



Isle of Man
Government

Reiltys Ellan Vannin

FINANCIAL REGULATIONS

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Record of Amendments

The table below shows the primary amendments that have been made in this edition in relation to the previously issued **December 2016** edition of the Financial Regulations.

Reg No.	Description of Amendment
August Version Changes (Issued 1/08/2017)	
FD8	Updated to reflect the implementation of the Isle of Man Government Procurement Policy.
FD12	Updated to reflect the revised financial thresholds within FD8.
September Version Changes (Issued 1/09/2017)	
FD8	8.5 Clarification that the requirement to advertise contracts between £10,000 and £100,000 can be waived by the Accounting Officer. 8.27 Addition of the requirement for the publication of tender waivers on the Attorney General's Chamber's website.
FD12	12.4 Clarification of the requirement to advertise disposals between £10,000 and £100,000.

Contents

PART 1..... 12

FD1 – GIFTS & REWARDS..... 14

FD2 – ACCOUNTING OFFICERS 15

FD3 – OFFICIAL ORDERS FOR GOODS & SERVICES 18

FD4 – PAYMENT OF INVOICES 20

FD5 – DEBTORS..... 21

FD6 – BANKING ARRANGEMENTS 22

FD7 – PAYMENT OF SALARIES & WAGES..... 23

FD8 – PROCUREMENT & TENDERS 25

FD9 – TRAVEL & SUBSISTENCE 31

FD10 – INSURANCES 32

FD11 – FINANCIAL IRREGULARITIES 33

FD12 – ASSET MANAGEMENT 34

FD13 – EXPENDITURE CONTROL..... 36

FD14 – FINANCING 37

FD15 – DATA SECURITY 38

FD16 – IMPREST ACCOUNTS & PETTY CASH..... 39

FD17 – CAPITAL PROJECTS..... 40

FD18 – VIREMENTS..... 41

FD19 – PUBLIC/PRIVATE PARTNERSHIPS..... 42

FD20 – FINANCIAL IMPLICATIONS OF LEGISLATION..... 43

FD21 – BUSINESS CASES 44

FD22 – INCOME FROM CARD TRANSACTIONS 45

FD23 – INVESTMENTS & BORROWINGS..... 46

FD24 – VOLUNTARY FUNDS (ACCOUNTING) 47

FD25 – EXTERNAL CONSULTANTS FOR NON-CAPITAL..... 48

FD26 – CORPORATE GOVERNANCE & RISK MANAGEMENT..... 50

FD27 – ICT (Information Communications Technology) GOVERNANCE 51

FD28 – FOREIGN CURRENCY TRANSACTIONS..... 53

FD29 – LAND ACQUISITION & DISPOSAL 54

FD30 – CONFIDENTIAL AND EX GRATIA PAYMENTS..... 57

PART 2..... 58

FG1 – FINANCE OFFICERS 59

FG2 – AUTHORISATION 60

FG3 – OFFICIAL ORDERS 61

FG4 – PROTECTION OF PRIVATE PROPERTY 63

FG5 – DEBTORS..... 64

FG6 – ACCOUNTING SYSTEMS..... 65

FG7 – PAYMENT OF SALARIES & WAGES..... 66

FG8 – PENSION BENEFITS 67

FG9 – CHEQUES 68

FG10 – POST OPENING & RECEIPT OF MONEY..... 69

FG11 – CASH CONTROL 70

FG12 – USE OF GOVERNMENT ASSETS..... 72

FG13 – DISPOSAL OF ASSETS 76

FG14 – STOCKS & STORES..... 77

FG15 – DATA SECURITY 78

FG16 – IMPREST ACCOUNTS & PETTY CASH 79

FG17 – COMMERCIAL SPONSORSHIP 80

FG18 – STATUTORY BOARDS 81

FG19 – GIFTS & REWARDS..... 82

ISLE OF MAN GOVERNMENT FINANCIAL REGULATIONS

REGULATIONS & DIRECTIVES BY AREA
GOVERNANCE
FD1 – Gifts & Rewards
FD2 – Accounting Officers
FD5 – Debtors
FD9 – Travel & Subsistence
FD11 – Financial Irregularities
FD13 – Expenditure Control
FD14 – Financing
FD15 – Data Security
FD17 – Capital Projects
FD18 – Virements
FD19 – Public/Private Partnerships
FD20 – Financial Implications of Legislation
FD21 – Business Cases
FD25 – External Consultants for Non-Capital
FD26 – Corporate Governance & Risk Management
FD27 – ICT (Information & Communication Technology) Governance
FD30 – Confidential & Ex-Gratia Payments
FG1 – Finance Officers
FG2 – Authorisation
FG4 – Protection of Private Property
FG15 – Data Security
FG17 – Commercial Sponsorship
FG18 – Statutory Boards
FG19 – Gifts & Rewards
PURCHASING, USE OF ASSETS & DISPOSALS
FD8 – Procurement & Tender
FD12 – Asset Management
FD29 – Land Acquisition & Disposal
FG3 – Official Orders
FG12 – Use of Government Assets
FG13 – Disposal of Assets

ISLE OF MAN GOVERNMENT FINANCIAL REGULATIONS

FINANCIAL OPERATIONS
FD3 – Official Orders for Goods & Services
FD4 – Payment of Invoices
FD6 – Banking Arrangements
FD7 – Payment of Salaries & Wages
FD10 – Insurances
FD16 – Imprest Accounts & Petty Cash
FD22 – Income from Card Transactions
FD23 – Investments & Borrowings
FD24 – Voluntary Funds
FD28 – Foreign Currency Transactions
FG5 – Debtors
FG6 – Accounting Systems
FG7 – Payment of Salaries & Wages
FG8 – Pension Benefits
FG9 – Cheques
FG10 – Post Opening & Receipt of Money
FG11 – Cash Control
FG14 – Stocks & Stores
FG16 – Imprest Accounts & Petty Cash

Introduction

1. These Regulations are issued by the Treasury, as required by section 3 of the Treasury Act 1985 which states that one of their primary aims is "*to supervise and control all matters relating to the financial affairs of the Government*".
2. It is necessary to be vigilant in the administration of public funds. The purpose of financial control is to ensure that all Government's resources are used as effectively as possible to achieve its objectives. Although a written code of financial regulations is not essential to ensuring financial control, it is desirable for the following reasons:
 - a) Written directions are necessary in certain cases if controls put in place are to be legally binding (see below);
 - b) A written code ensures a degree of continuity and consistency which custom and practice may not achieve;
 - c) It is helpful for new members and officers of designated bodies to know what is expected from them when dealing with financial matters.
3. These Regulations apply to the following entities referred to as "designated bodies" for the purposes of translation and determination of applicability:

All Government Departments which as at the date of these Regulations comprise: Department of Economic Development; Department of Education and Children; Department of the Environment, Food and Agriculture; Department of Health and Social Care; Department of Home Affairs; Department of Infrastructure; the Treasury; and the Cabinet Office being the bodies specified in Section 1 (1) of the Government Departments Act 1987. Whilst it is recognised that the Treasury cannot give directions to itself, the Regulations will apply to the Treasury and its officers for the avoidance of doubt;

All Statutory Boards (excluding the Isle of Man Post Office) which as at the date of these Regulations comprise: Communications Commission; Isle of Man Office of Fair Trading; Public Sector Pensions Authority; Isle of Man Financial Services Authority; Isle of Man Gambling Supervision Commission; Manx Utilities Authority; being the bodies specified in Schedule 1 of the Statutory Boards Act 1987);

The Offices of the General Registry and the Attorney General's Chambers;

Any other Body or Authority (other than a local government body) constituted by any enactment for any purposes involving the expenditure of public monies or the receipt of public monies for the purposes of that body or authority or for the public revenue;

Any other Body designated as such for the purposes of the Treasury Act 1985 by order of the Council of Ministers;

4. The objects of these Regulations are threefold:
 - a) To protect public funds against precipitate acts;
 - b) To ensure that proper procedures are undertaken within financial operations;
 - c) To co-ordinate financial policy at officer level
5. In addition to these Regulations, the attention of Accounting Officers is drawn to the Audit Act 2006 and the Accounts and Audit Regulations 2013.
6. These Regulations are divided into two parts, comprising:

Part 1 - Directions which are given by the Treasury under section 3 of the Treasury Act 1985, where designated bodies are legally bound to comply. Failure to comply would render any expenditure incurred contrary to law. Directions can be identified in these Regulations as "FD" followed by a number.

Part 2 - Guidelines which do not constitute legally binding directions but are best practise. Guidelines can be identified in these Regulations as "FG" followed by a number.

If a designated body is finding compliance with either a direction or a guideline a difficulty, the advice of the Financial Controller or the Financial Management Advisor from Treasury's Corporate Strategy Division should be sought.

An officer who knows there has been a breach of a direction must report the information to his line manager, who must then ensure that this is reported to his superior etc. Appropriate reporting should ensure that the breach is drawn to the attention of a person who can take all necessary and appropriate action. Where an officer feels unable to raise the issue with his line manager, the officer can use the reporting arrangements outlined in the Confidential Reporting (Whistle-Blowing) Policy or can report the matter to the Director Audit Advisory Division. Where the issue relates to a suspected breach by an Accounting Officer, the matter should be reported directly to the Director Audit Advisory Division. Failure to report non-compliance with directions may expose an officer to disciplinary action. Designated bodies are expected to comply with regulations which do not constitute legally binding directions, in order to ensure economy and consistency, unless there are good and well-documented reasons for acting otherwise; non-compliance may also constitute a disciplinary offence. These situations where regulations will not be complied with for any reason should be notified to and agreed with Treasury before the designated body acts in that way.

7. The notes to the directions and guidelines are for guidance or clarity of interpretation only and do not form part of the relevant direction or guideline.
8. Any reference to directions or guidelines is to be taken as a reference to the directions or guidelines as amended or replaced from time to time.
9. In these Regulations expressions which denote any reference to one gender shall include the other and any reference to the singular includes the plural and vice versa

Interpretation

In these Regulations the following interpretations will apply:

“Accounting Officer”	The Officer designated as an Accounting Officer under FD2 within a designated body
“the Board”	The Board itself in relation to a Statutory Board
“Business Change Steering Group”	A Working Group comprising the Treasury Minister and 2 nominated political members, the Chief Secretary, Government Technology Services Director and the Financial Controller, the Director of OHR and the CEO of Scope and Structure. For further information, contact the Cabinet Office on 685711
“Chief Executive Officer”	The Chief Executive Officer or functional equivalent by whatever title appointed of a designated body with strategic and/or service responsibility for the body in question
“Chief Financial Officer”	The principal financial advisor to the Treasury within the instructions set out in the Treasury Act 1985 (section 5)
“Department”	A Government Department to which the Government Departments Act 1987 applies
“FDXX”	Relates to the Financial Directions as set out in part 1 of the Financial Regulations where “XX” refers to the reference number assigned to each instruction
“FGXX”	Relates to the Financial Guidelines as set out in part 2 of the Financial Regulations where “XX” refers to the reference number assigned to each instruction
“Financial Controller”	Leader of the Corporate Strategy Division of the Treasury, Finance Officer of the Treasury and a key advisor to the Chief Financial Officer
“Main Head of Service”	Any revenue item set out in the Isle of Man Budget (Pink Book – Detailed Revenue Estimates of Government Departments and Other Bodies)
“Member”	A Member (acting in person) for a Department
“the Minister”	The Minister (acting in person) for a Department

ISLE OF MAN GOVERNMENT FINANCIAL REGULATIONS

“Officer”	Any officer or office holder within a designated body of Government as defined by the Financial Regulations (see introduction). 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.
“PAC”	The Standing Committee on Expenditure and Public Accounts of Tynwald
“Procurement Services”	The Procurement Services section of the Treasury’s Corporate Strategy Division. This is the means through which Government tenders for goods, services and works for the cost-effective delivery of public services. Procurement Practice Note 1 – The Role of Procurement Services describes the role of Procurement Services and its relationship with the designated bodies.
“Senior Officer”	Any officer of grade High Executive Officer or above
“Sub Head of Service”	Any items which along with other such items, together constitute a main head of service
“Treasury Board”	The Minister or Ministers and political members in a meeting together, as authorised by the Minister under section 3(2) of the Government Departments Act 1987.

In relation to a designated body other than a Department or Statutory Board (e.g. the Cabinet Office); references to the Minister or Board are to be read as references to the Chief Officer of a specific designated body.

