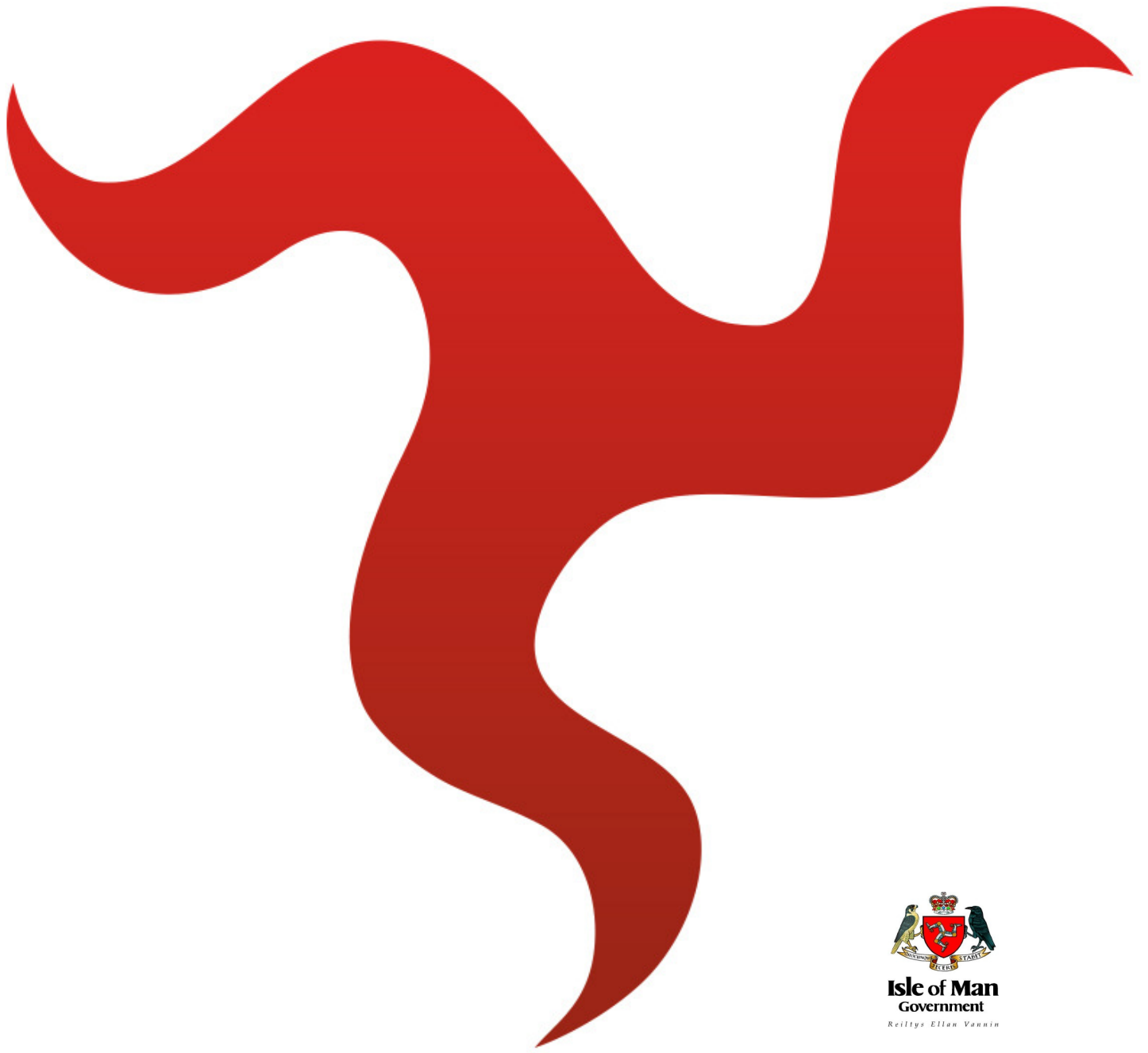


**THE ISLE OF MAN GOVERNMENT
FINANCIAL REGULATIONS**

GENERAL OFFICER HANDBOOK

Issued by the Treasury, Government Office

Douglas, Isle of Man, IM1 3PX



April 2019

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INTRODUCTION

KEY POINTS FOR ALL OFFICERS

1 What are the Financial Regulations?

1.1 Statutory Instructions

The Financial Regulations are issued by the Treasury, as required by Section 3 of the Treasury Act 1985 which states that one of its primary aims is "to supervise and control all matters relating to the financial affairs of the Government".

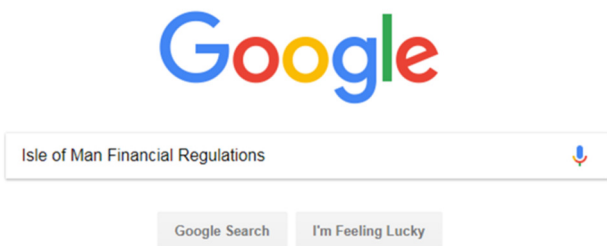
1.2 6 Key Financial Areas



1.3 Two Levels of Instructions



2 Where can I find them?



OR



...or ask your line manager or Budget Holder.

4 Table of Financial Directions and Financial Practice Notes

FD A Financial Values & Governance
FPN A.01 Obtaining Approval for Exemptions
FPN A.02 Gifts and Rewards
FPN A.03 Financial Irregularities
FPN A.04 Delegating Financial Authority
FPN A.05 Financial Training
FD B Managing Resources
FPN B.01 Budget Planning
FPN B.02 Budget Management
FPN B.03 Business Cases
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FD C Buying & Making Payments
FPN C.01 Determining Supplier Financial Relationships
FPN C.02 Capital Procedure Notes
FPN C.03 Vehicle & Plant Procurement
FPN C.04 ICT Hardware & Software Procurement
FPN C.05 Land & Building Acquisitions
FPN C.06 General Procurement
FPN C.07 Ordering, Receiving & Paying for Goods and Services
FPN C.08 Tendering
FPN C.09 Contract Management
FPN C.10 Tender Evaluation
FD D Safeguarding & Optimising Assets
FPN D.01 Banking and Issuing Cheques
FPN D.02 Managing Assets & Inventory
FPN D.03 Insurances
FPN D.04 Imprest Accounts and Petty Cash
FPN D.05 Cash Handling
FPN D.06 Managing Third Party Funds
FD E Paying Staff
FPN E.01 Payroll Procedures
FPN E.02 Travel and Subsistence
FD F Selling & Receiving Payments
FPN F.01 Providing Credit and Collecting Debts
FPN F.02 ICT (Information Communications Technology) Disposal
FPN F.03 Disposal of Land & Buildings
FPN F.04 Disposal of General Assets

5 Financial Direction A: Financial Values & Governance

This Financial Direction establishes the core financial values that must be adhered to by all officers, notwithstanding any additional written instructions. It also establishes the overarching financial governance framework within which all other Treasury directions operate.

6 FD A 1 Applicability - Who do they apply to?

To some degree, the Financial Regulations apply to everyone working within the Government's Public Services.

The handbook highlights the key parts of the Financial Regulations that apply to all Officers, regardless of whether or not they have been given any delegated financial authority.

Other Financial Regulations will also apply, depending on an Officer's financial delegations and whether they have been assigned/appointed to specific financial roles.

3.1 Financial Direction A1: Applicability

A1.6 [...] all Designated Bodies, Ministers, Members and Officers must comply with all Financial Regulations unless they have obtained an appropriate exemption not to do so.

Where:

"Designated Body"	<p>Any Designated Body as defined by the Treasury Act 1985:</p> <ul style="list-style-type: none">• All Government Departments• All Statutory Boards• All Other Government Offices and Entities <p>For the purposes of the Financial Regulations, this excludes the Isle of Man Post Office (who have their own Financial Regulations approved by the Treasury).</p>
"Officer"	<p>Any officer or office holder within a designated body of Government as defined by the Financial Regulations. Without limiting the generality of this term, this includes all public servants, civil servants and persons with lawfully delegated powers and responsibilities of a designated body.</p>

Treasury Officers are obliged to comply with the Financial Regulations.

