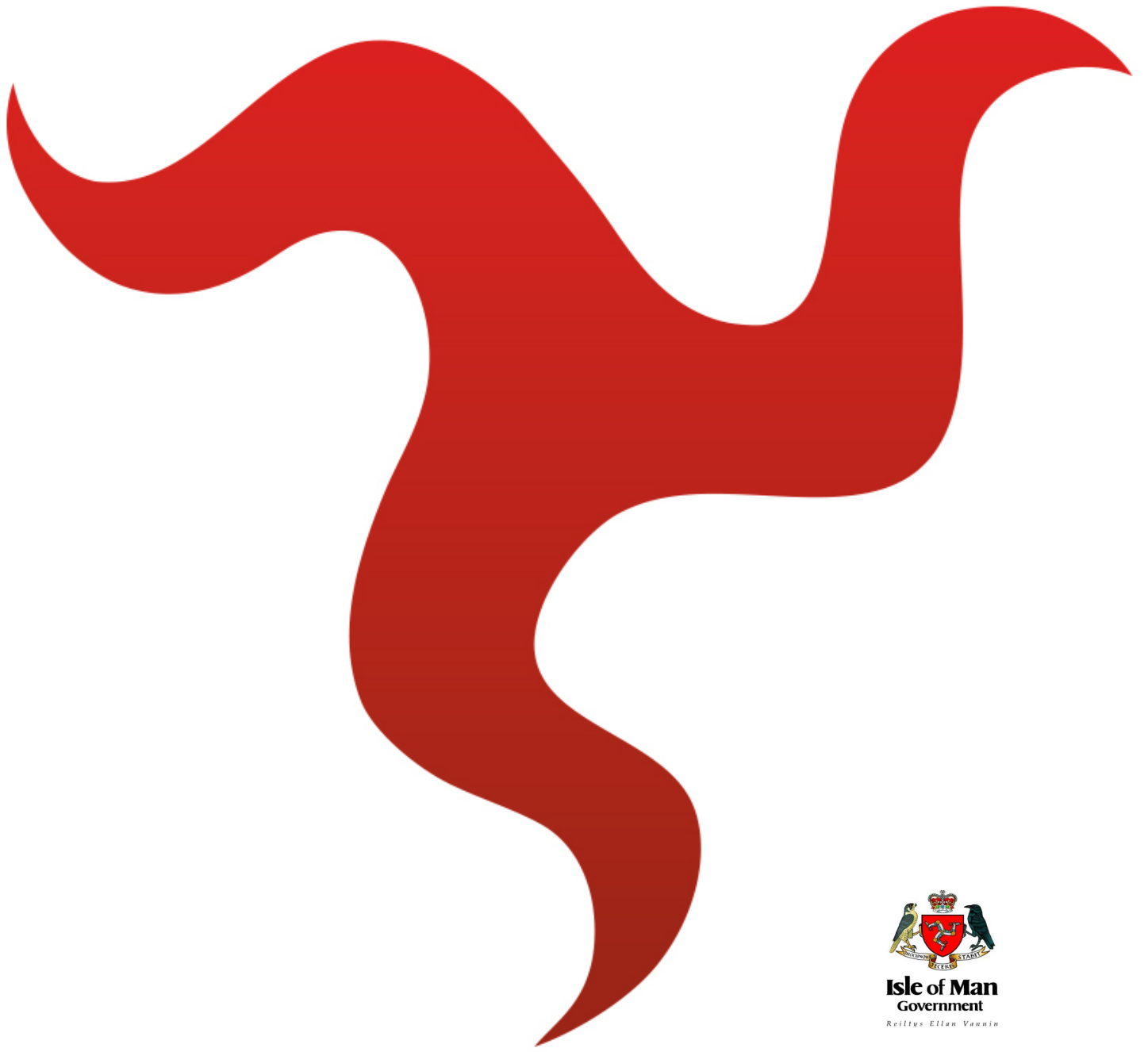


**THE ISLE OF MAN GOVERNMENT  
FINANCIAL REGULATIONS**

**BUDGET HOLDER HANDBOOK**

Issued by the Treasury, Government Office

Douglas, Isle of Man, IM1 3PX



**April 2019**

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## INTRODUCTION

### KEY POINTS TO REMEMBER - FOR ALL OFFICERS

## 1 Introduction

### Table of Amendments

The table below shows the primary amendments that have been made to the Financial Regulations in relation to the previously issued version.

This is the 3<sup>rd</sup> edition of a handbook for Budget Holders.