10. In addition to these Regulations, Treasury may issue specific directions relating to a given set of circumstances which are not covered, or not fully covered, by existing Regulations as set out within this document. The following procedure will govern how this process is completed;

- a) Every effort, including direct communication between the Treasury and the Minister or Board of the designated body, should be made to come to an acceptable agreement of treatment before consideration is given to issuing an exceptional or new Direction.
- b) These efforts should be concluded within a short but appropriate timescale.
- c) The efforts to reach such agreement should be well documented and minutes taken of all meetings. This should also apply where there is conflict between affected parties

- d) When the Treasury Minister and political members are satisfied that all proportionate efforts have been made to reach an agreement without success, the Minister should write to the Minister or Board of the designated body advising:
 - i. The consideration that is being given to the issue of a Direction;
 - ii. The reasons behind the decision to introduce a Direction;
 - iii. The actions taken and progress made to try and reach an agreement; and
 - iv. A request that the Minister or Board respond by a set date, setting out the action(s) it intends to take to resolve the concern and the proposed timescale for completion

 - e) The Direction should only subsequently be issued if:
 - i. Treasury accepts the designated body's proposed actions but the designated body fails to implement them, or
 - ii. The designated body's proposed actions are not deemed to be acceptable and negotiations for an acceptable settlement fail.

 - f) If it is decided that a Direction must still be issued, Treasury will submit the Direction letter to the Attorney General beforehand for advice.
- 11.** These Regulations are also applicable to anyone acting on behalf of a designated body, including contractors and consultants commissioned for specific purposes.
- 12.** Please note that the Isle of Man Post Office is governed by its own set of Financial Regulations.



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FINANCIAL REGULATIONS

PART 1 FINANCIAL DIRECTIONS

FD1 – GIFTS & REWARDS

1. No member or 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 he is brought into contact by reason of his official duties other than;
 - a) Conventional hospitality in the course of working visits or meetings
 - b) Isolated gifts of low value such as diaries, calendars, flowers or chocolates or other items up to the value of £20
 - c) For Ministers and members, gifts with a value lower than £100

Notes

1. Attention is drawn to the provisions of the Bribery Act 2013 which contains certain general corruption offences
2. Attention is drawn to the Isle of Man Government Code of Conduct for Public Servants and the Civil Service Regulations issued by the Office of Human Resources
3. If refusal to accept a gift may cause offence to the giver, the early advice of the relevant Accounting Officer of the relevant body or the Director Audit Advisory Division should be sought

FD2 – ACCOUNTING OFFICERS

Role of the Accounting Officer

1. Each designated body must have an Accounting Officer. The most senior official of the designated body, namely its Chief Executive Officer or equivalent, is the Accounting Officer for that body. The Accounting Officer of a designated body is the person whom Tynwald may call to account in respect of the stewardship of the resources within the control of the designated body.

Responsibilities of the Accounting Officer

2. The Accounting Officer is held personally responsible for ensuring that the designated body which he or she manages has adequate controls in place to provide a reasonable assurance that it complies with the standards set out in Table 1. In particular, Accounting Officers are required to assist the Chief Financial Officer in ensuring that accounting and financial records are maintained in accordance with the requirements of the Audit Act 2006, Regulations made under that Act; and for the purposes of the Government Statement on Internal Control.

Table 1

Standards Expected of an Accounting Officer's Organisation

Acting within the authority of the Minister, or Board, to whom the Accounting Officer is responsible, the Accounting Officer shall ensure that the organisation:

Governance

- has trustworthy governance and internal controls to safeguard, deploy and record the use of resources as intended;
- operates with propriety and regularity in all of its transactions;
- gives timely, transparent and realistic accounts of its business and decisions.

Financial Management

- uses its resources efficiently, economically and effectively, avoiding waste and extravagance;
- plans the use of its resources to be affordable and sustainable, within Tynwald approved limits;
- carries out procurement and project appraisal objectively and fairly, using cost benefit analysis and generally seeking good value for the public sector as a whole;
- uses management information systems to gain assurance regarding value for money and the quality of service delivery and so be able to make timely adjustments;
- has practical, documented arrangements in place for controlling or working in partnership with other organisations, as appropriate;
- uses internal and external audit to improve its internal controls and performance.

3. Each designated body must have an Accounting Officer available for advice or decision, as necessary, at short notice. When the Accounting Officer is absent or cannot be contacted readily, the responsibility must be delegated to another senior officer who shall be available.
4. The Accounting Officer must personally approve:
 - i) any form of financial submission made on behalf of the designated body; and
 - ii) any form of budgetary or spending authority delegated to subordinate officers of the designated body.
5. The Accounting Officer must ensure that a written record of delegated authorities is maintained and reviewed at least annually. The Accounting Officer must ensure that all officers of the designated body who are engaged in financial activities:
 - i) are aware of and comply with these Financial Regulations, as amended from time to time; and
 - ii) have the necessary knowledge and skills (and qualifications in certain circumstances) with which to carry out their finance-related duties effectively.

Advice to the Minister or Board

6. Accounting Officers have a particular responsibility to see that appropriate advice is presented to the Minister or Board in respect of all matters of financial propriety and regularity; and, more broadly, in respect of all considerations of prudent and economical administration, efficiency and effectiveness.
7. The Accounting Officer shall scrutinise routinely significant policy proposals, or plans to start or vary significant projects, and assess whether they are in conformity with the standards set out in Table 1.
8. The Accounting Officer shall bring to the attention of the Minister, or Board, to whom he or she is responsible any conflict between the instructions of the Minister, or Board, and his or her duties. If the Minister or Board proposes any action which the Accounting Officer considers would infringe the requirements of regularity, propriety, value for money, feasibility or the need for Treasury authority or, more broadly one which he or she considers might impair their ability to administer effective, efficient and economical control of the designated body; they must set out in writing their objection to the proposal and their reasons for the objection. These objections should be delivered to the Minister or Board as soon as reasonably practicable. The acid test which the Accounting Officer should apply is whether he or she could justify the proposed course of action if asked to defend it.
9. If the Minister, or Board, decides to proceed with a course of action which the Accounting Officer has advised against; the Accounting Officer must insist upon a formal written direction to proceed. An oral direction is not sufficient. The direction must be confirmed in writing by the Minister, or Board, as soon as practicable and

before the Accounting Officer initiates the required action. Examples of when a written direction is required are set out in Table 2.

Table 2

Examples of when an Accounting Officer Should Seek a Direction

- **Regularity:** if a proposal is outside the legal powers of the designated body, Tynwald authority, or Treasury delegations; or is incompatible with the agreed budgets of the designated body.
- **Propriety:** if a proposal would breach Tynwald control procedures or expectations.
- **Value for money:** if an alternative proposal, or doing nothing, would deliver better value - e.g. an outcome which is less expensive, of higher quality or more effective.
- **Feasibility:** where there is significant doubt about whether the proposal can be implemented effectively, sustainably, or to the intended timetable.

- 10.** Having received a direction in writing, the Accounting Officer must comply with it; but must then inform the Council of Ministers and the Treasury of the occurrence, without delay. It is the function of the Council of Ministers to advise the Public Accounts Committee if the decision of the Minister, or Board, has been put into effect.
- 11.** It is not realistic to set rules for every circumstance which an Accounting Officer will experience. Accounting Officers may, after considering the facts of a situation with no precedent, need to take a principled decision. The standards in Table 1 and the factors in Table 2 can inform such a decision. The Treasury will offer advice when requested to do so.

Note

- i) The fact that an Accounting Officer has followed the procedures detailed above will be taken into account by the Public Accounts Committee when assessing responsibility for those actions. This shall not, however, be taken to fetter the discretion of the Public Accounts Committee as to any decision that it shall make in respect of responsibility for liability.
- ii) Where, in the unlikely event that an Accounting Officer is required to do something which he or she believes would put him or her in breach of the law, the matter should be reported to the Chief Secretary; who should, if necessary, seek the advice of the Attorney General. If legal advice confirms that the action would be likely to be considered unlawful, the matter should be raised formally with the Minister, or Board, by either the Accounting Officer concerned or by the Chief Secretary.

FD3 – OFFICIAL ORDERS FOR GOODS & SERVICES

Official Orders

- 1.** An Official Order is an authorised instruction for the supply of goods or services supported by a Chief Financial Officer approval with a manual or electronic record of the transaction. Official Orders shall be issued in advance in all cases for the supply of goods or services except where the use of purchasing cards has been authorised or where by the nature of the transactions (e.g. gas, electricity, water, telephone, etc.) it is either unnecessary or impracticable. Official Order numbers must be quoted for all telephoned, e-mailed, faxed or otherwise electronically placed orders and the details of the transaction recorded at the time.
- 2.** Official Orders must be consecutively numbered and be in a format approved by the Chief Financial Officer.
- 3.** Official Orders must be authorised by pre-approved persons within their delegated limits as prescribed by the Accounting Officer (see FD2/4).
- 4.** Orders shall not be issued for goods and services unless the cost is covered by an approved annual (or supplementary vote) estimate or other special financial provision.
- 5.** Orders cannot be split or otherwise placed in a manner devised so as to circumvent financial thresholds.
- 6.** Official Orders must include the value of the purchase. The order should also include a note of any contract, quotation or discounting reference. FD8 specifies the procedures to be followed with regard to obtaining quotations and going out to tender for the procurement of goods and services.
- 7.** Official orders, in relation to contracts that exceed the tender threshold set out in FD8, shall not be issued to a third party unless the contract is agreed and signed in advance by all parties.
- 8.** Some goods and services are available as [Central Framework Agreements](#) which have been negotiated and agreed by Procurement Services. Details of these centrally negotiated framework agreements will be published on Government's intranet site (see hyperlink above) which must be referred to before placing orders elsewhere. Prior authorisation from the Senior Legal Officer (Civil) must be obtained by any designated body wishing to operate outside these agreements. A framework agreement is a general term for agreements with suppliers which set out the terms and conditions by which specific purchases (call-offs) can be made throughout the term of the agreement.

Purchasing Cards & Credit Cards

- 9.** The issue and use of purchase cards shall be determined by the Chief Financial Officer. Designated bodies whose banking arrangements are managed by the Treasury and who wish to utilise purchasing cards and/or credit cards must obtain the prior approval of the Chief Financial Officer. This requirement includes all statutory boards.
- 10.** Accounting Officers shall establish instructions for the control and use of purchase cards/credit cards within their designated bodies in accordance with the directions and guidance notes issued by the Treasury
- 11.** Accounting Officers shall establish the range of goods and services that can be purchased from specified suppliers along with a single transaction and within a monthly credit limit for each cardholder.
- 12.** Each cardholder must use the card in accordance with the instructions issued by the Accounting Officer and within specified financial limits.
- 13.** Cardholders are responsible for the use of their cards and for the security of their card details. Cardholders must maintain suitable records relating to the expenditure charged to their card over each monthly period.
- 14.** Only the named Cardholder should use the card and Cardholders must not use their cards to withdraw cash or for their own personal use.
- 15.** Purchase card expenditure should be charged to departmental codes in the month of receipt of the card statement. The card statement should be reconciled to their own log of transactions and signed off by an officer with the appropriate level of authority
- 16.** Designated bodies whose banking arrangements are managed by Treasury must obtain the approval of the Chief Financial Officer with regards to the initial purchase/credit card limit and for any increase to that limit.

FD4 – PAYMENT OF INVOICES

- 1.** The normal method of payment for invoices and accounts payable shall be by BACS (Bankers Automated Clearing System) drawn down on the Government's General Charges Number 2 account or in the case of non-revenue funded statutory boards, through their own bank accounts.
- 2.** All payments generated shall be supported by an Official Order and/or invoice authorised by the Accounting Officer, or other officer authorised to do so by them. Where there is a high volume of invoices from a single supplier, payments may be made through a statement of account provided this is associated with the relevant invoices and the statement is authorised in the same manner as a standard invoice.
- 3.** The authorisation of an invoice for payment signifies that:
 - a) The invoice is supported by an Government Official Order, except in those circumstances where an Official Order is not required (FD3) and corresponds to price, quantity and specification;
 - b) The goods or services invoiced have been received or delivered or payment has, by necessity to be made in advance (e.g. booking fees or deposits on account);
 - c) The account is arithmetically accurate;
 - d) Chargeable VAT is levied on a proper tax invoice;
 - e) The goods or services invoiced have not already been paid for.
- 4.** All payments made shall be fully and appropriately recorded within the designated bodies' accounting records and via the Government's electronic financial system.
- 5.** Advance payments, including deposits, in relation to contracts the total value of which exceeds the tender threshold set out in FD8, can only be made if such provision exists within the contract or with the prior written approval of Treasury.
- 6.** Segregation of duties should be maintained by preventing the officer authorising payment of an invoice/purchase card statement from being the same officer who authorises the Official Order or receives the goods or services.
- 7.** Payment shall be made to the Contractor within thirty (30) days of receipt of the Contractor's valid original invoice by the designated body at its nominated address.