3.2 "Reasonable Instructions"

The Financial Regulations are issued as 'reasonable instructions' by your employer and as such any non-compliance may lead to disciplinary or capability procedures being instigated against you.

7 FD A 2 Our Financial Values

Key Objectives & Risks: Be, and be seen to be, doing things right.

We are all using the general public's resources and we need to ensure that they have confidence that we are acting in their best interests at all times.

Everyone within Government is required at all times to meet the highest financial standards and ensure that our core financial values of regularity, propriety and achieving value for money are maintained throughout all activities undertaken utilising public monies and resources.

7.1 Regularity

A2.1. a) *All financial decisions must comply with the law and all applicable statutory frameworks.*

However, if you follow the Financial Regulations then you won't have to worry about these statutory frameworks... unless you receive exemptions from them.

7.2 Propriety

A2.1. b) *All financial decisions must be and be seen to be:*

- **Transparent** – *clearly communicated, open to scrutiny and documented sufficiently to enable scrutiny.*
- **Impartial** - *unbiased with no preferential treatment to individuals or firms.*
- **Reasonable** – *made with sufficient diligence to ensure benefits and risks are appropriately managed.*
- **Accurate** – *made using sufficiently accurate information and accurately transacted and recorded.*
- **Accountable** – *clearly taken by someone with appropriate delegated authority who, if required, has to account for their decisions to someone with appropriate powers to take sanctions against them.*

7.3 Value for Money

A2.1. c) *All financial decisions must ensure that they secure the best mix of quality and effectiveness for the least outlay over the period of use of the goods or services bought. They should optimise the balance between:*

- **Effectiveness** – *they meet the strategic & operational objectives of the organisation;*
- **Efficiency** – *they enable the organisation to maximise the impact of its objectives for the money spent/received; and*
- **Economy** – *best costs and prices are obtained giving appropriate consideration to the full current and future impact of the decision including the consideration of the potential benefits to the local economy.*

8 FD A 2.2 Managing Conflicts of Interest

Key Objectives & Risks: Managing your public position and recording conflicts.

Do not abuse your public position - if there is any possibility for a perceived conflict of interest, report it without delay.

8.1 Avoiding Conflicts

A2.2. *All officers must ensure that they do not use, or give the appearance of using, their public position to further the private interests of themselves, their families, their friends or organisations in which they may have an interest.*

8.2 Notification of Conflicts

A2.3 *All officers must ensure that whenever they have an actual or perceived conflict of interest that they immediately identify the relevant Budget Holder. Where it is the Budget Holder raising the conflict then they should inform their line manager.*

A2.4 Budget Holders must ensure that all actual or perceived conflicts of interest are recorded in a Conflicts Register covering the relevant Budget Area.

8.3 Possible Conflicts

Some of the main issues which could lead to a real, or a perceived, conflict of interest are:

- Relevant financial or other interests outside of the Department, Board or Office for which you work;
- Relationships with parties/organisations which could lead to split loyalties, real or perceived;
- Family relationships;
- Knowledge of emerging Government Policy which could give unfair personal advantage to individuals or groups with allied business interests – for example, access to privileged information e.g. trade secrets or commercially confidential information;
- Perception of rewards in return for favours;
- Area of residence, neighbourhood relations, potential developments/ issues; and
- Membership of some societies or organisations.

9 FD A 5 Who is Responsible? The Key Roles

Key Objectives & Risks: Empowerment with Accountability.

We need to have a clearly defined delegation structure, so that we have a good mechanism for empowering people at appropriate levels in the organisation, to make financial decisions whilst ensuring that there is sufficient and clear accountability

There are several key Financial Roles defined within the Financial Regulations that everyone needs to be aware of within a Department, Board or Office:

9.1 The Accountable Officer:

- This will be the Chief Executive Officer, the Accountable Officer is also the Departmental Budget Holder.
- They are ultimately accountable to Treasury and Tynwald for financial governance and stewardship of resources within the organisation.
- The Accountable Officer is personally responsible for making certain financial decisions that are considered high risk and where identified within statutory directions.
- They are also able to make certain compliance exemptions in accordance with the statutory financial directions.
- The responsibilities of the Accountable Officer cannot be delegated, however the Accountable Officer must nominate an appropriate Deputy to make decisions in their absence. Whilst in practice more than one Deputy officer can be appointed, they cannot act at the same time i.e. a single point of accountability must be maintained.

9.2 The Designated Finance Officer:

- They will be appointed by the Accountable Officer and will have a direct line of reporting to the Accountable Officer in relation to the Designated Body's financial governance.

9.3 The Budget Holder for the relevant service area:

- The Accountable Officer is the overall budget holder for your organisation, however...
- They may also appoint other designated Budget Holders throughout the organisation in relation to key service areas.
- Budget Holders are responsible for ensuring that there are adequate controls in their designated budget areas to manage financial risks and comply with Financial Regulations.
- The Budget Holder will often be the service manager for an area.

9.4 A Delegated Officer:

- Is any Officer who has been delegated financial authority by a Budget Holder (within the authorisation limits as set out in their own delegation of financial authority) to make financial decisions on behalf of the designated body.
- E.g. specific financial authorities may include:
 - Ordering goods/services and approval of invoices (up to key limits);
 - Authorisation of overtime, travel & subsistence claims; and
 - Writing off debts and assets.
- Must undertake any additional required Financial Training in accordance with Financial Practice Note A.05 Financial Training.

10 The Importance of Financial Delegations: FPN A.04 Delegating Financial Authority

Key Objectives & Risks: Decisions can only be made by those with authority.

Delegations mitigate the risks that decisions are made without appropriate authority.

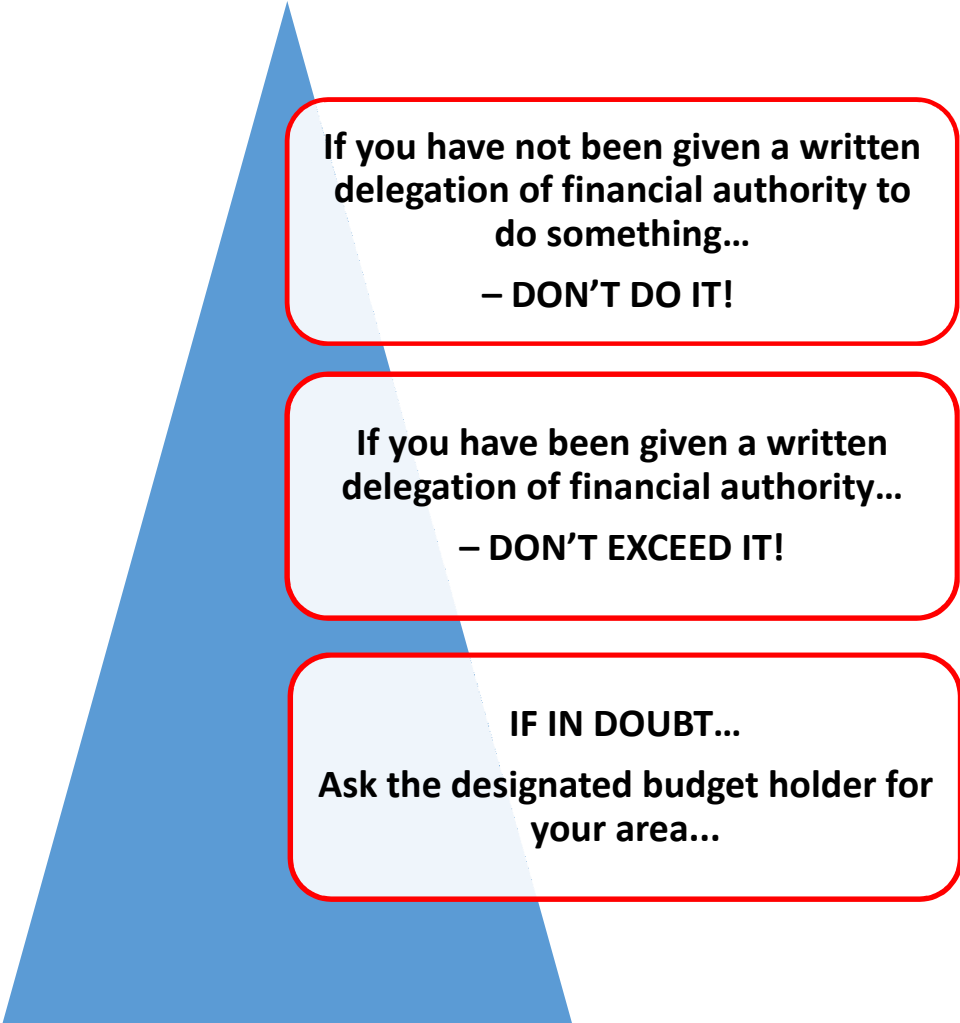
Financial decisions can only be made by those with appropriate delegated authority who must consider Treasury's Financial Values and, if required, have to account for their actions.

