as follows:

- IT equipment and software – to be valued at cost;

- telephone/telecoms equipment – to be valued at cost;
- furniture and fittings – to be valued at cost;
- works of art – to be valued at open market value; and
- office equipment and machinery – valued at cost.

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

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.

Asset lives are normally as follows:

Buildings

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

Equipment and computers

Computers, Telecom Systems and Broadcasting Equipment - three years;

Fixtures and Fittings - five years;

Office Furniture and Equipment - five years.

The depreciation that is applied will be charged to SPSO'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

Formal approval for the disposal of any asset held on the Fixed Asset Register must be obtained from the Director. 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

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 Director 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.

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.

Assets not fit for sale will be disposed of in discussion with the Director or the Accountant.

There may, exceptionally, be cases where it is considered that a disposal of assets at less than market value is justified. Approval by the Director in writing must be sought for such cases.

Obsolete Fixed Assets

This section deals particularly with the secure disposal of IT hardware.

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 SPSO should ensure the IT providers (SCOTS) have a secure and appropriate procedure for disposing of hardware. This should include:

- wiping clean the hard disc;
- secure collection and secure disposal of equipment;
- 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;
- a copy of the Certificates of Destruction to be kept by the SPSO.

Disposal of Intangible Fixed Assets

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 Director with advice received from the software provider.

Accounting

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.

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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