FD5 – DEBTORS

- 1.** Accounting Officers must make every effort to recover any outstanding debts.
- 2.** Each designated body shall, by a written instruction of the Minister or a formal resolution of the Board, as appropriate, specify a limit within which the Accounting Officer may write off individual debts. The authority of the Minister or Board must be obtained before any sum exceeding that limit is written off. (This does not apply to reductions made in order to correct calculations).
- 3.** Accounting Officers must forward to the Chief Financial Officer, in May of each year, an FD5 return in a format prescribed by the Chief Financial Officer. This should include details of debts written off and bad debts outstanding with a profile of such debts which relate to items of Government income only. Such details may be published as performance indicators in published accounts.
- 4.** All debtor accounts for income due to a designated body must be issued promptly on authentic, serially numbered invoices by the designated body concerned. The Chief Financial Officer shall have the right to inspect any of these documents or other evidence in connection as they may decide.
- 5.** All accounts shall be raised for the correct amount in accordance with the designated body's approved scales of charges with the exception that no invoice shall be issued by a Department to another Department if the amount is less than £100 before Value Added Tax. An account raised for less than the approved amount must be authorised by the Accounting Officer and third party evidence supporting such reductions should be retained.
- 6.** All designated bodies must maintain adequate records of all debtor accounts raised and payments received so that all outstanding amounts can be readily identified and action to recover them can be initiated promptly.
- 7.** The Accounting Officer shall ensure that his designated body's outstanding accounts are reviewed on a regular and timely basis to ensure that all necessary recovery action has been taken.
- 8.** Where formal recovery proceedings have been commenced and designated bodies enter into arrangements with the debtor to agree a repayment programme, the formal proceedings should not be discontinued until a binding and enforceable written agreement is reached on each repayment programme.

FD6 – BANKING ARRANGEMENTS

- 1.** All arrangements with the Government's bankers shall be made by, or under arrangements approved by the Chief Financial Officer, who shall be authorised to operate such banking accounts as they consider necessary.
- 2.** All monies must be deposited without delay into the Isle of Man Government General Charges Account No 2 or another appropriate bank account of the designated body.
- 3.** No deduction may be made from such money save to the extent that the Chief Financial Officer may specifically authorise.
- 4.** Personal cheques and post-dated cheques shall not be cashed out of monies held on behalf of the Government.
- 5.** Cheques shall be banked no later than the next following business day after receipt, unless arrangements to pay in small sums on a more flexible basis have been agreed in advance with the Chief Financial Officer.
- 6.** The Accounting Officer should ensure all banking relating to his designated body has been credited to the correct code in the designated body's accounting records.
- 7.** Accounting Officers and those officers of the designated body who are responsible for the management of bank accounts will be required to complete an annual return issued by the Chief Financial Officer confirming that adequate controls are in place to ensure the security and management of the account and that the bank mandate for the account is current and has been reviewed.
- 8.** This direction also applies to those designated bodies which operate their own bank accounts.

FD7 – PAYMENT OF SALARIES & WAGES

1. The preparation of salaries, wages and pensions payable are completed by Payroll Shared Services under the control of the Executive Director of Human Resources with the exception of the following non-revenue statutory boards; Manx Utilities Authority and the Isle of Man Post Office.
2. The normal method of payment for salaries, wages and pensions payable shall be by BACS (Bankers Automated Clearing System) drawn down from the Government's General Charges Number 2 account or in the case of non-revenue funded statutory boards their own bank accounts.

The following applies to those designated bodies whose payroll is administered by Payroll Shared Services but the principles also apply to the non-revenue statutory boards.

3. **Enhancements to Basic Pay** - Adequate third party documentation ("prime documents"), appropriately authorised, must support all enhancements to basic pay paid to all classes of officers both salaried and manual. In respect of overtime, additional payments for weekend, bank holiday work, unsocial hours payments etc. timesheets must be completed and signed by the officer concerned and authorised by a supervising officer. The timesheets must be retained for audit purposes.
4. **Deductions from Gross Pay** - All deductions from gross pay must be supported by adequate third party supporting documentation. Payment of salaries and wages is, by definition, made to employees: and so appropriate income tax (ITIP) and national insurance deductions must be made. Payments for services made to individuals (or companies etc.) who are not employees are dealt with at FD25.
5. **Authorisation** - The Accounting Officer shall determine which of his officers are authorised to certify the payroll input documents.
6. **Benefits in Kind**
 - a) Accounting Officers must ensure that appropriate systems are in place to provide accurate records of all benefits in kind received by officers and ensure these details are declared to the Assessor of Income Tax for benefit in kind taxation calculations.
 - b) No designated body should undertake to meet any obligation for benefit in kind taxation in respect of any of its officers.
7. **Pensions** - Where the pension scheme of the designated body is administered by the Public Sector Pensions Authority, the relevant Payroll office must provide appropriate information as may be determined by the Public Sector Pensions Authority in conjunction with the Treasury;
 - a) An annual return of financial and service information to enable the provision of pension scheme member statements and;

b) Appropriate financial and service information to enable the calculation of a scheme member's pension benefits to enable their benefits to be paid within 14 days of their retirement.

c) Appropriate financial and service information to enable the compilation of audited pensions scheme report and accounts to be laid before Tynwald.

8. New Officers – Designated bodies must forward to Payroll Shared Services without delay the following documents in respect of each new officer;

a) Statement detailing employee's remuneration

b) The personal information pack issued by the Office of Human Resources or the equivalent documentation.

c) Designated bodies must ensure the Pension Starter Form is fully completed in respect of all officers commencing pensionable employment and that the forms are forwarded to the Public Sector Pensions Authority within one month of an officer commencing pensionable employment.

9. Changes - Designated bodies must ensure that notification is made to Payroll Shared Services as soon as possible of resignations, dismissals, transfers, and changes in contracted hours to avoid salary over and under payments. Designated bodies must ensure that notification of unpaid absences required by the Office of Human Resources in order to retain an accurate record of pensionable service for all officers is recorded on the Oracle HR system and forwarded to the Public Sector Pensions Authority on a timely basis.

10. Salary Over Payments - Treasury has endorsed a policy of seeking recovery of salary overpayments from employees wherever possible on the basis that they are public funds and the employee has a duty to report salary overpayments when they arise. Any compromise agreements which are implemented to support repayment must be approved by the Executive Director of Human Resources and the employing authority based on the above, with the exception of the following non-revenue statutory boards; Manx Utilities Authority and the Isle of Man Post Office. Should an individual leave service before all repayments are made, the remaining balance will be deducted from either final salary or any lump sum pension awards. To this end, all Accounting Officers are responsible for ensuring that all absence data (annual/flex leave, sick leave) is recorded within the appropriate management system. Guidance on the recovery of salary overpayments is set out in the [Policy for the Recovery of Salary Overpayments](#).

FD8 – PROCUREMENT & TENDERS

1. This direction does not apply to assets covered by *FD29 Land Acquisition and Disposal* unless directed to do so. See FD29 for further information.
2. This direction does not apply to the purchase of Vehicles and Plant that have been purchased in accordance with the [Department of Infrastructure's Vehicle and Plant Procurement Process](#) (approved by Treasury in February 2016).
3. This direction applies where designated bodies are:
 - a) In the position of offering third parties the opportunity to earn income.
 - b) Commissioning a service which is paid for by means of a fee or sales commission.
4. Accounting Officers are responsible for the procurement process where the cost of a purchase or service is likely to be less than £100,000 over the life of the contract.
5. Where the cost of purchase or service over the life of the contract is between £10,000 and £100,000 then it must be advertised on Government's Procurement Portal managed by the Attorney General's Chambers or the Attorney General's Chambers' website in accordance with [Procurement Practice Note 16](#) (as issued by the Attorney General's Chambers). The Accounting Officer (or deputy in their absence) may waive this requirement on their written approval, a copy of which must be retained for audit purposes.
6. Written, telephone, internet prices or estimates should be sought for purchases costing less than £10,000 where considered appropriate. Where it is not possible or practicable to obtain 3 quotations or estimates, the reasons should be documented.
7. Where the cost of a purchase or service is likely to exceed £100,000 over the term of the contract, Accounting Officers must tender for goods and services using the Attorney General's Chambers Procurement Services, unless the Director of Civil Law has approved the tender process to be outsourced to an appropriately qualified professional. Procurement Services must also be used where a supply of goods or services has no pre-determined end date and the total cost of the aggregated requirement across a period of three years is likely to exceed £100,000 (including ongoing support and maintenance costs). The limit of £100,000 per supply applies to the designated body as a whole not to each cost centre or budget holder. Accounting Officers must plan and prioritise all tender activity: informing Procurement Services in advance of their complete tender plans for each financial year.
8. All tenders must be advertised on the Attorney General's Chambers' website for a period of not less than 10 working days unless:
 - the contract opportunity relates to a provision covered by a previously advertised framework agreement, including a select list of suppliers: then

the opportunity need only be advertised to those parties subject to the existing agreement:

- the contract relates to a professional service regulated on the Isle of Man: then the requirement need only be advertised to those parties already subject to the regulatory regime.
- 9.** All tenders (including those that have been outsourced) must be managed through the Attorney General’s Chambers’ Procurement Portal unless approval not to do so has been obtained by Treasury.
- 10.** Guidance on how tenders are to be evaluated is set out in [Procurement Practice Note 8](#) issued by the Attorney General’s Chambers. The standard evaluation approach to be used requires designated bodies to consider criteria, other than just price, when evaluating a tender and designated bodies must disclose the quality to cost assessment ratio that tenders will be evaluated upon in their tender documentation. Quality criteria are not permitted to prevail over cost without the prior approval of the Chief Financial Officer or Financial Controller. Under no circumstance will retrospective approval be granted.
- 11.** The evaluation of procurement decisions should consider broader benefits beyond simply providing the goods and services required to deliver public services and should, unless prior written approval has been given by the Accounting Officer, also take into account of, as appropriate: local economic benefits, social value and environmental & sustainability considerations as outlined in Table 3 below:

Table 3

Local Economic Benefits

Procurement should be considered beyond simply providing the goods and services required to deliver public services. If employed correctly procurement can act as enabling tool to promote business and employment sustainability. Procuring an organisation to provide goods or to deliver a service can provide much needed income for that organisation; it can promote employment creation in turn enabling economic and social regeneration.

The local economic value of procurement spending must of course be balanced against the need to achieve overall best value for the public purse from the purchase and must not become an ‘at any cost’ approach.

Social Value

As a concept, social value is about seeking to maximise the additional benefit that can be created when procuring services above and beyond the benefit of merely the services themselves. Social value is about looking beyond the price of each individual contract and looking at what the collective benefit to a community is when Government chooses to award a contract. Social value asks the question – “If £1 is spent on the delivery of services, can that same £1 be used, to also produce a

wider benefit to the community?”

Sustainability and Environmental Value

Sustainability in a procurement context considers awarding contracts that achieve value for money on a whole life basis in terms of generating benefits not only to the Department, Board or Office, but also to society and the economy, whilst minimising damage to the environment. Environmental values are also recognised as being an important contract award factor in their own right. Consideration of energy, production process, materials, waste and logistics chain are examples of areas where services and products may be differentiated.

- 12.** Designated bodies will be required to develop a specification of sufficient detail to enable a competitive tender process to be undertaken and will be required to participate in the short listing and tender evaluation process. The specification or statement of requirements must not be produced by a person or organisation likely to be tendering for the contract. The tender process will not start and expressions of interest will not be sought until the specification and all associated tender documentation are complete and ready for release.
- 13.** Where Accounting Officers deem it necessary or appropriate, the procedures referred to above should be carried out for procurement of goods or services likely to cost less than £100,000.
- 14.** Officers involved in the tender process or in seeking quotes for goods and services must act impartially and must not be influenced by personal relationships. Officers must declare, to their Accounting Officer and to the Senior Legal Officer (Civil), any personal or business interests or those of their immediate family and those interests must be declared and recorded in a register. Personal or business interests include, but are not limited to, a senior position or directorship, post of company secretary, any beneficial interest in 5% or more of the issued share capital of a company. For further guidance on conflicts of interest and subsequent actions reference should be made to the [Code of Conduct for Public Servants 2009](#) and [Conflicts of Interest – Staff Guidance Notes](#).
- 15.** Unless approved by the Chief Financial Officer or Financial Controller, the following must be applied in relation to the use of Internal Services:
 - where an Internal Service provides services to other Designated Bodies without making a cross charge for the provision of those Services (save for disbursements) then all Designated Bodies must refer all requests for these services to this Internal Service in the first instance. Any Designated Body that receives a request for such services from another Designated Body will accept and deal with the request unless they are unable to do so for reasons of capacity or specialism. When the internal service determines that it is unable to fulfil a request it must notify the requesting Designated Body in writing.