Be and be seen to be doing things right.

All financial delegations must be made in writing and in accordance with the Financial Regulations (Financial Practice Note FPN A.04 Delegating Financial Authority).

FD A 10: All Officers must comply with all Financial Directions and Financial Practice Notes as applicable. No Officer may make any financial decision unless authorised to do so in accordance with FPN A.04: Delegating Financial Authority.

Delegation Templates are included in the Financial Regulations. It is the responsibility of the Accountable Officer to determine any overall scheme of financial delegation for the designated body and to approve any alternative forms of financial delegation (other than the templates provided).



If you have not been given a written delegation of financial authority to do something...

– DON'T DO IT!

If you have been given a written delegation of financial authority...

– DON'T EXCEED IT!

IF IN DOUBT...

Ask the designated budget holder for your area...

11FD A 3 Gifts and Rewards: FPN A.02

Key Objectives & Risks: Vigilance is required regarding gifts and rewards, the risk of facilitation payments and the potential for instances of inappropriate influence.

Be careful not to personally benefit from gifts/ rewards due to your public position.

Your actions must be in line with Government's core values particularly with regard to regularity and propriety.

Mitigate the risks of non-compliance with the Bribery Act, of improper facilitation payments or of decisions being or being seen to be inappropriately influenced.

Always report suspicions of bribery.

The acceptance of gifts and hospitality is a sensitive area where actions can be easily misconstrued. Any gifts, rewards and benefits that are disproportionately generous or that could be seen as an inducement to affect a business decision must not be accepted, and if they are unavoidable they must be declared and appropriately managed.

11.1 General Acceptance of Gifts or Rewards

Upon receipt of any offer of a gift, reward, hospitality, service or goods at discounted prices, you must consider if this needs to be placed on the Official Register.

Conventional corporate hospitality and isolated gifts are only acceptable if of low value, up to £20.

Where feasible, gifts must be shared amongst the team.

Acceptance of a gift/ reward/ benefit

FPN A.02. *3.1: No Officer of a designated body may accept, directly or indirectly, any gift, reward, hospitality or benefit from any member of the public or organisation with whom they are brought into contact by reason of their official duties other than :*

- *conventional 'corporate' hospitality in the course of working visits or meetings;*
- *isolated gifts of low value such as diaries, calendars, flowers or chocolates or other items up to the value of £20. Where feasible, such gifts must be shared amongst all of the team members within the relevant budget area.*

Seeking advice

FPN A.02. *3.2: If refusal to accept a gift not falling within the above criteria may cause offence to the giver, or has been already inadvertently received then the early advice of the Designated Finance Officer must be sought and followed. If the recipient of such a gift is the Designated Finance Officer then the advice of the Director of Audit Advisory Division must be sought and followed.*

Declaring gifts/ rewards/ benefits

FPN A.02. 3.3: *Members must declare the acceptance of gifts and benefits in kind from private sources of any amount which might be taken to affect the way in which a Member may vote or otherwise carry out their public duties, but excluding:*

- *all inheritances;*
- *gifts or benefits received from the Member's immediate family; and*
- *attendance at functions in the course of governmental or official parliamentary sponsored duties.*

11.2 Marketing or Other Individual Benefits Offered

FPN A.02. 3.4: *Corporate marketing and promotion often involves not only gifts but also the **offer to individuals of services or goods provided at discount prices**. All such offers are not considered to be part of conventional 'corporate' hospitality and accordingly must not be accepted.*

11.3 Recording of Offers in an Official Register

FPN A02. 3.5: *The recipient of any offer of any gift, reward or hospitality received (whether received or refused) must ensure that it is properly recorded within the register designated for their budget area.*

FPN A02. 3.6: *Conventional 'corporate' hospitality, or such categories of gifts as determined by written instruction of the Accountable Officer, that meet the above description, with an estimated value up to £20, do not need to be entered into the register.*

11.4 Suspicions of Bribery

FPN A02.1.7: Any suspicions of Bribery must be handled in accordance with the Isle of Man Government's Anti-Bribery Policy and Procedure and also reported in accordance with Financial Practice Note A.03 Financial Irregularities.

12FD A 4 Financial Irregularities: FPN A.03

Key Objectives & Risks: Be aware of the potential for irregularities and report suspicions.

Be aware of the potential for possible irregularities particularly affecting cash, stores, property, remuneration or allowances.

Report all actual or suspected financial or accounting irregularities.

Mitigate the risk that irregularities are not known or investigated.

Control weaknesses must be identified and improved.

Potential disciplinary or criminal proceedings must not be jeopardised.

Statutory obligations must be met.

12.1 Notification

FPN A.03. 4.1: *On becoming aware of any actual or suspected financial irregularity, an Officer:-*

- d) must make a note of their concerns immediately, recording as many details as possible in relation to the actual/suspected irregularity e.g.
 - a) the nature of the suspected fraud or irregularity;*
 - b) the names of those involved;*
 - c) dates & times of any relevant incidents;*
 - d) as much other detail available.**

b) Must notify the Accountable Officer, Budget Holder, Designated Finance Officer (or alternatively the Whistleblowing Officer) immediately in writing using the S1 reporting form and include a copy of any other note and supporting information in relation to the irregularity. If the Financial Irregularity involves either the Accountable Officer, Budget Holder or the Designated Finance Officer or Whistleblowing Officer, then they should be omitted from the notification. If the Financial Irregularity involves the Accountable Officer then the Director of Audit Advisory must be notified.

12.2 No Precipitate Action to be Taken

c) Officers must not take any precipitate action unless the situation is such that no alternative exists.

This includes:

- a) contacting or interview the person(s) under suspicion to determine further facts or information;*
- b) discussing the case with anyone other than the Budget Holder, Accountable Officer, Designated Finance Officer, Whistleblowing Officer or a member of Audit Advisory Division (and providing they are not directly implicated in the irregularity); and*
- c) removing or copying any documentation unless under the instruction of the Attorney General's Chambers, Police or Audit Advisory Division.*

12.3 Notification of the Police & Protection of Evidence

d)where it is evident that a crime has been committed with prima facie evidence present, e.g. straightforward theft, property damage, premises breaking etc., the police must be informed immediately and the scene of crime must not be compromised.

13FD A 11 Financial Training: FPN A.05

Key Objectives & Risks: Training underpins compliance.

Financial Training is **mandatory** for all Officers across Government.

It helps to mitigate the risks that:

- A lack of knowledge could undermine financial compliance; and
- A lack of understanding could undermine key financial objectives and financial governance best practice.

13.1 Mandatory Training Requirements

All Mandatory Training Requirements are outlined within FPN A.05 Financial Training 1.1:

All Officers

- within 3 months of appointment, need to complete the basic online *Financial Governance Foundation Course* and every 5 years thereafter; in addition:

all Delegated Officers

- need to complete the online training relevant to their delegated authorities; in addition:

all Budget Holders

- within 3 months of appointment need to complete the online training courses "*Budget Holders – Managing Public Money and General Government Procurement*" and every 3 years thereafter.

14FD A 12 Non-Compliance

Key Objectives & Risks: Empowerment with Accountability.