- In all other circumstances where an Internal Service charges for the provision of services to other Designated Bodies, then those services will be subject to the usual procurement rules and thresholds.
- 16.** Some goods and services are available through [Central Framework Agreements](#) as established by Procurement Services. Details of these agreements are published on Government's intranet site and must be adhered to before placing orders elsewhere. Prior authorisation from the Senior Legal Officer (Civil) must be obtained by any designated body wishing to operate outside these agreements. A framework agreement is a term for supplier agreements which set out terms & conditions by which specific purchases (call-offs) can be made throughout the term of the agreement.
 - 17.** Unless approved by the Chief Financial Officer or the Financial Controller, the maximum length of any contract or partnering arrangement which exceeds the tender threshold of £100,000 (see above) is 5 years.
 - 18.** For contracts, the total value of which exceeds the tender threshold set out above (with the exception of utilities), the supplier's terms and conditions can only be accepted with the prior written approval of Chief Financial Officer or Financial Controller.
 - 19.** All contracts must include performance management clauses to be established with the assistance of the Attorney General's Chambers. In order to ensure that the actual service, goods or works are provided in accordance with the agreed standards and prices Designated Bodies must establish appropriate performance management processes.
 - 20.** All contracts tendered through Procurement Services or subject to a Treasury approved FD8 waiver are to be recorded in a contracts register maintained by Procurement Services. In order to ensure version control is maintained Designated Bodies are required to seek the early assistance of Procurement Services should the subsequent amendment of a registered contract be required.
 - 21.** For construction work, designated bodies must use Accredited Contractors included on the Manx Accredited Construction Contractors Scheme maintained by the Isle of Man Employers' Federation. (IoMEF, 23a Village Walk, Onchan tel: 660188)
 - 22.** Unless the procurement has been outsourced to an appropriately qualified professional, assistance from the Attorney General's Chambers must be sought for the preparation of tender and contract documentation where:
 - a) Designated bodies are conducting tenders for supplies costing less than the specified tender limit of £100,000 over the term of the contract; and/or
 - b) An FD8 waiver has been obtained.

- 23.** The Accounting Officer (or deputy in their absence) may on their written approval waive the tendering process where the value of the order is likely to exceed £100,000 but be less than £150,000 and where at least one of the following grounds are met:
- The work is of exceptional urgency caused by unforeseeable circumstances where competitive tendering would cause unacceptable delay, such as after critical equipment breakdown, storm damage etc.
 - 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.
 - The proposed supplier is the only one known to provide the goods and/or services required. Adequate research must have been carried out to clearly and objectively demonstrate that this is the case and there are no satisfactory alternatives.
 - Where Intellectual Property Rights are an issue, such as bespoke designs and/or software licensing. In such circumstances, it is essential that procedures are in place to ensure best value for money has been achieved.
- 24.** Where at least one of the above grounds are met and value of the contract is likely to exceed £150,000 but be less than £250,000 the tender process may be waived with the written approval of both the Accounting Officer and either the Financial Controller or Chief Financial Officer.
- 25.** Where the value is likely to exceed £250,000 the tender process may only be waived with the written approval of Treasury.
- 26.** An FD8 waiver (Procurement Practice Note 4) must be completed for all waiver requests over £150,000. In all instances where competitive tendering is not used, the Accounting Officer must be satisfied that the method is transparent, accountable and cost effective and is documented and retained for audit purposes.
- 27.** Where the requirement to tender has been waived, Accounting Officers must ensure that the information required for the publication of non-tendered contracts is provided to the Attorney General's Chambers in accordance with [Procurement Practice Note 16](#). The Attorney General's Chambers will subsequently publish summary information in relation to such contracts unless written approval not to do so has been obtained from the Chief Financial Officer or Financial Controller.
- 28.** In circumstances where a supplier or customer of the designated body has breached an agreement, this may be taken into account when considering the inclusion of that supplier or customer in the selection of applicants for a supply of goods and services.
- 29.** Designated bodies must undertake a due diligence exercise of the proposed supplier and relevant third parties in a manner proportionate to the value of the overall supply and the associated risks. Further guidance can be obtained from Procurement

Practice Note 10. However, in particular, suppliers must not be awarded contracts where they are not meeting their tax or social security obligations or where they (or a member of their governing body) have been convicted by final judgement of one of the following criminal offences:

- a. Participation in a criminal organisation;
- b. Bribery or Corruption;
- c. Fraud;
- d. Terrorist offences or offences linked to terrorist activities;
- e. Money laundering or terrorist financing;
- f. Child labour and other forms of trafficking in human beings.

30. Where, when tendering a requirement only one bid is received, an FD8 waiver will be required in the absence of competition to demonstrate that value for money has been achieved.

Notes

- 1.** All monetary values quoted in this Regulation are deemed to be exclusive of VAT.
- 2.** In determining the application of monetary thresholds to a contract, the estimated whole of life cost of the contract should be used including for example (but not limited to) delivery; ongoing support & maintenance costs; estimates of possible additional/ discretionary services that would be linked to the contract.

FD9 – TRAVEL & SUBSISTENCE

1. Prior written approval must be obtained for all official travel from the island as follows:
 - a) **Domestic Travel (British Isles)** - The Accounting Officer or other senior officers so authorised in writing by the Accounting Officer;
 - b) **Worldwide Travel (Beyond British Isles)** - The Accounting Officer only. If the Accounting Officer is the intended traveller, then the prior approval of the Minister or Board must be obtained and the decision recorded.

NB. The British Isles consist 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, Lundy Island and the Channel Islands.

2. Accounting Officers must record details of all off-Island travel undertaken by members and officers on official business.
3. Travel (including mileage) and subsistence allowances are to be at the [Travel and Subsistence Rates](#) as updated and published by the Treasury.
4. The certification of a travel or subsistence form by an Accounting Officer or an officer authorised to act on his behalf signifies that the journey was authorised and necessary, the expenses were properly and necessarily incurred and the allowances are properly payable by the designated bodies.
5. The normal method of payment to employees shall be via salary through the payroll system.
6. Where an officer's normal place of work is classed as "Beyond the British Isles" (see Para. 1b), journeys of travel costing more than £200 will require prior written authorisation from their Accounting Officer who are required to maintain a register of these individuals which will be available to Treasury by request.

FD10 – INSURANCES

1. The Chief Financial Officer shall appoint insurance brokers, affect all central insurance cover and negotiate all claims, in consultation with other officers, where it is deemed necessary.
2. Accounting Officers must notify the relevant broker and the Insurance Section of Treasury promptly of all disposals and acquisitions of property with an insurance replacement value of over £200,000, or such limit as may be notified to Accounting Officers by the Chief Financial Officer. Schedules of vehicles and insured property must be maintained and supplied to the relevant insurer or broker upon request.
3. No designated body may enter into a new insurance policy or make substantial changes to its existing insurance cover without the prior approval of the Chief Financial Officer. There is no requirement to notify the Chief Financial Officer if a new policy is substantially the same as policies previously approved.
4. Accounting Officers shall ensure that all incidents which may result in loss, liability or damage or any other event likely to lead to a claim are promptly notified to the relevant broker or insurer. If any such incident or event may involve a criminal offence, the police must also be informed.
5. Where any assets covered by insurance are damaged or stolen, Departments must not order replacements, remedial work or other work, except for emergency measures to prevent further damage or loss occurring, until the Chief Financial Officer has been consulted.
6. Officers or anyone covered by the Government’s insurances should not admit liability or make any other offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.

Notes

1. General information on the Central [Insurance](#) Programme arranged by Treasury is available on Government’s intranet Corporate Pages

FD11 – FINANCIAL IRREGULARITIES

1. Accounting Officers must follow the guidance in the Anti-Fraud Strategy and the [Fraud Response Plan](#) as issued by Treasury and notify the Director Audit Advisory Division immediately of all financial or accounting irregularities or suspected irregularities or of any circumstances which may suggest the possibility of irregularities particularly those affecting cash, stores, property, remuneration or allowances. Accounting Officers should take no precipitate action unless the situation is such that no alternative exists.
2. If Accounting Officers believe that a criminal offence may have been committed with regard to public funds (or if the Accounting Officer believes that there may be a possible future civil action for the recovery of any loss), they must seek the early advice of the Attorney General before involving the police in any investigation. It is essential that all financial irregularities involving public monies are pursued to the full, without exception, in accordance with the law. (See also [Civil Service Regulations](#), Section B, paragraph 4)

Notes

1. The reason for seeking the advice of the Attorney General is to ensure that any enquiry is not legally compromised by poor or inappropriate investigative procedures. If it is evident that a crime has been committed with prima facie evidence present, (e.g. straightforward theft, property damage, premises break in etc.) the police should be informed immediately and where appropriate the scene of the crime kept intact. Additionally any issues that are currently under trial and/or investigation will also have to be considered by the Attorney General's Chambers.

FD12 – ASSET MANAGEMENT

1. This direction applies 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 for a period of less than 21 years, the loan of, the use of, sale or lease of other assets such as plant, equipment, vehicles and intellectual property. Disposal includes any rights granted from which economic value can be derived (for example exclusivity rights or opportunities to earn income). FD29, Land and Buildings Acquisition and Disposal, applies to the disposal and long term letting of land and buildings.
2. Designated bodies shall ensure that the correct value of any asset, right or benefit proposed to be disposed of is assessed financially.
3. Designated bodies shall ensure that a tender process, in accordance with FD8 is completed for each loan or disposal of assets such as plant, equipment, vehicles or intellectual property. The advice of the Attorney General's Chambers should be sought in relation to tendering exercises. This requires that all proposed disposals are subject to open competitive conditions unless this is impracticable due to the nature of the proposed disposal.
4. Where the proceeds of sale or value of the benefit to be disposed of are less than £10,000 no tendering process is required. Where the proceeds of the sale or the value of the benefit to be disposed of is between £10,000 and £100,000, then the reason for the proposed disposal must be recorded for audit purposes and the disposal advertised on the Attorney General's Chambers' Website in accordance with [Procurement Practice Note 16](#) as issued by the Attorney General's Chambers (as a minimum requirement). A proposed disposal where the proceeds exceed £100,000 or a proposed loan which gives benefits which exceed £100,000 should be the subject of a competitive tender process. Where an advertisement or competitive tender is not practicable or possible and the sale proceeds or value of the benefit is below £150,000 then a waiver of the tender process or requirement to advertise must be approved in writing and in advance by the Accounting Officer or his deputy in his absence.
5. Where the value of the contract is likely to exceed £150,000 but be less than £250,000 the tender process may be waived with the written approval of both the Accounting Officer and the Financial Controller.
6. Where the value is likely to exceed £250,000 the tender process may only be waived with the written approval of Treasury in line with [Procurement Practice Note 4](#).
7. All loans must be to Isle of Man resident persons or Isle of Man incorporated legal entities who have agreed to provide associated benefits. Wherever possible personal guarantees should be sought from directors and/or shareholders of companies and advice should be sought from the Attorney General's Chambers. Loans cannot be on-lent or otherwise disposed of without the permission of the designated body, or Treasury, as determined by the value of the benefit unless prior written approval is given. Designated bodies must only dispose of land to the legal entity from which the

consideration will be paid or supplied. The legal entity must be the same entity for which Treasury approval has been obtained.

- 8.** Each Accounting Officer is responsible for putting in place suitable detailed arrangements for the control and safeguarding of land and buildings, plant, machinery, equipment, furniture and fittings (asset register items) under their control.
- 9.** An up to date record identifying all asset register items purchased by Government funds shall be maintained by all designated bodies.
- 10.** The format in which asset registers are kept is to be determined by the Chief Accountant.
- 11.** The asset register shall be updated to reflect all acquisitions and disposals as and when they occur. No item may be "written-off" without the prior written authority of the Accounting Officer.
- 12.** The Accounting Officer shall ensure that, as appropriate, the Government's insurance policies are updated to reflect acquisitions and disposals of asset register items.
- 13.** The Accounting Officer shall ensure that the asset register is checked at least once a year by officers not normally responsible for its custody and control to maintain segregation of duty.
- 14.** No motor vehicles, equipment, plant etc. may be used for other than official Government business except where authorised in writing by the Accounting Officer.
- 15.** Items of value with a local historic background or of specific interest to a designated body, which have been donated or loaned to a designated body shall also be recorded in the asset register. Such items should be valued and if the value is significant the Government's Insurers should be informed to ensure that adequate cover will be provided. A full description of such items, with photographs where appropriate, and any donor's wishes or covenants should also be held in or with the asset register.
- 16.** In relation to land and/or property leases of less than 21 years and not otherwise covered by FD29 Land and Buildings Acquisition and Disposal, to ensure that the transaction represents good value, prior to any letting, Departments must seek the approval of lease terms from The Government Valuer and concurrence to the letting from the Strategic Asset Management Unit in the Treasury.

FD13 – EXPENDITURE CONTROL

1. It is the duty of the Accounting Officer of each designated body to ensure that expenditure sub-heads are not overspent.
2. If a designated body proposes to incur expenditure not included in, or in excess of, the estimates or other special financial provision for the current financial year:
 - a) A report on such expenditure must be submitted to Treasury stating the reasons for the overspend and applying for a Supplementary Vote. If the Treasury concurs with the report, it will place a motion seeking a Supplementary Vote on the Tynwald agenda.
 - b) A request for approval to a transfer of vote may be sought in accordance with FD18. This does not apply to excess expenditure proposed to be incurred as a consequence of decisions or awards of recognised negotiating bodies or arbitration tribunals concerning wages or salaries which Tynwald has authorised the Treasury to approve. The Treasury may also, in cases of urgency, authorise the Chief Financial Officer to pay out of the General Revenue such sums, not exceeding £5,000 in any one case, representing increases in sums voted by Tynwald in respect of the expenditure of public monies or new expenditure of public monies.

The Treasury shall report to Tynwald annually on any occasion where such expenditure has been authorised.

3. Where a designated body proposes to incur commitments to spend monies in future years on Capital Loan schemes, the designated body must obtain the prior concurrence of the Treasury to such commitments, and in so doing must indicate what the projected impact of such commitments upon its future overall expenditure plans will be.
4. A designated body shall not transfer budget between gross income and expenditure account codes as a control mechanism for ensuring that their Department remains within the budget agreed by Tynwald.

FD14 – FINANCING

Financing of expenditure

- 1.** The Treasury shall determine the method of financing capital and revenue expenditure.
- 2.** No designated body may enter into a leasing contract or instalment credit contract to finance expenditure without the prior consent of the Chief Financial Officer. For property leases refer to FD29 Land Acquisition and Disposal.
- 3.** If approval to enter into such a contract with a company based outside the Island is sought, details of alternative quotations obtained from relevant local companies must accompany the request.

Guarantees and Indemnities

- 4.** Where a designated body is requested to give an indemnity or guarantee, that falls outside normal commercial practice, the Accounting Officer must, before it does so, consult the Chief Financial Officer and Attorney General's Chambers for advice.

Contingent Liabilities

- 5.** Designated bodies must disclose any contingent liabilities (see notes below) to the Chief Financial Officer by 31 March each year.

Notes

- 1.** A contingent liability is:
 - a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control or;
 - b) A present obligation that arises from past events but is not recognised because either it is not probable that a transfer of economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

FD15 – DATA SECURITY

- 1.** The Accounting Officer shall devise and implement any necessary procedures to ensure adequate protection of data, programs and computer hardware for which he is responsible, from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard for the Data Protection Act 2002 (or any subsequent legislation) and compliance with the principles therein.
- 2.** Accounting Officers are responsible for ensuring compliance with the Government Information Security Policy.
- 4.** Personal use of the Government’s E-mail and Internet facilities is as a general principle subject to the policy and local discretion of each designated body but should be kept to a minimum during normal working hours. Email and the Internet must not be used to download, create, send, receive or store any offensive or disruptive messages or messages that jeopardize the copyright or other intellectual property of any third party.
- 5.** Accounting Officers are responsible for ensuring that the Government’s Information Security Officer, is notified of all breaches of confidentiality, availability and integrity of information handled by ICT systems. In addition if the incident involves ICT it should also be reported to GTS.

FD16 – IMPREST ACCOUNTS & PETTY CASH

- 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. A signed statement of all Imprest (cheque or petty cash) accounts held should be provided to the Accounting Officer annually.
- 2.** Payments from each petty cash account shall be restricted to settling minor items of expenditure incurred on official Government business, which must be supported by adequate third party documentation, e.g. an invoice or a till receipt.

FD17 – CAPITAL PROJECTS

1. Any designated body undertaking a capital project or scheme must observe the Guidelines for the Construction of Business Cases for Capital Projects and comply with the [Procedure Notes for the Management of Construction Projects](#) issued by the Treasury. For the avoidance of doubt FD8 applies to Capital Projects.
2. The Procedure Notes are applicable to all capital projects, including construction, engineering and other projects, which are wholly or partially commissioned, funded or underwritten by one or more designated bodies, and can include schemes undertaken by Local Authorities and any body established by or under any enactment and consisting of or including persons appointed by a designated body. See also FD21 – Business Cases.
3. The Procedure Notes apply to all capital projects of £250,000 or more regardless of the source of funding (i.e. revenue/capital/other).
4. Projects below the £250,000 threshold must comply with the principles of the Procedure Notes in consultation with and at the discretion of the Capital Projects Unit, Treasury.

FD18 – VIREMENTS

- 1.** Subject to paragraphs 3 and 4, a designated body may for proper purposes, transfer sums voted from one sub-head to another sub-head within the same main head of service on revenue account.
- 2.** The designated body shall obtain the prior approval of the Financial Controller for all transfers between main heads of service or from any loan charges sub-head.
- 3.** The designated body shall obtain the prior approval of the Treasury to transfers which will result in increased expenditure in future years or an increase in the size of an establishment or in the number of staff.
- 4.** The Accounting Officer shall be responsible for ensuring that virements are properly authorised and controlled and that all records held are promptly updated to reflect authorised virements.
- 5.** The Accounting Officer may, where appropriate, delegate to the designated body's Finance Officer the control of virements.

FD19 – PUBLIC/PRIVATE PARTNERSHIPS

- 1.** If any designated body intends to carry out any works in conjunction with or involving private finance, it must obtain prior Treasury approval before any commitment or contractual obligation to undertake the works or accept private financing is accepted.
- 2.** The full amount agreed to be paid by the source of private finance must be deposited with the designated body before any works are undertaken, unless a legally binding contract in writing, previously approved by the Treasury and the Attorney General's Chambers, is concluded between the designated body and the source of private finance.
- 3.** In exceptional circumstances, and with the prior approval of the Treasury, a designated body may accept a bond instead of a contract under paragraph 2.

FD20 – FINANCIAL IMPLICATIONS OF LEGISLATION

- 1.** Each designated body promoting primary or secondary legislation must ensure that any additional costs arising from its implication, both throughout Government, and beyond are fully identified.
- 2.** Every Bill promoted by a designated body (except one which will have no effect on public revenue, expenditure or personnel) must be submitted to the Treasury (Corporate Strategy Division) for approval before it is submitted to the Council of Ministers for authority for its introduction in the Legislature. Such submissions must include as full an explanation of any financial and personnel implications as is possible at the time of submission.
- 3.** If, during the passage of the Bill, further information, with regard to financial and or personnel implications becomes apparent such information must immediately be brought to the attention of the Treasury.

Notes

- 1.** The requirements of paragraph 2 cover all Bills with financial or personnel implications, including those not covered by section 10 of the Treasury Act 1985 (requirement for Treasury approval to Bills authorising expenditure etc.).
- 2.** The explanation of the financial and personnel implications must also be included in the submission to the Council of Ministers.
- 3.** A statement of the financial implications of every public Bill is also required by Standing Order 147 of the House of Keys to be included in the explanatory memorandum of the Bill; a summary of the explanation for the Treasury and the Council of Ministers may be suitable for this purpose.

FD21 – BUSINESS CASES

1. Whenever a designated body is proposing the introduction of a new or enhanced service then a business case must be undertaken within the framework set out in paragraph 2 below.
2. Business cases are applicable to both revenue and capital projects (see FD17- Capital Projects). The basic framework should:
 - a) Define objectives explicitly
 - b) Identify potential options and associated costs and explain resulting decisions
 - c) Identify and quantify costs and benefits of preferred option
 - d) Identify and evaluate associated risks
3. Business cases must be submitted to the Corporate Strategy Division, Treasury in accordance with the instructions for the annual budget process.

Notes

1. General assistance and advice or additional copies of the Treasury's explanatory notes:
 - a) **Economic Appraisal within the Isle of Man Government** can be obtained from the Budget and Financial Management Section, Corporate Strategy, Division Treasury, (Tel. 685601)
 - b) **Guidelines for the Construction of Business Cases for Capital Projects** can be obtained from the Corporate Strategy Division, Treasury, (Tel. 685584)
2. Advice and guidance can also be obtained from Treasury's Economic Affairs Division (Tel. 685741).

FD22 – INCOME FROM CARD TRANSACTIONS

1. Designated bodies wishing to introduce receipt of payments by credit/debit card shall undertake a business evaluation to assess the benefits and cost effectiveness of implementing a credit/debit card payment facility.
2. Where a designated body is proposing to accept payments by credit/debit card over the internet, the designated body must consult with the Cabinet Office's Government Technology Services to assess the feasibility of such a proposal and the Business Evaluation should confirm the support of the Government Technology Services for the proposal.
3. The business evaluation once completed shall be subject to the approval of the Chief Financial Officer.
4. All designated bodies receiving income from credit/debit cards should do so in accordance with the Value for Money [Guidance Note 2](#) - Receipt of Income from Electronic Transactions.

FD23 – INVESTMENTS & BORROWINGS

1. All investments of money under a designated body's control must be made in the name of the Treasury or in the name of nominees approved by Treasury or, in the case of a non-revenue funded Statutory Board, in the name of the Statutory Board; bearer securities must be reported to the Treasury.
2. All securities vested in the name of the Treasury, non-revenue funded Statutory Board or in nominees on behalf of a Department, and all copies of title deeds of land vested in or held in trust for a Department (other than deeds which are required to be deposited in the General Registry), must be held in safe custody.
3. All borrowings must be approved by Treasury in advance.
4. The Chief Financial Officer shall maintain records of all borrowing of money by the Treasury. In the case of non-revenue funded Statutory Board such records shall be maintained by the Finance Officer.
5. In the event of doubt as to whether the *vires* of a designated body to make any particular investment or borrowing exist, the advice of the Attorney General must be sought.

FD24 – VOLUNTARY FUNDS (ACCOUNTING)

- 1.** Each Accounting Officer shall maintain a register of all charitable and voluntary funds (e.g. school funds, hospital funds, trust funds etc.) administered by or on behalf of, or by any persons under the control of his designated body.
- 2.** Where appropriate, each Accounting Officer shall seek the advice of the Chief Financial Officer on the proper and appropriate records and accounts to be kept for each fund.
- 3.** Each Accounting Officer must ensure that proper instructions are given to all officers who control such funds as to the procedures to be followed for the administration of such funds.
- 4.** Each Accounting Officer must ensure, after consultation with the Attorney General if appropriate, that such funds are not applied other than for the purposes for which they were provided.
- 5.** All trust funds shall wherever possible be in the name of the designated body, unless the trust deed otherwise provides.
- 6.** All officers of a designated body acting as trustees by virtue of their official position shall deposit all securities and documents of title relating to the trust with the Accounting Officer, unless the trust deed otherwise provides.
- 7.** The Accounting Officer shall ensure that an annual statement (e.g. receipts and payments account) is prepared for every such fund and that proper arrangements are made for such statements to be audited, where necessary.

Notes

- 1.** The above requirements are in addition to the accounting requirements of the Charities Registration Act 1989, if applicable.

FD25 – EXTERNAL CONSULTANTS FOR NON-CAPITAL

- 1.** For the purpose of this direction, consultancy is defined as “An external organisation or individual commissioned to provide specialist expert advice, opinion or particular service for the benefit of Government delivered in response to a specific brief and within a defined timescale”. Contracts must be used for any appointment of consultants.
- 2.** Before seeking to engage external consultants, designated bodies must carefully consider and articulate the reasons why it is necessary to do so. The possibility of using appropriately qualified officers from existing Government sources should be investigated in the first instance.
- 3.** When, after considering all other options, the engagement of a consultant is justified, the reasons for arriving at that decision must be documented and Ministerial approval must be obtained when the cost of the engagement will exceed £50k threshold.
- 4.** A budget for the consultancy work must be planned and a separate budgetary code established for each consultancy engagement, to record accurately the associated costs and any potential KPI’s that may have been requested as part of the contract.
- 5.** Clear and concise terms of reference must be produced before tenders or quotations are invited from potential consultants. Invitations to tender should not normally be extended to an individual or body involved in drawing up the terms of reference.
- 6.** The procedures shown in FD8 shall be adhered to and tenders or written quotations sought, if appropriate according to the likely cost of the consultancy. The term of the contract must be specified. Periodic performance reviews of such agreements should be carried out and the frequency of such reviews stated within the contract.
- 7.** Comprehensive criteria must be set to evaluate consultants' offer tenders, such as previous experience and qualifications of the person actually undertaking the work.
- 8.** If an applicant is unknown to the designated body, references should be sought, where possible, from bodies where the applicant has carried out similar works.
- 9.** The reasons for selecting a particular consultant and rejecting others shall be documented.
- 10.** A formal written agreement must be drafted based on the "terms of reference" and the agreement should be signed by authorised representatives of both the designated body and the consultancy.
- 11.** Target dates and performance targets must be established for the engagement of consultant’s implementation of accepted recommendations. Formal review procedures must be established to evaluate the consultant's work and to determine whether the work is progressing on time, to budget and in substance.

- 12.** The Accounting Officer must submit appropriate documentation in respect of paragraphs 10 and 11 to the Assessor of Income Tax for review before any payment is made to a consultant. Where the Assessor is content that a contract for service (external organisation or self-employed individual) is in place, approval may be given for gross payments to be made to the consultant. Where the Assessor rules that a contract of service (employed individual, office holder or personal service company), instructions will be given to the Accounting Officer regarding the deduction of ITIP and National Insurance contributions from payments made to the individual or entity.