'Comply or explain' i.e. where you have been empowered to decide not to comply with a requirement, you need to document & explain what you've done and why.

Undocumented and unexplained failure to comply is **not acceptable** and will lead to disciplinary action.

Refer to FPN A.01 Approval for Exemptions to obtain exemption.

WILFUL FAILURE TO COMPLY WITH THE FINANCIAL DIRECTIONS OR FINANCIAL PRACTICE NOTES, MUST BE REPORTED AND WILL LEAD TO DISCIPLINARY ACTION.

FDA 12. Accountability for Non-Compliance

*FD A 12.1: Wilful failure to comply with any part of the Financial Directions or Financial Practice Notes by any Officer shall be considered as **gross misconduct**.*

*FD A 12.2: Where a wilful failure to comply with any part of the Financial Directions or Financial Practice Notes is suspected the relevant **disciplinary procedures must be implemented**.*

15 Exemptions – Obtaining Approval: FPN A.01

Key Objectives & Risks: Empowerment with Accountability, ensuring propriety and embedding a positive compliance culture.

To enable the core principles of comply or explain, and to ensure all financial decisions are, and are seen to be **transparent and accountable**.

To mitigate the risks of a failure to embed a positive compliance culture and a failure to challenge procedures when they are in conflict with core objectives and financial values.

All financial waiver/ exemption forms must be submitted electronically, this places them on the central register maintained by Treasury.

15.1 Use of the electronic Financial Waiver Form

2.1. *Where an officer wishes to obtain an exemption (in whole or in part) from compliance with any Financial Direction or Financial Practice Note then they must use the electronic [Financial Waiver Form](#), which must be used and submitted electronically onto the central register maintained by Treasury¹.*

2.2. *If there have been previous exemption requests that are relevant to the currently requested exemption, then the relevant Financial Waiver Form reference(s) must be included (or if prior to the use of Financial Waiver Forms then relevant documentation attached).*

2.3. ***Exemption from Financial Regulations must not be applied for retrospectively.*** *If you believe an exemption should already have been in place, then you must refer to [FPN A03 Financial Irregularities](#), and report it as a **Financial Irregularity**.*

2.4. *All information included within the Financial Waiver Form must be **clear, sufficient, accurate and relevant** for the requested exemption.*

2.5. *Where additional information is requested to support an exemption approval, this must be submitted via the **same form** as used for the original exemption request.*

2.6. *In all cases, exemptions for approval **must** be submitted to the responsible **Budget Holder** in the first instance.*

2.7. *Financial commitments or transactions must not be made unless they are **fully compliant with Financial Directions and Financial Practice Notes** or in accordance with an authorised exemption via a Financial Waiver Form.*

Exemptions must not be applied for retrospectively; if you believe an exemption should already have been in place then you must refer to FPN A.03 Financial Irregularities and report it as a Financial Irregularity.

¹ Only in the event that the electronic Financial Waiver Form or central register is not available: a copy of the approved form must be obtained from Treasury Audit Advisory Division and submitted by email to enquiries.audit@gov.im.

15.2 Responsibilities of Those Officers Approving Exemptions

2.8. Where any approval for exemption is authorised, all officers must either comply with **all conditions made for that approval** or revert in full to the original **Financial Direction** or **Financial Practice Note** requirements.

15.3 Consideration

4.1. A person must only approve an exemption once they are satisfied:

- a) that they have the appropriate authority to do so;
- b) that sufficient information has been provided to enable them to make an appropriate risk assessment; and
- c) that they are satisfied that the requested exemption would further the Financial Values & Objectives more than compliance with the requirements.

15.4 Rejection or Referral

4.2. If a person with the appropriate authority to approve an exemption is not satisfied that it should be approved then they must:

- a) **Refer it:** if they require any clarification or further information in order to make a decision. They must identify the relevant information required for them to make a decision.
This will refer the Financial Waiver Form back to the original applicant in order for them to provide the information.
- b) **Refuse it:** if they are satisfied that they have sufficient information to make a decision but that the existing financial regulations should continue to be applied in full.

A person rejecting an exemption must use the Financial Waiver Form received and submit it electronically onto the central register maintained by Treasury Conditions Placed upon the Exemption

15.5 One-Off and Procedural Exemptions

4.3 c) Where the exemption does not only relate to a single one-off instance but relates to a class or series of transactions, an expiry date for the exemption should not exceed 5 years.

15.6 Deciding the correct procurement value – Contract Aggregation:

When considering the value of a supply and the relevant procurement mechanism which applies, Budget Holder's **must** consider the contract value:

- Over the full term of the proposed contract including any extension options – this must include scheduled servicing and maintenance charges as well as any extension options; and
- If the proposed supply has no pre-determined end date then you must consider a period of 3 years.

“Over the full term of the proposed contract” can be a **single transaction** where it is a standalone transaction without obligation to receive further supplies. However the value for money ethos of the Financial Regulations implies that where you have repeated spend it may be best value to implement framework agreements or select supplier lists (undertaking appropriate competitive actions for same).

15.7 Deciding the correct exemption value – Incomplete competitive action:

Aggregation is also relevant when no competitive action has been undertaken, or when competitive action is incomplete as only one supplier has submitted an actionable response and you are seeking exemption from the Financial Regulations.

Under FPN C.01, in addition to the Contract Aggregated Cost, the Budget Holder is required to consider Sub-Division of Procurement and Budget Area Aggregated Spend when considering the appropriate authority required for exemption from the Financial Regulations.

15.8 Sub-Division

You must ensure that transactions are not being sub-divided to circumvent Financial Directions and the applicable expenditure thresholds.

Examples of such behaviours would be:

- understating the expected value of a contract,
- attempting to enter into shorter term agreements so the value falls below thresholds, or
- purchasing similar goods from multiple suppliers so the value falls below thresholds.

15.9 Budget Area Aggregated Cost:

Where a budget area purchases goods and/or services of a particular type over a period of time, the values of the separate purchases are added together and, if the total value exceeds the thresholds, the **Financial Directions** apply to **all the purchases**, even if individually the amount of each purchase is below the thresholds.

16 Financial Direction B: Managing Resources

This Financial Direction establishes the core requirements and responsibilities in relation to planning, obtaining and managing financial resources for the delivery of services.

Key Objectives & Risks: Optimise all Financial Resources.

The Direction is **most relevant to Budget Holders, Designated Finance Officers and Accountable Officers** and is covered under additional training handbooks.

FD B1.1 *The objectives are to ensure that;*

- a) the required financial resourcing is in place to support the delivery of services;*
- b) resources are allocated so as to maximise the value from those services; and*
- c) that budgets are appropriately monitored and managed to ensure that targets are met and commitments are not made without sufficient resources to meet them.*

The Financial Direction outlines rules regarding;

- B 2 Budget Planning: FPN B.01 Budget Planning & FPN B.03 Business Cases
- B 3 Budget Management: FPN B.02 Budget Management
- B 4 Financing of Expenditure: FPN B.04 Internal Funds
- B 5 Guarantees, Indemnities & Contingent Liabilities
- B 6 New Legislation with Financial Implications

17 Financial Direction C: Buying & Making Payments

This Financial Direction covers the purchase or otherwise obtaining of all goods, services and assets by relevant bodies from and making payments to 3^d parties.

Key Objectives & Risks: Financial Values.

When buying and making payments it is important to remember the Core Financial Values of Regularity, Propriety and Value for Money.

All Officers should be aware that when buying, Budget Holders and Delegated Officers should;

- **Only buy the things we need and only commit to buying when we have the resources to do so;**
- **Undertake fair and open competition to ensure impartiality and best value;**
- **Ensure that supplies received meet our needs and that we only commit to those that do so; and**
- **Record and make payments in a timely manner and in accordance with Statutory regulations.**

FPN C.02 3.2. *All Officers involved in Capital Projects must ensure that they are undertaken in accordance with the Procedure Notes for the Management of Construction Projects issued by the Treasury.*

Financial Direction C outlines rules regarding;

- C 2 Insurance: D5 & FPN D.03 Insurances
- C 3 Using Internal Resources First
- C 4 Only Spending What We Can Afford
- C 5 Financial Thresholds For Procurement Decisions & Exemptions:
 - FPN C.01 Determining Supplier Financial Relationships
- C 6 Central Framework Agreements
- C 7 Alternative Procedures for Specific Types of Procurement:
 - FPN C.03 Vehicle & Plant Procurement
 - FPN C.05 Land & Building Acquisitions
- C 8 Procurement of General Goods & Services Up to £100k:
 - FPN C.06 General Procurement
 - FPN C.07 Ordering, Receiving, Paying for Goods & Services
 - FPN C.08 Tendering
- C 9 Procurement of General Goods & Services Over £100k: FPN C.08 Tendering
- C 10 Evaluation of Suppliers Over £100k: FPN C10 Tender Evaluation

- C 11 Contracting for Goods & Services Over £100k: FPN C.09 Contract Management
- C 12 Additional Requirements for the Procurement of Specific Categories of Goods & Services
 - FPN C.01 Determining Supplier Financial Relationships
 - FPN C.02 Capital Procedure Notes
 - FPN C.04 ICT Hardware & Software Procurement
- C 13 Acquisition of Assets
- C 14 Statutory Payments

18 Financial Direction D: Safeguarding and Optimising Assets

This Financial Direction covers the management of assets held by Designated Bodies for the delivery or benefit of public services.

Key Objectives & Risks: Optimising asset management

To ensure that asset are managed and safeguarded in order to optimise their value and to benefit and to support future Government goals.

The Financial Direction outlines rules regarding;

- D 2 Banking Arrangements: FPN D.01 Banking & Issuing Cheques
- D 3 Management of Assets & Inventory: FPN D.02 Managing Assets & Inventory
- D 4 Optimisation of Assets: F4 & FPN B.01 Budget Planning
- D 5 Insurances: FPN D.03 Insurances
- D 6 Cash Management: FPN D.04 Imprest Accounts & Petty Cash & FPN D.05 Cash Handling
- D 7 Investments & Borrowings
- D 8 Charitable & Third Party Funds: FPN D.06 Managing Third Party Funds

18.1 FD D 1 General Objectives

All Officers should be aware of Budget Holders and Delegated Officers responsibilities to ensure that per the Financial Regulations FD D.1;

- *we only keep the things we really need to support the delivery of our services;*
- *we sufficiently look after the things we need to keep to ensure they meet Health & Safety requirements; to optimise their value for as long as we need them and also for when we need to dispose of them;*
- *we ensure that any property and associated legal agreements are fit for purpose, positively managed and produce a benefit for Government;*
- *where we are required to hold any monies or other property on behalf of 3rd parties, we undertake an appropriate duty of care to ensure that their value is, as appropriate, maintained or used to maximise intended benefits. Where property is only held on behalf of 3rd parties we will ensure that it is held for no longer than is necessary; and*
- *we secure and manage property proactively to support future Government goals.*

Key Objectives & Risks:

To ensure the safeguarding of Government funds, in line with core Financial Values and in particular **regularity and propriety**.

To mitigate the risks that banking arrangements are not appropriate or not adequately controlled, and to prevent non-compliance with the Treasury Act.

FD D.2.1: *All arrangements with the Government's bankers must be made by, or under arrangements approved by the **Chief Accountant**, who is authorised to operate such banking accounts as they consider necessary.*

FD D.2.2: **Accountable Officers** must ensure that all bank accounts are monitored and **reconciled** in accordance with FPN D.01 Banking & Issuing Cheques.

FPN D.01. 3. Banking, Responsibilities of all Officers

All Officers must ensure that:

*3.1. there are **no deductions from money being banked** save to the extent that the Chief Accountant may specifically authorise;*

*3.2. **no personal cheques and post-dated cheques are cashed out of monies being banked** on behalf of the Government;*

3.3. paying in slips must be completed in triplicate:

a) the first paying in slip is to be sent to the bank with the monies. This must be visible to allow third party inspection;

b) the second paying in slip is provided to the relevant finance division;

c) the third paying in slip is retained in the paying in book;

3.4. clear deferred banking bags must be used and sealed by the Officer completing the banking;

*3.5. banking bags **must not be left unsealed overnight**;*

FPN D.01. 6.1. *All Officers must ensure that where **cheques are being sent to off-Island addresses**, that they are despatched in plain envelopes and **not in window envelopes** if it is evident that the enclosure is a cheque.*

Key Objectives & Risks:

To ensure the valuation and recording of assets: their acquisition, disposal and depreciation are appropriately recognised in accordance with UK Accounting Principles.

To mitigate the risks of theft, that assets are not known and responsibilities for assets are not recorded.

To ensure assets are maintained and safeguarded, that they work as intended and do not create unnecessary loss of value or Health & Safety risks.

18.3.1 Maintaining of Assets

FPN D.02. 3 All Officers must ensure that:

- *they undertake an appropriate risk assessment before using Government assets to ensure the asset is ready and safe for use;*
- *they do not use assets that have failed any Health and Safety risk assessment;*
- *they report faults immediately and clearly mark the asset as faulty, detailing the fault to prevent other officers from using the asset; and*
- *that assets are well looked after and kept clean after use.*

18.3.2 Safeguarding of Assets

FPN D.02. 3.5. When left unattended, assets are **left secure** to minimise the risks of theft or damage.

18.3.3 Personal Use of Assets

FPN D.02 3.6. **Assets must only be used for official Government business**, unless personal use has been approved in advance, in writing, by the Budget Holder. Where the proposed personal use is by the Budget Holder then approval must be obtained from their line manager;

FPN D.02 3.7. **equipment is not borrowed free of charge** and that when borrowing equipment for personal use the organisation is reimbursed with a sum equivalent to the hire charge were it to be hired from a private business (which has been agreed by the Budget Holder, in writing, in advance).

18.3.4 Government Owned Motor Vehicles

FPN D.02:

3.8. The mileage records for the relevant vehicle are completed at the end of each journey;

3.9. any private mileage is recorded on the mileage record and an appropriate reimbursement for personal use is made by the Officer to the Government at the prescribed rate (currently 50p per mile).

18.3.5 Stocks & Stores

FPN D.02. 3.10. All items used from stocks & stores have been requisitioned/obtained in accordance with the procedure determined by the Budget Holder responsible for the management of those stocks & stores.

18.4 FD D 4 Optimisation of Assets: F4 Disposal of Assets & FPN B.01 Budget Planning

Key Objectives & Risks:

“Disposal” has a widely scoped definition, to include loan, sale, donation, sponsorship, exclusivity rights etc...

To ensure assets for disposal are correctly valued.

To ensure we operate in an open and fair manner, which encourages competition.

To ensure impartiality and that the best price is obtained.

FD D 4.1. Whenever an assets **disposal value is greater than its value** in use then it must be disposed of in accordance with F 4 Selling/Disposal of Assets, or it must be considered as a **request for additional funding** in accordance with B 2 Budget Planning.

FD D.4.3: Whenever a designated body is offering a third party the **opportunity to earn income** (including via sales commission) then the **competitive action principles** and procedures within Financial Direction C must be applied as if it were a purchase of goods or services.

18.5 FD D 5 Insurances: FPN D.03 Insurances

Key Objectives & Risks:

To ensure that all potential claims are reported/ known.

To ensure all claims are approved, authorised, pursued and resolved in a timely manner.

FPN D.03. 3 All Officers must ensure that:

- **3.1** they do not admit liability or make any other offer to pay compensation that may prejudice the assessment of liability in respect of any Government insurance claim; and
- **3.2:** that they notify the relevant Budget Holder immediately (or as soon as practicable) of any potential claim for or against any Designated Body.

18.6 FD D 6 Cash Management: FPN D.04 Imprest & Petty Cash Accounts

Key Objectives & Risks:

To ensure imprest and petty cash accounts are known and only used for their intended purpose.

To mitigate the risks of theft, mismanagement, misappropriation and/ or mis-use of monies.