FD26 – CORPORATE GOVERNANCE & RISK MANAGEMENT

1. Accounting Officers shall ensure conformity with the principles embodied within the [Corporate Governance Code of Conduct](#)
2. The Accounting Officer shall ensure that the designated body has a programme of risk management which shall include:
 - a) A process for identifying, quantifying and recording risks and potential liabilities such as a risk register;
 - b) Engendering among all levels of staff a positive attitude towards the control and management of risk;
 - c) Management processes to ensure all significant risks and potential liabilities are addressed including effective systems of internal control, cost effective insurance cover and decisions on the acceptable level of retained risk;
 - d) Contingency plans to offset the impact of adverse events;
 - e) Review arrangements including quality audit and health and safety assessments;
 - f) Arrangements to review the risk management programme.
3. The Accounting Officer will provide a Statement on the effectiveness of Internal Control to the Treasury on an annual basis in such a format to be agreed by the Chief Financial Officer.

FD27 – ICT (Information Communications Technology)
GOVERNANCE

1. Accounting Officers must ensure that any project, inclusive of capital projects, subject to the criteria outlined in Paragraphs 2 and 3 complies fully with this Direction which exists to:
 - a) Ensure value for money from ICT;
 - b) Mitigate against risk to the corporate technology infrastructure; and,
 - c) Ensure effective planning within the Department and across the shared services.
2. All ICT enabled projects should be the subject of an investigation report formally prepared and approved by the designated body, a copy of which must be submitted to the Director of Government Technology Services (GTS). The investigation report must contain:
 - a) reference to the risk and profile levels and the impact of failure which will form the basis of the level of ICT Governance required, as determined by the Director of GTS;
 - b) a clear business case in support of the project, with particular focus on improved efficiency and/or improved service effectiveness; and,
 - c) Reference to compliance with any technology principles and data standards as published by GTS.
3. Projects shall be subject to ICT Governance **where at least one** of the following criteria exists:
 - a) There is any element of delivery of services via channels enabled by technology;
 - b) The project involves external suppliers or consultancy in the delivery of ICT;
 - c) The project cost is greater than £25,000 (hardware, software, subscriptions, development, etc.) when considered over a 3 year period; and,
 - d) The ICT component resides on the corporate network after delivery or affects anything residing on the corporate network.
4. Projects with an ICT value of more than £250,000 will require Treasury approval in addition to the above.
5. Accounting Officers must ensure that the responsibilities of managers include development and maintenance of the designated body's strategic programme for major ICT projects to support, enhance and transform core processes and services. GTS will assist in this planning and provide guidance with the ultimate responsibility remaining within the Department.

- 6.** All hardware procurement shall be undertaken, or facilitated, by Government Technology Services in conjunction with the Government's Procurement, Installation, Support & Maintenance (PISAM) contract. Equipment which does not fall within the scope of the PISAM will be reviewed by GTS with the requesting designated body. No equipment will be modified or connected to the network without approval from GTS.
- 7.** Application procurement, development and support procurement shall be carried out by GTS with Procurement Services where required and will be based on the Government's preferred application development partners' portfolio, except where specialist suppliers are required. This will be determined following the request as detailed in Paragraph 2 above.
- 8.** Server based applications and server components will reside within Government Data Centres unless there are exceptional circumstances approved by GTS. This is to protect Government's information and ensure continuity of services as well as to maximise value.
- 9.** Externally hosted services (Cloud) may be appropriate in certain circumstances depending on the nature of the information and the level of risk pertaining to loss of service or information. This will be determined following the request as detailed in Paragraph 2 above.
- 10.** Ensuring that the ICT component meets the business requirements and business specifications is the responsibility of the Accounting Officer.
- 11.** Responsibility for providing the ICT component's design and delivery and ensuring ongoing support is the responsibility of GTS.
- 12.** All ICT projects are to complete a post implementation review as part of project delivery.

FD28 – FOREIGN CURRENCY TRANSACTIONS

1. All contracts and purchase orders should be denominated in sterling (GBP) wherever possible.
2. Where this is not possible and the contract or order value exceeds, or is expected to exceed, the equivalent of £250,000, the Chief Financial Officer shall be informed in writing of the contract or order in advance of any commitment and the designated body shall take steps to mitigate the currency risk arising.
3. The currency risk should be mitigated in accordance with the Currency Hedging Practice Note and any instructions issued by Treasury.
4. It remains the designated body's responsibility to ensure any currency risks are managed throughout the procurement process.

Notes

1. The Currency Hedging Practice Note can be obtained from Treasury Finance Division's Investment and Banking Section. Tel: 685588.

FD29 – LAND ACQUISITION & DISPOSAL

1. Each Department shall comply with the relevant provisions of Schedule 1 and 2 of the Government Departments Act 1987 relating to the acquisition and disposal of property. Departments may acquire, hold and dispose of real and personal property and accept any gift, devise or bequest of real or personal property. Departments may not dispose of land without the consent of the Treasury.
2. Each Statutory Board shall comply with the relevant provisions of Schedule 2 of the Statutory Boards Act 1987. Statutory Boards shall not dispose of land without the consent of the Treasury except in circumstances set out in paragraph 6(4) and 6(5) of Schedule 2 of the Statutory Boards Act 1987.
3. All other designated bodies should also seek Treasury's guidance.

Acquisition

4. All freehold and leasehold acquisitions of land and buildings except for internal Government transactions and subject to paragraph 12 below should be at Market Value (MV) or Market Rent (MR), defined in the RICS Valuation Standards as:
 - a) **Market Value:** The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the properties had each acted knowledgeably, prudently and without compulsion.
 - b) **Market Rent:** The estimated amount for which a property, or space within a property, should lease on the date of valuation between a willing lessor and a willing lessee on appropriate lease terms, in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.
5. The above will be subject to any onerous conditions imposed by the acquiring Department or Statutory Board or other designated body.
6. The above does not apply to compulsory or voluntary acquisition of land subject to compulsory purchase. Designated bodies should seek advice in relation to such acquisitions from the Attorney General's Chambers at as early a stage as possible.
7. If there are exceptional circumstances, it should be formally recorded that the Board or Minister has authorised acquisition at above Market Value or Market Rent and prior written approval from Treasury must be sought for such a course of action.

Disposal

8. Designated bodies shall comply with the Council of Ministers' policy for the disposal of land which is set out in paragraph 12 below. For the purpose of this direction, disposal means sales or grant of an option for sale and lettings over 21 years. Treasury approval of the chosen method of disposal must be sought in advance of negotiations if the disposal is not by open market sale.
9. The policy on the disposal of land does not apply to any letting for a term of 21 years or less. Refer to 15 & 16 below and FD12 - Asset Management.
10. After obtaining confirmation from Departments or Statutory Boards as to interest in the land or property being considered for disposal (see 12 below), the Strategic Asset Management Unit, Treasury should be informed of the outcome and its view should be included in the request for Treasury approval.
11. Unless prior written approval from Treasury is given, designated bodies must only dispose of land to the legal entity from which consideration will be paid or supplied. The legal entity must be the same as which Treasury approval has been obtained.
12. **Council of Ministers' Policy on the Disposal of Government Land is set out below:**
 - a) All sales or long term letting (over 21 years) to bodies outside Government should generally be at the prevailing market value;
 - b) Property which is for sale by Government Departments or Statutory Bodies should be publicly advertised and be subject to open sale, tender or auction, unless exceptional circumstances apply. In such exceptional circumstances it should be formally minuted that the Board or Minister has authorised that an alternative method of disposal can be adopted, and that Treasury has approved such a course of action prior to negotiations reaching an advanced stage;
 - c) Where property is to be publicly advertised and be subject to open sale, tender or auction, a written contract should be drawn up with the successful agent which sets out the commission to be charged, the method of marketing to be used and the requirement for the agent to retain sufficient documentation to record those persons or bodies who have been contacted or expressed an interest;
 - d) Departments or Statutory Boards are to confirm that other Government bodies have no interest in acquiring the land to be sold;
 - e) Sales between Government Departments and/or Statutory Boards will generally be at market value where a change of use of the land is proposed and for a nominal sum where there will be no change of use, or for such other amount approved by the Treasury. In every case, Treasury approval to the sale is required;
 - f) Sales from Government Departments or Statutory Boards to Local Authorities are to be at a sum approved by the Treasury;

g) Government Valuer is to provide market valuations in respect of sales & lettings.

- 13.** Treasury may approve cases which comply with conditions a) to g). If this policy cannot be fully complied with, the approval of Treasury and Tynwald must be obtained to the disposal unless the selling price/value of lease is less than £100,000 in which case Treasury approval only is required.
- 14.** Sales of properties under the provisions of the House Purchase Assistance Scheme 2007 are exempt from conditions 1 to 11.

Leases

- 15.** Designated bodies must seek and obtain the advice of the Government Valuer and the Attorney General's Chambers when entering into lease arrangements for land and property either as lessor or lessee.
- 16.** Where designated bodies are entering into lease arrangements for land or property as lessor and:
- a. the aggregated lease value over 3 years is £75,000 or more; or
 - b. it is intended that that the lessee would provide a service for or on behalf of the designated body within the scope of the lease;

then they must seek a direction from the Financial Controller as to whether or not FD8 applies.

FD30 – CONFIDENTIAL AND EX GRATIA PAYMENTS

- 1.** It is the general policy of the Treasury that no confidential or ex gratia payment over £10,000 shall be made without the prior written approval of the Treasury.
- 2.** This policy is made solely in connection with agreements to settle employment disputes concerning officers.
- 3.** An application to the Treasury by an Accounting Officer to make a confidential or ex-gratia payment must be supported by a signed approval of the Minister for the Department or Chairman of the Statutory Board and written advice or counsel from the Attorney General's Chambers. For confidential payments, a settlement agreement may be embodied in a formal Court Order containing a "gagging" clause.
- 4.** For the avoidance of doubt this policy specifically does not relate to any aspect of the supply of goods or services made under a tendered contract or to payments which may be made by law enforcement organisations in the recruitment of covert human intelligence sources. Treasury acknowledges that there will be legal circumstances which may warrant the inclusion of a confidentiality clause within a settlement agreement and in such a situation advice or counsel must be obtained from the Attorney General's Chambers.



**Isle of Man
Government**

Reiltys Ellan Vannin

FINANCIAL REGULATIONS

PART 2 FINANCIAL GUIDELINES

FG1 – FINANCE OFFICERS

1. Every designated body should have an officer designated as the Finance Officer. The Finance Officer is to report directly to the Accounting Officer, and is to be the designated body's chief advisor on all financial matters. Their responsibilities include but are not limited to:
 - a) **Financial planning:** The provision of financial management information for financial forecasting and planning arrangements to allow policy priorities to be determined and financial resources allocated within the total resources available to the designated body;
 - b) **Value for money:** Seeking to give better value year by year for resources by relating inputs of cash and other resources to the output they achieve;
 - c) **Costing:** Consideration of the full cost of activities and outputs
 - d) **Co-ordination:** Establishing links between performance reviews and evaluations with planning and preparation of estimates;
 - e) **Advising:** Giving advice to managers on policy proposals;
 - f) **Capital Project Appraisal:** Giving advice and assistance to line managers in the appraisal of capital and other projects to ensure both compliance with these Regulations and informed decision-making within the designated body.
 - g) **Regulation:** Maintaining procedures to ensure that correct and accurate information is available to meet the needs of the annual estimates and budgeting programme.
2. The designated body's Finance Officer is expected to carry out the responsibilities of the Responsible Financial Officer as defined in the Accounts and Audit Regulations.

With regard to the Manx Utilities Authority and Isle of Man Post Office, Finance Officers are responsible for the preparation of published financial statements. With regard to the remaining designated bodies, Finance Officers are responsible for ensuring that entries in the designated body's ledgers are in accordance with the Government's accounting policies.

3. Where a Finance Officer is concerned that they are unable to fulfil their obligations under the Accounts and Audit Regulations they should set out such concerns in writing to the Accounting Officer who should inform the Chief Financial Officer.

Notes

1. The above responsibilities are not intended to be comprehensive but are intended to give a snapshot of the important responsibilities a Finance Officer is expected to discharge. The emphasis should be on the development of financial control systems to encourage value for money and better use of resources rather than day to day involvement in basic book-keeping.

FG2 – AUTHORISATION

- 1.** The Accounting Officer is responsible for issuing various certificates, orders and authorities. He may authorise a subordinate to sign on his behalf.
- 2.** An up to date register of all officers authorised to sign on behalf of an Accounting Officer should be maintained within the designated body.
- 3.** Rubber stamps or other pre-printed signature arrangements are not acceptable as proper authorisation.
- 4.** Officers involved in financial transactions on behalf of Government may be required to carry an identity card issued by and bearing the signature of their Accounting Officer. Officers may be required to produce their identity card to any member of the public or to other officers having reasonable cause. The card should be carried on the officer's person at all times and surrendered when he ceases to be employed in the designated body concerned or at the request of their Accounting Officer.