FD D 6.1: *Imprest accounts are bank accounts which are operated by some designated bodies where payments are reimbursed from Government's General Charge Account to maintain a zero balance. All Imprest (cheque or petty cash) accounts held must be managed in accordance with FPN D.04 Imprest Accounts & Petty Cash.*

FPN D.04 3 All Officers must ensure that:

3.1. any claim from Petty Cash is adequately supported by third party documentation, e.g. an VAT invoice or a VAT till receipt;

3.2. a petty cash voucher is completed detailing the items purchased, reasons for the purchase and the value and quantity of the items purchased;

3.3. the petty cash voucher is signed by the claimant and an independent Delegated Officer

3.4. the petty cash voucher is attached to the supporting documentation, e.g. VAT Invoice or VAT till receipt;

3.5. if cash is taken as an advance: that a signed and dated (by both the claimant and the Budget Holder) receipt is left in its place. If the petty cash voucher already provides for the recording of cash advances, then should be used instead);

3.6. imprest accounts are not used for the payment of standard creditors, travel or subsistence, or any other reimbursement to Officers, unless the reason for doing so is an exceptional circumstance and has been documented (see FPN C.07 Ordering, Receiving, Paying for Goods and Services).

Key Objectives & Risks:

To ensure cash handling is correctly managed, to avoid theft or borrowing of cash and false accounting.

FD D 6.2: *Wherever cash is handled by officers the procedures in FPN D.05 Cash Handling must be followed.*

In summary:

- There must be formal acknowledgement when responsibility for cash is passed from one officer to another (including at the end of shifts); and
- All cash must be kept physically secure until banking.

FPN D.05. 3 *When handling cash and receiving monies, all Officers must:*

- 3.1. ensure that **serial numbered receipts (with a printed receipt number)** are issued for **all cash monies received**; however receipts need only be issued on request for: cash received by post, cheques and postal drafts; (unless otherwise directed by the Budget Holder);
- 3.2. ensure that **all cash remittances received by post are recorded in a remittance register as soon as the post is opened**. The record should specify date of receipt, payer name, amount paid and type of remittance. The remittance record must be also be countersigned by another Officer.
- 3.3. Ensure that **all cash collected is kept physically secure from theft, loss or misappropriation from the time it is collected until it is banked**;
- 3.4. ensure that any **safe/strong room keys in their possession are held securely and if lost or stolen reported immediately to the Budget Holder and Designated Finance Officer**;
- 3.5. **must not divulge any safe combinations to any other persons nor keep a written note of the combination**;
- 3.6. ensure that **proper written acknowledgement is given when cash is passed from one Officer to another**;
- 3.7. **count the takings** at the end of each shift and officially record it;
- 3.8. **record all variances** in monies collected and receipts for each shift;
- 3.9. where officers have to carry cash between offices as part of their duties, **be accompanied** wherever possible;
- 3.10. ensure that all receipts are banked in accordance with FPN D.01 Banking & Issuing Cheques.

Key Objectives & Risks:

To ensure compliance with the Charities Registration Act and the Government's core financial values, in particular in relation to regularity and propriety.

To ensure third party funds and associated accounting are adequately controlled.

FD D 8.1: *All 3rd Party funds must be managed and administered in accordance with FPN D.06 Managing Third Party Funds.*

FPN D.06. 1: *the term Fund relates to any of the following:*

- *school fund accounts;*
- *registered charities that are under the control of, or administered by, the Designated Body;*
- *any trust funds that are administered by the Designated Body; or*
- *any other 3rd party funds held or managed on trust by the Designated Body.*

FPN D.06: *Responsibilities of all Officers:*

4.1: *When acting as trustees by virtue of their official position, must **deposit all securities and documents of title relating to each trust with the Accountable Officer**, unless the trust deed or other governing document requires otherwise.*

4.2: *Where a third party is in control of public funds (for example, through a client account), adequate **due diligence must be carried out on the third party company beforehand, and measures must be put in place to ensure that the third party does not hold full control of any funds.***

19 Financial Direction E: Paying Staff

Key Objectives & Risks:

To ensure that employees are paid accurately and promptly for the work they do, and that payroll information is kept confidential and secure.

To prevent fraudulent recording of time/ attendance, unauthorised payments or leave exceeding entitlement.

All Officers should be aware of Budget Holders and Delegated Officers responsibilities to ensure that per the Financial Regulations FD E 1.1;

- a) *our employees are paid accurately and promptly for the work they do;*
- b) *they are paid in line with their terms and conditions;*
- c) *any additions or deductions made to pay are accurate and appropriately authorised;*
- d) *any mistakes are promptly notified and appropriate corrective action is taken; and*
- e) *payroll information is kept confidential & secure.*

19.1 Overview

In summary all Officers must ensure:

- That any claim for overtime or additional payments are a correct statement and that the claim is in accordance with the relevant terms & conditions of employment and were incurred wholly, exclusively and necessarily in the course of Government's business.
- All claims are made on a system approved by the Executive Director of Human Resources (Cabinet Office).
- All mistakes are promptly notified and appropriate corrective action is taken.

19.2 FD E 2 Payment of Salaries & Wages:

FD E 2.1: *With the exception of the Manx Utilities Authority and the Isle of Man Post Office preparation of salaries, wages and pensions payable are completed by Payroll Shared Services under the control of the Executive Director of Human Resources*

FD E 2.2: *All Government Payroll must be prepared in accordance with FPN E.01 Payroll Procedures.*

19.2.1 Overtime & Additional Payments: FPN E.01 Payroll Procedures

Key Objectives & Risks:

To mitigate the risks of unauthorised appointments and payments, the creation of ghost employees or echo payments to employees who are no longer employed.

To prevent fraudulent recording of attendance and to ensure leave does not exceed entitlement.

FPN E.01. 3.1 *All Officers must ensure that any claims for additional pay are:*

- a) *In accordance with the applicable **terms and conditions** of employment;*
- b) **Complete, accurate** and easy to understand;
- c) **Appropriately authorised** by their Department;
- d) **Submitted via a system authorised by the Office of Human Resources.** Authorised systems are limited to those that interact directly with their electronic HR and Payroll system and include the following:
 - i. *completion by the Officer of a claim via the electronic HR system (time and expenses claim);*
 - ii. *central input of an authorised claim or timesheet by another Authorised Officer in a Department via Fast Input;*
 - iii. *electronic information that can be directly imported into PiP from another established and trusted system, e.g. Health Roster, Omnidas. This option does not include individually created spreadsheets.*

FPN E.01 3.2 **All Officers must check their payslip for accuracy and notify the Payroll Section of any errors immediately.** *Where a salary overpayment has occurred Officers must agree the appropriate mechanism for recovery with the Payroll Section and seek to repay the amount at the earliest opportunity.*

19.3 FD E 3 Travel & Subsistence: FPN E.02 Travel & Subsistence

Key Objectives & Risks:

To mitigate the risks of fraudulent travel and subsistence claims, unauthorised claims or settlement of claims outside of stated allowances.

To ensure that where required, employees hold a valid driving licence and have valid insurance.

In general all Officers must ensure:

- That all claims for subsistence are made at the rates detailed within *FPN E.02 Travel and Subsistence*.
- That all off-Island travel has received the prior written approval of:
 - Domestic Travel (British Isles and Ireland): the Accountable Officer or other Delegated Officer
 - Worldwide Travel: the Accountable Officer
- That prior written approval has been obtained for any off-Island subsistence that exceeds the permitted Daily Allowance (approval from either the Accountable Officer or other Delegated Officer).

FPN E.02 2 The British Isles consists of Great Britain, the Whole of Ireland, the Orkney and Shetland Isles, the Isle of Man, the Inner and Outer Hebrides, the Isle of Wight, the Isles of Scilly, Lund Island and the Channel Island.