FG3 – OFFICIAL ORDERS

Official Orders

1. Official Government orders should be used in the following manner:
 - a) Original copy should go directly to the supplier
 - b) A copy should be endorsed as evidence that the goods have been received and should be attached to the supplier's invoice when it is passed for payment, unless the controls within a computer generated system provide an alternative;
 - c) **Hard-copy Order Books:** A copy showing originator's signature and the date of order should remain in the book. This copy should be endorsed to show that the goods have been received and that the supplier's invoice has been passed for payment with the appropriate expenditure details recorded thereon.
Computer Generated Order: A record of receipt and the date passed for payment should be retained for audit purposes.
2. Suppliers' invoices for part orders can be passed for payment. However, a record should be retained of descriptions and quantities of the goods received and authorised for payment and of the goods still outstanding for delivery.

Purchasing Cards

3. Accounting Officers should include the following within their instructions for the control and use of purchase cards:
 - a) Each cardholder should maintain a personal log of all card transactions in which should be recorded details of each purchase, including the value and description of the goods and the Job or Cost Code the goods will be charged against;
 - b) Goods should only be purchased from suppliers approved by the designated body;
 - c) Documents issued by the supplier in support of the purchase (till receipts, delivery notes, invoices etc.) should be retained and compared with the transaction details in the transaction log and with monthly statements;
 - d) Monthly statements should be checked by cardholders to confirm:
 - Goods detailed were received
 - Quantities are correct
 - Values match till receipts, invoices etc.
 - There are no erroneous entries
 - Expenditure code (job code / cost centre code etc.) is included.
 - e) Line managers should check statement to ensure:
 - Goods were purchased for legitimate purposes
 - Goods were received
 - Costs are within transaction limits
 - Transaction Log is attached to statement and details on the Log agree with statement.
 - f) Once checked the cardholder and the line manager should sign the statement and pass it to the designated body's finance office for processing.

g) Purchase card expenditure should be charged to departmental expenditure codes in the month that the purchase card statement is received and VAT should be properly accounted for.

4. Accounting Officers should include the following within their procedures for the control of the purchase cards.

a) That a register be maintained for all cardholders containing details of:

- Name and post of the card holder;
- The date the card was issued and when returned;
- The limits and restriction applied to that card

b) That a regular review is carried out, at least annually, of each cardholder's limits

FG4 – PROTECTION OF PRIVATE PROPERTY

1. The Accounting Officer of each designated body should ensure that proper records are maintained of all valuables (such as jewellery, watches and other small articles of a similar nature, and documents of title) belonging to persons in the care or under the supervision of his designated body, in order to prevent or mitigate loss of or damage to such property.
2. Where a person in the care of or under the supervision of a designated body leaves without claiming his personal property every effort should be made to re-unite the property with its owner, next of kin or executor of a will in the case of a deceased person.
3. In the absence of any specific statutory power or duty any property remaining unclaimed may be disposed of after the following periods of time:
 - a) **Week:** Cheque Book, Credit card, Banking Cards should be returned to source banking organisation.
 - b) **1 Month:** Money will be invested via the Treasury and be available to claimants for a further 6 years after which the monies will be dispersed as advised by the Chief Financial Officer.
 - c) **1 Year:** Clothing/Footwear/Accessories etc. will be donated to a local charity. Jewellery will be offered for sale after a period of public notice advising that items of jewellery are to be sold (by a specific date) and that any person claiming to be the owner should contact the department. The proceeds of the sale should be invested via the Treasury and be available to claimants for a further 5 years.
4. Accounting Officers should ensure that adequate records of all disposals linked to the individuals concerned are retained.

FG5 – DEBTORS

1. Payments due to Government should be as far as possible made either in advance or at the point of sale, thereby minimising the necessity to raise invoices and create debtors.
2. As far as possible, debtors' accounts must be prepared and sent out by an officer who will not be involved in receiving the monies due.
3. Once a debtor account has been paid it should be endorsed to that effect and provide details of cheque number, receipt or reference number and date.
4. Debtors should not be encouraged to settle their accounts by instalments. However, if this settlement method is to be followed due to exceptional circumstances, then an instalment agreement must be established and payments monitored against it.
5. Designated bodies should carry out proactive debtor collection and enforcement procedures commensurate with the nature and value of the debt and which is commenced on a timely basis. This should include the sending of statements on a monthly basis, making direct contact with the debtor by telephone, electronic means or in person.
6. Consideration should be given to the use of the Small Claims Procedure of the Isle of Man Courts of Justice to enforce a debt. (A full range of forms is available at the Courthouse public counter or online at www.courts.im). If judgment and execution is granted by the Court, this should be passed to the relevant Coroner for enforcement without delay. Support in relation to a Coroner's enforcement of judgment and executions under the Administration of Justice Act 1981 may be provided by the Judgements Officer at the General Registry, if required.
7. Where the debt remains unpaid after 3 months and no progress has been made and the Small Claims Procedure has not been commenced:
 - a) Refer the matter to the Attorney General's Chambers and
 - b) Wherever reasonably possible, ensure that no further services are provided to the debtor in question until the account is paid or that such services are paid for in advance in cash.
8. Invoices should set out clearly the consequences of non-payment. These consequences should be reinforced at every stage of the proceedings (reminders etc.).
9. Guidance on when to pursue debts to the point of liquidation or bankruptcy, including guidance on *de minimus* limits should be decided in consultation with the Attorney General's Chambers.

FG6 – ACCOUNTING SYSTEMS

- 1.** It shall be the responsibility of the Chief Financial Officer in consultation with Accounting Officers to ensure that accounting and financial record systems are established and maintained for:
 - a) The compilation of detailed accounting records; and
 - b) The continuous production of financial management information;

- 2.** All accounting records will be retained for a minimum of 6 years to comply with the Limitation Act 1984 and VAT regulations. Payroll records must be retained for a minimum of 13 years to enable the correct calculation of pension benefits under statutory pension scheme rules and regulations.

FG7 – PAYMENT OF SALARIES & WAGES

These provisions also apply in principle to those designated bodies that operate outside the central Government payroll operated by Payroll Shared Services.

General

1. The preparation of salaries, wages, etc. shall be under the control of the Director of Human Resources, with the exception of the following non-revenue funded statutory bodies:
 - Isle of Man Post Office
 - Manx Utilities Authority
2. Each Accounting Officer is responsible for;
 - a) Ensuring that the correct status for income tax and national insurance purposes is determined for all officers for whom they are responsible, and where there is any doubt, ensuring that the Assessor of Income Tax is consulted;
 - b) Ensuring that employer's National Insurance is calculated and accounted for;
 - c) Distributing the pay advices to all officers for whom he is responsible;
 - d) Maintenance of his own departmental personnel records and other records dealing with flexitime, sick leave, annual leave, maternity leave, unpaid leave and overtime.
3. The control of ITIP and National Insurance accounting for contributions is the responsibility of the Director of Human Resources where the payroll is completed by Payroll Shared Services.

Certification

4. The certification of a payroll input document signifies that;
 - a) The person concerned is a bona-fide officer of the designated body and authority for his employment exists.
 - b) The officer is being paid the correct rate of pay/salary for the grade of job.
 - c) All allowances and additional payments are made in accordance with regulations.
 - d) The officer has worked the number of hours (per week/month) as specified in his contract or shown on his timesheet.

Method of Pay

5. All new staff should be paid monthly by BACS (Bankers Automated Clearing System).
6. The retention of weekly payroll should be restricted to those categories of personnel who have received Treasury concurrence to be paid weekly.

FG8 – PENSION BENEFITS

This guideline does not apply to Isle of Man Post Office which has its own fully funded pension scheme.

- 1.** The calculation of pensions and lump sums payable together with the payment of lump sums to former officers is the responsibility of the Public Sector Pensions Authority.
- 2.** Accounting Officers should inform the Public Sector Pensions Authority of all staff who cease pensionable employment and supply the necessary financial information so that pension benefits can be calculated (as determined by the Superannuation Section).
- 3.** If any arrears of pay are made to staff after the ceasing of pensionable employment, the Accounting Officer should provide the Pensions Division with the relevant details so that pension benefits can be recalculated.
- 4.** All new Government pensioners should be paid at monthly intervals by the BACS system which is the responsibility of the Treasury.

FG9 – CHEQUES

- 1.** Cheques are issued by the Finance Division of Treasury, by some Statutory Boards and by some departments who have authority to operate Imprest accounts for urgent payments.
- 2.** Accounting Officers are responsible for ensuring that arrangements shall be put in place for the appropriate control, safe custody and ordering of cheques.
- 3.** Cheques being sent to off Island addresses should be despatched in plain envelopes and not in window envelopes if it is evident that the enclosure is a cheque.

FG10 – POST OPENING & RECEIPT OF MONEY

Post opening

- 1.** Where designated bodies regularly receive remittances in payment of sums due to Government through the mail then post should always be opened in the presence of at least two officers.
- 2.** All cash remittances received should be recorded as soon as the post is opened. The record should specify date of receipt, payer name, amount paid and type of remittance.
- 3.** Special arrangements should operate in those designated bodies with a high volume of monies within their remittances. In these cases post opening should be supervised by an officer, ideally not below the grade of Executive Officer who preferably should take no part in the post opening process.
- 4.** The remittance record should be signed by the post opening supervisor (see paragraph 3), or another third party if the post opening has not been supervised, after ensuring that it agrees to the remittances received.
- 5.** Care and attention should be given to ensuring postal sacks and envelopes are emptied of all contents. Bins containing emptied envelopes must be checked at the end of post opening to ensure no correspondence has been thrown away in error.
- 6.** Receipts for cash, cheques and postal drafts received by post need only be issued on request (the records mentioned in paragraph 2 obviate the need for issuing receipts).
- 7.** Wherever possible no member of the post opening team should leave the post opening area whilst post opening is in progress.
- 8.** Procedures should be reviewed periodically to ensure their continued relevance.

Receipt of monies

- 9.** The receipt of all cash remittances should be recorded at the time of receipt. A serially numbered receipt should always be issued for cash received directly from the public. Receipts need only be issued for cheques and postal drafts on request.
- 10.** The Accounting Officer or nominated deputy should ensure that the total value of monies receipted is in accordance with the value of banking made.
- 11.** All receipting stationery should be supplied to Accounting Officers by arrangements agreed with the Chief Financial Officer.
- 12.** The Accounting Officer should ensure that all receipt books issued by the Chief Financial Officer can be accounted for.

FG11 – CASH CONTROL

- 1.** Proper acknowledgement should be given when cash is passed from one officer to another (e.g. allocations of cash floats, receipt of cash from collecting officers).
- 2.** All officers collecting cash should have separate collecting facilities (drawer, till etc.). All money laundering guidance and policies should be followed and implemented.
- 3.** At the end of each shift, each officer collecting cash should count what has been taken and officially record it. All variances for every shift must be listed.
- 4.** The Accounting Officer is responsible for ensuring that all cash collected is physically secure from theft, loss or misappropriation from the time it is collected until it is banked.
- 5.** The Accounting Officer should ensure that any cash held does not exceed insurance cover.
- 6.** Each Accounting Officer should introduce procedures to ensure that cash collected and held in department, that is not banked immediately, can be fully accounted for.
- 7.** All forms of financial stationery should be serially numbered and properly controlled.
- 8.** A lockable safe should be used for temporary storage of cash and other valuables.
- 9.** Accounting Officers should retain a register of those persons issued with keys to safes and strong-rooms. Officers issued with keys should carry them on their person at all times and report any loss or theft immediately.
- 10.** Where combination safes are used, the Accounting Officer should maintain a register of persons knowing combinations. Officers given access to combinations should not divulge the number to any other person nor keep a written note of the combination.
- 11.** Duplicate keys should be held and used by the Accounting Officer or a delegated officer. If a duplicate key is issued , details should be recorded and the signature obtained.
- 12.** Safe combinations should be changed at least annually.
- 13.** All keys must be surrendered by an officer upon ceasing employment.
- 14.** Where fitted, burglar alarms should be tested at regular intervals.

Notes

- 1.** Accounting Officers should ensure that officers who as part of their duties have to carry cash for banking or transfer between offices are accompanied wherever possible.

- 2.** In appropriate circumstances designated bodies may consider using an approved security firm for the transfer of cash.

FG12 – USE OF GOVERNMENT ASSETS

Motor Vehicles

- 1.** The Accounting Officer in each designated body should ensure that not only the cost of Government vehicles and their use is kept to a minimum but also the number of vehicles in the fleet can be justified from an operational viewpoint.
- 2.** The Accounting Officer, or his nominee, should maintain an inventory of all motor vehicles.
- 3.** Each motor vehicle on the inventory should have a separate mileage record. Users of motor vehicles must complete the mileage record at the end of each journey and include such detail as to identify the officer. Mileage records in respect of the current month must be kept in the vehicles to which they relate and be available for inspection at any time by either officers of the designated body concerned or the Treasury. The completion of the mileage record for any business journey is taken to mean that the journey is authorised and necessary in the conduct of Government business.
- 4.** Within 5 days of the end of each month, mileage records for that month should be submitted to the Accounting Officer or his nominee who is to monitor and retain them, as they may also be subject to periodic review by officers of the Treasury.
- 5.** Officers provided with a vehicle as part of their overall remuneration package or who have the use of a vehicle will be liable for benefit in kind taxation as per the Practice Notes issued by the Assessor of Income Tax. Officers enjoying the benefit of a vehicle as part of their remuneration package should have such an entitlement included within their contract of employment or appointment letter which contains the substantive terms and conditions of the contract. A copy of which should be forwarded to the Assessor of Income Tax.