19.3.1 General Mileage Provisions: FPN E.02 Travel & Subsistence

In summary all Officers must ensure:

- that where applicable, the standard distances detailed within *FPN E.02 Travel and Subsistence* and below are used for mileage claims. Other mileages must be on an actual basis.
- That Mileage rates used are in accordance with the prevailing Travelling Allowances Order made in the Payment of Members Expenses Act 1989, (unless an employee's specific Terms & Conditions determine otherwise in which case they must be made under the relevant Terms & Conditions);

These are currently (pence per mile):

	Travelling within the Island		Off Island Travel
	Within a 12 month period commencing 1st April		
	<i>Pence per Mile</i>		
	First 6,000 Miles	Over 6,000 Miles	
Motor Vehicle	50.0	34.0	34.0
Motor Cycle	26.0	17.0	17.0

- With an additional 5p per mile for any 'eligible passenger' (see *FPN E.02 Travel and Subsistence* for details)

19.3.2 Official Mileage Chart: FPN E.02 Appendix 1

The distances between various towns and villages on the Isle of Man are given below and mileage allowance claims must be based on these distances unless there are special reasons, which must be stated, for claiming a greater distance.

a) Single Journey Distance

<i>Journeys</i>	<i>Distance (in miles)</i>
<i>Castletown to Port Erin</i>	<i>4 (via Shore Road)</i>
<i>Castletown to Port St Mary</i>	<i>4 (via Shore Road)</i>
<i>Douglas to Ramsey</i>	<i>16.5</i>
<i>Douglas to Laxey</i>	<i>7.5</i>
<i>Douglas to Peel</i>	<i>11</i>
<i>Douglas to Castletown</i>	<i>10</i>
<i>Douglas to Port Erin</i>	<i>14</i>
<i>Douglas to Ronaldsway</i>	<i>8.5</i>
<i>Douglas to Colby</i>	<i>12</i>
<i>Douglas to Jurby</i>	<i>17</i>
<i>Douglas to Wild Life Park</i>	<i>19 (via Ballacraigne/Ballaugh)</i>
<i>Douglas to Wild Life Park</i>	<i>15 (via Sulby Glen)</i>
<i>Douglas to Kirk Michael</i>	<i>15</i>
<i>Douglas to Cregneash</i>	<i>16</i>
<i>Douglas to Onchan</i>	<i>2</i>
<i>Ramsey to Bride</i>	<i>4.5</i>
<i>Ramsey to Peel</i>	<i>16</i>
<i>Peel to Port Erin</i>	<i>14</i>
<i>Peel to Port St Mary</i>	<i>14</i>
<i>Peel to Castletown</i>	<i>12</i>

b) *Return Journeys Distances*

<i>CGO to Police Headquarters</i>	3
<i>CGO to Tromode House</i>	3 (via Tromode Road)
<i>CGO to Vehicle Testing Centre</i>	3
<i>CGO to Training Centre, Peel Road</i>	2
<i>CGO to College, Homefield Rd</i>	3.5
<i>Sea Terminal to Nobles Hospital (Braddan)</i>	5.2
<i>Circular Road to Nobles Hospital (Braddan)</i>	4.2

(CGO is Central Government Offices on Bucks Road). FPN E.02.1: All Officers must ensure:

19.3.3 Form of Claims: FPN E.02. 3

- 3.1. all **travel and subsistence claims** submitted for authorisation by a Delegated Officer and are **complete, accurate and easy to understand**;
- 3.2. all **travel and subsistence claims** are submitted in a format approved by the **Executive Director of Human Resources**;
- 3.3. where subsistence is claimed for absence on duty within the Island, **the time of departure from, and arrival back at normal place of business, must be stated under each journey**;
- 3.4. where subsistence is claimed in connections with the journeys outside the island, **the time of arrival back on the Island must be stated against the relevant date**;

19.3.4 Eligibility, Rates and their Applicability: FPN E.02. 3

- 3.5. all **travel and subsistence claims** are paid in accordance with the **employees' terms and conditions**. E.g. Civil Service, Whitley Council, MPTC etc.;
- 3.6. all **mileage claims** are made in accordance with the **prevailing Travelling Allowances Order** made under the Payment of Members Expenses Act 1989, unless an employee's specific Terms & Conditions determine otherwise in which case they must be made under the relevant Terms and Conditions;
- 3.7. **mileage claims** state the **full particulars of journeys and charges and the distance travelled in miles based on the official mileage chart** at Appendix 1. Where journeys undertaken are not on the mileage chart then they must be claimed in accordance with either:
 - a) any supplementary mileage chart issued by the Designated Finance Officer for the Designated Body (where one has been issued that covers the journey undertaken); or in all other cases:
 - b) the actual mileage of the journey;
- 3.8. all **subsistence claims** are made in accordance with the prevailing **Subsistence Allowances Government Circular** approved by Tynwald;
- 3.9. all off-Island travel must have written approval prior to any expenditure being incurred;

19.3.5 Use of Motor Vehicles for Government Business: FPN E.02. 3

- 13.10. they have a **valid driving licence** for the category of vehicle being driven;
- 3.11. if using a **private motor vehicle**, ensure that there is adequate insurance to cover the business use;
- 3.12. the Budget Holder is **notified immediately if they no longer have a valid driving licence or insurance**.

19.3.6 Responsibilities of Delegated Officers: FPN E.02.2

Delegated Officers must:

- 4.1. **not approve their own travel and subsistence claims** but instead submit them to a more senior Delegated Officer or other appropriate authority for approval;

20 Financial Direction F: Selling & Receiving Payments

Key Objectives & Risks:

To ensure charges for goods and services are clear, fair, consistent, sustainable and in line with statutory requirements.

To ensure collection of monies is appropriately managed and recorded, and credit facilities are only offered in appropriate circumstances.

Transactions must be undertaken in an open and fair manner to encourage competition, to ensure impartiality and best price.

All Officers should be aware of Budget Holders and Delegated Officers responsibilities to ensure that per the Financial Regulations FD F 1;

- a) *our charges for goods & services are clear and easy to understand;*
- b) *we charge for goods & services in line with any statutory requirements;*
- c) *we are fair and consistent in the application of our fees and charges;*
- d) *our fees and charges are set at an appropriate level to ensure services can be appropriately sustained;*
- e) *we only offer credit facilities where there are sound business reasons for doing so;*
- f) *when it is at our discretion to sell things or offer opportunities to 3^d parties, we do so in an open and fair manner which encourages competition, so as to ensure impartiality and that the best price is obtained;*
- g) *when we take receipts 'as a service' (e.g. taxation/financial penalties) they are in line with the relevant statutory requirements;*
- h) *we ensure that all monies owed to government are collected appropriately; and*
- i) *we record transactions appropriately to meet our statutory requirements.*

20.1 FD F 2 Setting Charges for Goods & Services

FD F 2.1: *Budget Holders must ensure that charges for all goods and services comply with any required legislation.*

20.2 FD F 3 Collection of Monies:

FD F 3.1: *All sales and receipts of monies must be recorded on a system approved by the Chief Accountant.*

FD F 3.2: *The provision of credit and the collection of debts (including their write-off) must be in accordance with FPN F.01 Providing Credit & Collecting Debts.*

FD F3.3: *All monies collected must be collected and managed in accordance with FPN D.01 Banking & Issuing Cheques and FPN D.05 Cash Handling.*

20.2.1 Providing Credit & Collecting Debts: FPN F.01 Providing Credit & Collecting Debts

Key Objectives & Risks:

To ensure that debts owed to Government are kept to a minimum and identified, collected and banked in a timely manner.

To ensure that appropriate follow up action is taken with regard to outstanding debtors and that where appropriate, further provision of goods and services is withheld from outstanding debtors until such time as the debt has been cleared.

FPN F.01. 3 All Officers must:

3.1. *except where Budget Holder has given approval to the provision of credit facilities, ensure that Government goods and services are paid for in advance or at point of service.*

3.4. *not write-off or otherwise reduce amounts owed unless they have been delegated the authority to do so.*

FPN F.01. 3.2. *where invoices are raised ensure that they:*

- a) are for the correct amount in accordance with the designated body's approved scale of charges, with the exception that no invoice shall be issued to another designated body if the amount is less than £100 before VAT;*
- b) do not exceed the credit terms approved by the Budget Holder;*
- c) set out clearly the payment terms and the consequences of non-payment;*
- d) are approved by the Accountable Officer where they are raised for less than the approved amount and any relevant third party evidence supporting such reductions must be retained;*

FPN F.01. 3.3. *where remittances are received, ensure that:*

- a) the correct debtor account is credited and that the relevant remittance details are noted (such as reference number, cheque number and date);*
- b) the correct income account and cost centre are credited;*

20.3 FD F 4 Selling/Disposal of Assets and Offering Opportunities to 3rd Parties

FD F 4.1. 'Disposal' refers to the disposal, loan, sale, donation or other assignment or use of any Government asset by an officer, member or third party not covered by the Financial Regulations. Disposal includes the lease of land, the loan of, the use of, sale or lease of other assets such as plant, equipment, vehicles and intellectual property. **It includes any rights granted from which economic value can be derived (for example the selling or offering of exclusivity rights, sponsorships or opportunities to earn income).**

In summary all Officers must ensure that:

*FD 4.4: All **ICT assets** must be disposed of in accordance with FPN F.02 Disposal of ICT Assets.*

*FD 4.6 & 4.7: All **Land & Buildings** are disposed of in accordance with FPN F.03 Disposal of Land & Buildings.*

*FD 4.9: **General Assets** with a cost or value below (or equal to) £100,000 are disposed of in accordance FPN F.04 Disposal of General Assets.*

F 4.11. Except for ICT assets and Land & Buildings, the disposal of any asset with a historical cost of equal to or greater than £100,000, must be disposed of in accordance with FPN C.08: Tendering.

FD F4.2: Prior to any disposal of assets, Budget Holders must ensure that they have been valued and recorded in accordance with D 3 and FPN D.02 Managing Assets & Inventory.

FD F4.3: Following any sale or disposal of assets, all relevant records must be updated in accordance with F 1 and F3.

20.3.1 ICT (Information Communications Technology) Disposal: FPN F.02

Key Objectives & Risks:

To ensure that value for money is achieved when ICT assets are disposed of, by recovering and re-using where possible or considering resale where not.

To mitigate against the risk of information disclosure by ensuring that all devices are disposed of in a secure manner.

To ensure appropriate financial controls are applied in relation to ICT assets and that relevant asset registers are updated.

FPN F.02. 3.1. All Government ICT Assets should be disposed of by raising a Disposal request through the GTS Service Desk.

20.3.2 Disposal of Land & Buildings: FPN F.03

Key Objectives & Risks:

To ensure that assets are appropriately disposed of, that they realise their true value, and are accurately recorded and transacted, without giving rise to litigation and to mitigate the risks associated with disposals.

FPN F.03: *Disposals will include (but are not limited to):*

- *Sales;*
- *Leases for 21 years or more;*
- *Option arrangements;*
- *Shared equity schemes;*
- *Leases for less than 21 years;*
- *Licences;*
- *Wayleaves and easements; and*
- *Rights of way.*

FD F.03: *Key risks:*

- *assets are disposed of inappropriately;*
- *litigation as a result of disposal of assets;*
- *appropriate value not realised from the disposal of assets;*
- *poor co-ordination around disposals that could result in a wider impact upon Government as a whole;*
- *wider asset value affected as a result of disposals of interests; and*
- *variations in value are not offered or perceived to be offered as a form of subsidy or support.*

FD F 4.6: **All Land & Buildings (excluding lettings for a term of 21 years or less) must be disposed of in accordance with the Council of Ministers' Policy on the Disposal of Government Land.**

FD F 4.7: **All Land & Buildings (including lettings for a term of 21 years or less) must also be disposed of in accordance with FPN F.03 Disposal of Land & Buildings.**

The Financial Practice Note outlines rules regarding;

- 1 Additional Definitions Used within the FPN
- 2 Legislative Background
- 3 Responsibilities of the Delegated Officer
- 4 Responsibilities of the Budget Holder
- 5 Matters to consider prior to a disposal
- 6 Sales and leases of 21 years or over or other long term disposals in land & property
- 7 Leases of land and buildings for less than 21 years (not Social Housing)
- 8 Licences for less than a year
- 9 Wayleaves and Easements
- 10 Rights of Way

20.3.3 Disposal of General Assets <£100,000: FPN F.04

Key Objectives & Risks:

To ensure that asset registers reflect disposals, that assets realise their true value and are appropriately disposed of without giving rise to litigation.

FD F 4.9: Except for ICT assets and Land & Buildings, the disposal of any asset with a historical cost of up to (and including) £100,000, must be disposed of in accordance with FPN F.04 Disposal of General Assets.

FPN F.04 2: All Officers must ensure that:

Prior to Any Disposal

4.1. assets are only disposed where:-

- a) assets are no longer economically useful or maintainable;**
- b) assets no longer comply with health and safety;**
- c) assets are no longer required due to a change in strategy;**
- d) there has been an unplanned disposal such as theft or irreparable breakdown;**

4.2. the value of all assets is assessed prior to their disposal to ensure that they no longer benefit Isle of Man Government or that it is not economical to retain them;

4.3. the removal of any item from an inventory/asset register is supported by a letter, certificate or other document which should be signed by an appropriately authorised Delegated Officer;

Disposal of any Asset

4.4. where they may wish to personally benefit from any assets disposal, that they have no involvement with the disposal approval, asset valuation or sale procedure;

4.5. all assets are sold as seen with details of any known faults declared;

4.6. the purchaser signs a disclaimer, indemnifying Government against future claims, in a form approved by the Attorney General's Chamber, prior to transfer of ownership;

4.7. wherever possible, photographic evidence of the condition of the asset on disposal is retained;

4.8. transfer of ownership is not completed until full payment is received;

4.9. all sale proceeds are paid into the relevant bank account for the Designated Body and allocated to the relevant income code;

4.10. loaned assets cannot be subsequently loaned to a third party or otherwise disposed of without the prior written approval of the Budget Holder;

20.3.4 Assets with a value of £100 or less:

4.11. *assets in reasonable condition but with little re-sale value must be **offered to other designated bodies** of Government or major charitable organisations prior to being disposed of.*

4.12. *Following the procedures described in paragraph 1.1 (above), **obsolete items with little or no re-sale value (less than £100 accumulated if a number of items) must be sold as scrap if cost effective, otherwise disposed of as general waste, with any receipts to be returned to the Budget Holder;***

20.3.5 Assets with a value of more than £100 but less than or equal to £10,000:

4.13. *if the value of the asset(s) to be disposed of is more than £100 but less than or equal to £10,000, then it must be:*

- ***offered for sale to a minimum of 3 independently interested parties at the valuation price and the best price offered accepted; or***
- ***be publically advertised or auctioned and the best price offered accepted;***
- ***transferred to for use within another Designated Body;***

20.3.6 Assets with a value of more than £10,000 (and up to £100,000):

4.14. *Where the value of the asset to be disposed is between £10,000 and £100,000, then the disposal **advertised on the Attorney General's Chambers' Website or Procurement Portal** in accordance with Financial Practice Note C.06 General Procurement.*

Key Objectives & Risks:

To ensure an appropriate level of fair and open competition is undertaken to ensure impartiality and best value is achieved.

To mitigate the risks of failure to operate an open, fair and transparent procurement process, anti-competitive behavior or contracting on unfavourable terms.

F 4.11. Except for ICT assets and Land & Buildings, the disposal of any asset with a historical cost of equal to or greater than £100,000, must be disposed of in accordance with FPN C.08: Tendering.

The Financial Practice Note outlines rules regarding;

- 1 Responsibilities of the Budget Holder
- 2 Responsibilities of the Tender Evaluation Panel
 - Tender Process and Stages
 - Tender Documentation.

21 Where to get further advice...

- **Officers** and **Delegated Officers** should seek advice from their **Budget Holder**;
- **Budget Holders** should seek advice from their **Designated Finance Officer**;
- **Designated Finance Officers** should seek advice from the **Director of Audit Advisory**.