Officers will also be liable for private mileage, whether using a designated vehicle or pool vehicle. Private mileage includes trips between an officer's place of work and home. Private mileage contribution rates will be the rate of 50p per mile travelled.

- 6.** Accounting officers should provide the Assessor of Income Tax details of all its non-exempt vehicles which were used by the designated body's officers regularly or casually for private journeys other than home to duty mileage. Refer to FD7 regarding the recording of benefits in kind. Form T9 should be completed for those officers who have had the use of a vehicle for private purposes. The Form T9 should be completed after 5th April annually and submitted, with the Annual Employers Return (Form T37), to the Assessor of Income Tax by 5th May each year.
- 7.** Accounting Officers should ensure compliance with the Department of Infrastructure's Vehicle and Plant Procurement Process (approved by Treasury in February 2016) when acquiring vehicles and plant.

Notes

1. Further information and details of current benefit in kind vehicle, mileage and fuel rates are contained within the Value for Money Committee's [Guidance Note 3](#), copies of which are available from the Audit Advisory Division of the Treasury.

Equipment

9. Equipment should not be lent free of charge. Any officers or third party borrowing equipment for purposes other than bona fide Government business must reimburse the designated body with a sum equivalent to the hire charge of that equipment were it to be hired from a private business.

Postage

10. Government purchased stamps and franking machines must only be used for Government related official mail.

Photocopiers

11. Careful checks should be kept on all use of photocopiers to ensure that it is compatible with the amount actually required.
12. Where copies are made by an officer for non-Government purposes, a charge commensurate with the cost of obtaining the service from a private business should be made by the officer and paid to the designated body.

Telephones

13. Personal telephone calls, whether incoming or outgoing, should be kept to a minimum. Officers should record the details of any personal telephone calls which extend beyond the local exchange network and the cost of such should be reimbursed to the designated body. Accounting Officers should undertake periodic checks of the volume and cost of calls made from each extension.
14. Where the Accounting Officer of a designated body requires an officer to have a home telephone for operational purposes (e.g. for call-outs), the designated body is to pay the quarterly rental for one line only (exclusive of any unit charges for telephone calls). Payment will be made through the payroll system in equal monthly instalments based upon the annual rental.
15. If the officer has no home telephone and is required to have one installed for operational purposes, the designated body may pay the installation charge.
16. Where an officer finds it necessary to use his home telephone for work related calls (e.g. a foreman calling out a tradesman) a specific log of these telephone calls

should be kept including their date, time and purpose. These calls will be paid for in addition to the rental charges.

- 17.** Reimbursement to all officers for the gross cost of telephone calls made (including the VAT element) will again be made via the payroll system. Under no circumstances should reimbursement be made via the Government's creditor payments system or a petty cash account. The responsibility for paying the quarterly telephone bill rests with the officer concerned.
- 18.** A list of all officers who receive reimbursement should be maintained by each Accounting Officer. The list should be reviewed it periodically to ensure all officers listed still warrant the payment of this allowance.
- 19.** Under normal circumstances officers who have been issued with mobile phones should not have their home telephone rentals paid by their designated body.

Mobile Phones & Other Devices

- 20.** Accounting Officers should ensure that all mobile phones (& other mobile network devices) for their designated body are procured through GTS.
- 21.** Accounting Officers should ensure full compliance with both departmental and corporate mobile phone etc. policies.
- 22.** Officers should ensure that contributions in respect of personal usage are reimbursed on a regular basis and be aware of the user guidelines.

Subsidised Accommodation

- 23.** Officers provided with subsidised accommodation as part of their overall remuneration package will be assessed for benefit in kind taxation as per the Practice Notes issued by the Assessor of Income Tax. Officers enjoying the benefit of subsidised accommodation as part of their remuneration package should have such an entitlement included within their contract of employment or appointment letter which contains the substantive terms and conditions of the contract. A copy of which should be forwarded to the Assessor of Income Tax.
- 24.** Accounting Officers should provide the Assessor of Income Tax details of all its non-exempt subsidised accommodation provided for the benefit of officers. The designated body will be assessed for 'Living Accommodation' Benefit in Kind taxation only at the higher tax rate. Form T9 should only be completed for those officers provided with subsidised accommodation as part of their remuneration package. The Forms T9 should be completed after 5th April annually and submitted, with the Annual Employers Return (Form T37), to the Assessor of Income Tax by 5th May each year.

- 25.** Designated bodies should not undertake to meet any obligation for Benefit in Kind taxation in respect of its officers.

Leased Accommodation

- 26.** Accounting Officers should obtain the advice of the Government Valuer in respect of rent reviews for Government property which is leased to third parties.

FG13 – DISPOSAL OF ASSETS

1. The removal of any item from an inventory/asset register should be supported by a letter, certificate or other document which should be signed by the Accounting Officer or other officer so authorised for this purpose.
2. Obsolete items with little or no re-sale value (less than £100 accumulated if a number of items) should be sold as scrap if cost effective, otherwise disposed of as general waste.
3. Office Furniture in reasonable condition but with little re-sale value should be offered to other designated bodies of Government or major charitable organisations. Otherwise dispose of as at paragraph 2 above.
4. Computers and Office equipment which is serviceable but because of their age or condition are unlikely to attract bidders from the general public may be offered for sale within the department. An alternative is to contact the Emergency Planning Officer (Department of Home Affairs) who, on behalf of the Overseas Aid Committee, despatches such equipment to third world countries. If all else fails dispose of as at paragraph 2 above. Prior to disposing of any computer equipment, ensure all files and software applications under license are deleted. Government Technology Services should be consulted on this matter to ensure that hard drives and other memory locations are wiped clean, that no Data Protection offences are committed, that no confidential information is lost and that all IT equipment is disposed of correctly.
5. Items with a re-sale value should be sold in accordance with *FD12 Asset Management*. If such items could potentially cause a health or safety risk (Plant, electrical equipment etc.) they should be sold as seen with any known faults disclosed and a letter or certificate indemnifying Government against future claim should be obtained from the purchaser prior to the transference of ownership.
6. Designated bodies may not dispose of land or buildings without the consent of the Treasury. Prior to seeking such consent, designated bodies should have the land or building independently valued and/or confirmed by Treasury's Valuation Section. Designated bodies must comply with the Land Disposal Policy included in FD29 Land – Acquisition and Disposal.

Notes

1. The cost effectiveness of whatever method of disposal is being proposed should be carefully considered and if the costs in staff time, advertising for tenders or auction house fees are likely to outweigh monies received, then the items should be offered to other designated bodies, or to charities, or disposed of as scrap or waste.
2. Persons recommending the sale of items for disposal should have no involvement with the sale procedure if they intend making a bid price for the item/s being sold.

FG14 – STOCKS & STORES

1. The Accounting Officer of each designated body shall be responsible for the custody, care and physical control of the stocks and stores and the maintenance of adequate stock records.
2. A designated body may not carry stores in excess of reasonable requirements as ascertained by experience. Regular physical checks of stocks and stores against relevant records must be carried out and verified by officers **not** normally responsible for their custody, care and physical control.
3. Any substantial surpluses or deficiencies revealed in any items of stock at any stock-taking shall be reported to the Accounting Officer, so that the necessary authorities and decisions can be obtained.
4. Wherever possible, designated bodies holding substantial quantities of similar stocks should liaise in order to see whether merging their stock holdings is feasible, to reduce the amount of capital tied up, and to improve their purchasing power.

FG15 – DATA SECURITY

1. Advice and guidance regarding information security as contained within the Government's approved [Code of Best Practice for the Maintenance of Information Security](#) is available from the Cabinet Office's Government Technology Services.
2. Advice and guidance specifically regarding usage of the Government's E-mail and Internet facilities are contained within the Social Media and Electronic Communications Policy. Technical advice and support is also available from the Cabinet Office's Government Technology Services.
3. Additional local policies associated with information security should be documented and clearly notified to all relevant staff and/or, the policy should be prominently displayed for the notice of all staff and visitors.

FG16 – IMPREST ACCOUNTS & PETTY CASH

1. The Accounting Officer should decide how many of his officers need an Imprest (cheque or petty cash) account to carry out their normal duties, and should regularly review the need for each Imprest account.
2. The Accounting Officer is responsible for the proper administration (including safeguarding the cash held on premises) of each Imprest account within his designated body.
3. Where an Accounting Officer considers that an Imprest (cheque or cash) account is no longer needed (and the need should be reviewed on a regular basis) by one of his officers, details should be provided to the Chief Financial Officer.
4. All officers administering Imprest accounts (cheque or cash) should be conversant with the requirements of FG11.
5. Imprest cheque accounts should not, normally, be used for the payment of creditors, travel or subsistence, or any reimbursement to members of staff, unless the reason for doing so is an **exceptional** circumstance (see FD4).

FG17 – COMMERCIAL SPONSORSHIP

1. Designated bodies should consider the appropriateness of commercial sponsorship on a case by case basis.
2. The involvement of commercial sponsors is most appropriate in circumstances where a one off event is being considered, such as a:
 - Research project
 - Award scheme
 - Conference/seminar or training event
 - Established sporting event
 - Art/culture/heritage event
3. Lengthy ongoing relationships between a designated body and a sponsor should generally be avoided as a change in a company's circumstances or reputation could lead to contractual problems. Where long term relationships are judged to be beneficial by the Accounting Officer, periodic checks should be undertaken to ensure the sponsor's ongoing good standing.
4. A commercial concern should not be considered as a sponsor if:
 - a) It is involved in the sale or promotion of goods or services or engaged in activities which conflict with the aims and objectives of a designated body or the Isle of Man Government in general;
 - b) It would give it an overtly advantageous or preferential position in a competitive marketplace which may be viewed by competitors as a distortion of fair competition;
 - c) Its financial position is less than secure;
 - d) It possesses a dubious reputation for commercial propriety (this can be checked with appropriate regulatory body such as Isle of Man Financial Services Authority);
 - e) If the company name or image is not appropriate ("good taste") to the service the designated body provides.
5. The terms and conditions of any sponsorship arrangement must be comprised in a legal contract and advice should be sought from the Attorney General's Chambers.
6. Each Department and Statutory Board must undertake follow up compliance inspections to ensure that the terms and conditions of any FD8 waiver as specified by Treasury are complied with and that value for money has been obtained.
7. Where a third party is in control of public funds (for example, through a client account), adequate due diligence should be carried out by the Department on the company beforehand and measures should be put in place to ensure that the third party does not hold full control of any funds.

Notes

1. The above guidance is not intended to be exhaustive or prescriptive. Accounting Officers or officers authorised by them to consider sponsorship offers or to seek sponsorship agreements should always take a broad view and try to ensure that benefits for his designated body do not turn out to be a liability for another.

FG18 – STATUTORY BOARDS

- 1.** The following guidelines should be adopted by Statutory Boards:
 - a) That where Statutory Boards set up committees or subsidiary companies, the minutes of those committees or companies should be placed on the Agenda of the next Board Meeting for ratification.
 - b) Statutory Board Members should ensure that minutes record not only decisions, but also information (either in the minutes or as separate documents appended to the minutes) provided by the Accounting Officer or other officers on which those decisions were based.
- 2.** It is not acceptable for the minutes to merely record that the Accounting Officer or another officer reported verbally on the Accounts if there is no record of what was said and no financial information is included in the Agenda papers. There should be formal approval of the Accounts at regular intervals, at the very least every 3 months.
- 3.** If financial decisions are made about which Treasury should legally, or as a courtesy, be informed, it must be recorded in the minutes that Treasury has been so informed in writing. It must not be assumed by the Board that Treasury has been informed, based only on verbal assurance to that effect by an Officer.

FG19 – GIFTS & REWARDS

To ensure a consistency of approach between Departments and Boards in the acceptance, recording, distribution and monitoring of gifts, rewards and hospitality, and to ensure that staff are protected from any potential allegations of impropriety which may arise as a consequence of differing practices:

- 1.** A register should be maintained which records as a minimum:
 - The date of the offer;
 - The name of the officer and their job title;
 - A description of the gift, reward or hospitality;
 - The (estimated) value;
 - Who offered the item;
 - Whether the item was accepted or refused;
 - A record of any approvals sought;
 - The date of disclosure.
- 2.** The de minimus limit below which items of hospitality (e.g. a working lunch) need not be declared in the register is £50.00.
- 3.** Where gifts, other than 'isolated gifts of low value such as diaries, calendars, flowers and chocolates' have been accepted, and where the nature of the gifts permits such actions, senior management should ensure that the gifts are distributed in accordance with instruction from the Accounting Officer.
- 4.** In determining the application of de minimus limits the total value of the gift/hospitality provided as borne by the provider should be considered and individual items aggregated if appropriate.