<b>The Financial Directions</b>		
<i>Table of Amendments (to previous edition)</i>		
<i>Direction</i>	<i>Ref.</i>	<i>Amendment</i>
Financial Direction A: Financial Values & Governance	A 3.2	Exemption approval is by the Accountable Officer (Approval by Chief Financial Officer or Financial Controller removed)
Financial Direction B: Managing Resources	B 3.4	Changes to wording for clarity
Financial Direction C: Buying and Making Payments	C 3.1	Changes to wording for clarity
Financial Direction F: Selling & Receiving Payments	F 4	"Disposal of Assets" changed to "Selling/Disposal of Assets and Offering Opportunities to 3rd Parties" in respect of sponsorship received by designated bodies

<b>Financial Practice Notes</b>	
<i>Table of Key Amendments Since November 2018</i>	
<i>FPN</i>	<i>Amendments to Previous Version</i>
All	Addition of Table of Contents
FPN A.01 Obtaining Approval for Exemptions	<ul style="list-style-type: none"> <li>Removal of requirement for approval from the Treasury Minister</li> <li>Requirement to treat retrospective exemption applications as Financial Irregularities</li> </ul>
FPN A.02 Gifts and Rewards	<ul style="list-style-type: none"> <li>Responsible Officer changed from Financial Controller to Accountable Officer</li> </ul>
FPN A.05 Financial Training	<ul style="list-style-type: none"> <li>Clarification of training requirements</li> </ul>
FPN B.02 Budget Management	<ul style="list-style-type: none"> <li>Restriction on virements from a superannuation budget added</li> <li>Specific exemption requirements added</li> </ul>
FPN B.04 Internal Funds	<ul style="list-style-type: none"> <li>Refresh of Terms of Reference for Internal Funds</li> </ul>
FPN C.01 Determining Supplier Financial Relationships	<ul style="list-style-type: none"> <li>Removal of the requirement for Departmental aggregation by a Budget Holder</li> </ul>
FPN C.06 General	<ul style="list-style-type: none"> <li>Clarification of Delegated Officer responsibilities</li> </ul>

<b>Financial Practice Notes</b>	
<i>Table of Key Amendments Since November 2018</i>	
<b>FPN</b>	<b>Amendments to Previous Version</b>
Procurement	<ul style="list-style-type: none"> <li>• £500 to £10,000 threshold for obtaining and retaining quotes changed to £2,000 to £10,000</li> <li>• Requirement for 3 quotes reduced to a 'minimum of 2'</li> <li>• Introduction of 'market testing' for a representative sample</li> </ul>
FPN C.08 Tendering	<ul style="list-style-type: none"> <li>• Addition of Accountable Officer responsibilities</li> </ul>
FPN D.01 Banking and Issuing Cheques	<ul style="list-style-type: none"> <li>• Wording amended for clarification</li> </ul>
FPN D.02 Managing Assets & Inventory	<ul style="list-style-type: none"> <li>• Periods of depreciation amended</li> <li>• Reservoirs added to depreciation table</li> </ul>
FPN D.05 Cash Handling	<ul style="list-style-type: none"> <li>• Clarification of requirements in respect of receipts given for cash</li> <li>• Strengthening of control requirements in respect of safe combinations</li> </ul>
FPN E.01 Payroll Procedures	<ul style="list-style-type: none"> <li>• Officer overpayment – requirements for repayment added</li> <li>• Requirement to notify changes to payroll within the standard payroll timescales</li> <li>• Correction of erroneous statement in footnote</li> <li>• Budget Holder amended to Designated Finance Officer</li> <li>• Amendments to wording</li> </ul>

*Note – where amendments have only been in relation to typographical, grammar or formatting errors they have not been included above.*

## **Requests for amendments to Financial Regulations and Handbook**

If there are any further amendments that any Designated Body or Officer considers should be considered by the Treasury for future updates to the Financial Regulations (including any Financial Directions or Financial Practice Notes) or to this Handbook, then they should be submitted to your Designated Finance Officer.

## **Purpose of this Handbook**

This Handbook has been developed as a supplement to the Isle of Man Financial Regulations and should be read in conjunction with them.

Wherever Financial Regulations are mentioned within the text of this Handbook, this also refers to any relevant Financial Directions and Financial Practice Notes.

This Handbook is designed to highlight the specific responsibilities of the Budget Holder as set out in the Financial Regulations; however, where there is any doubt in interpretation the Financial Regulations **must** be referred to for clarification.

The Handbook does not cover responsibilities that a person who is a Budget Holder may have in relation to the Financial Regulations, for example, where they are also a Delegated Officer, nor does it cover the responsibilities of all other Officers.

## 1.1 Table of Financial Directions and Financial Practice Notes

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

### 1.1.1 Financial Directions

The six High Level and Lawful Financial Directions covering the six key financial areas:



### 1.1.2 Financial Practice Notes

The Financial Directions make reference to Financial Practice Notes (FPNs) which have also been approved individually by The Treasury. Financial Practice Notes are operational and mandatory for all Ministers, Members, Officers and employees.

### 1.1.3 Who do the Financial Regulations apply to?

To some degree, the Financial Regulations apply to everyone working within the Isle of Man Government. They also apply to anyone acting on behalf of a designated body, including external contractors and consultants commissioned for specific purposes.

This handbook highlights the key parts of the Financial Regulations that apply to Budget Holders. Other Financial Regulations will also apply, depending on an Officer's financial delegations and the roles they undertake.

### 1.1.4 What do the Financial Regulations apply to?

The Financial Regulations apply to all financial transactions, monies, assets and liabilities handled by any designated body. They apply both to public monies and any monies or assets handled on behalf of third parties. Any financial amount stated within the regulations should be deemed to be excluding VAT (where applicable).



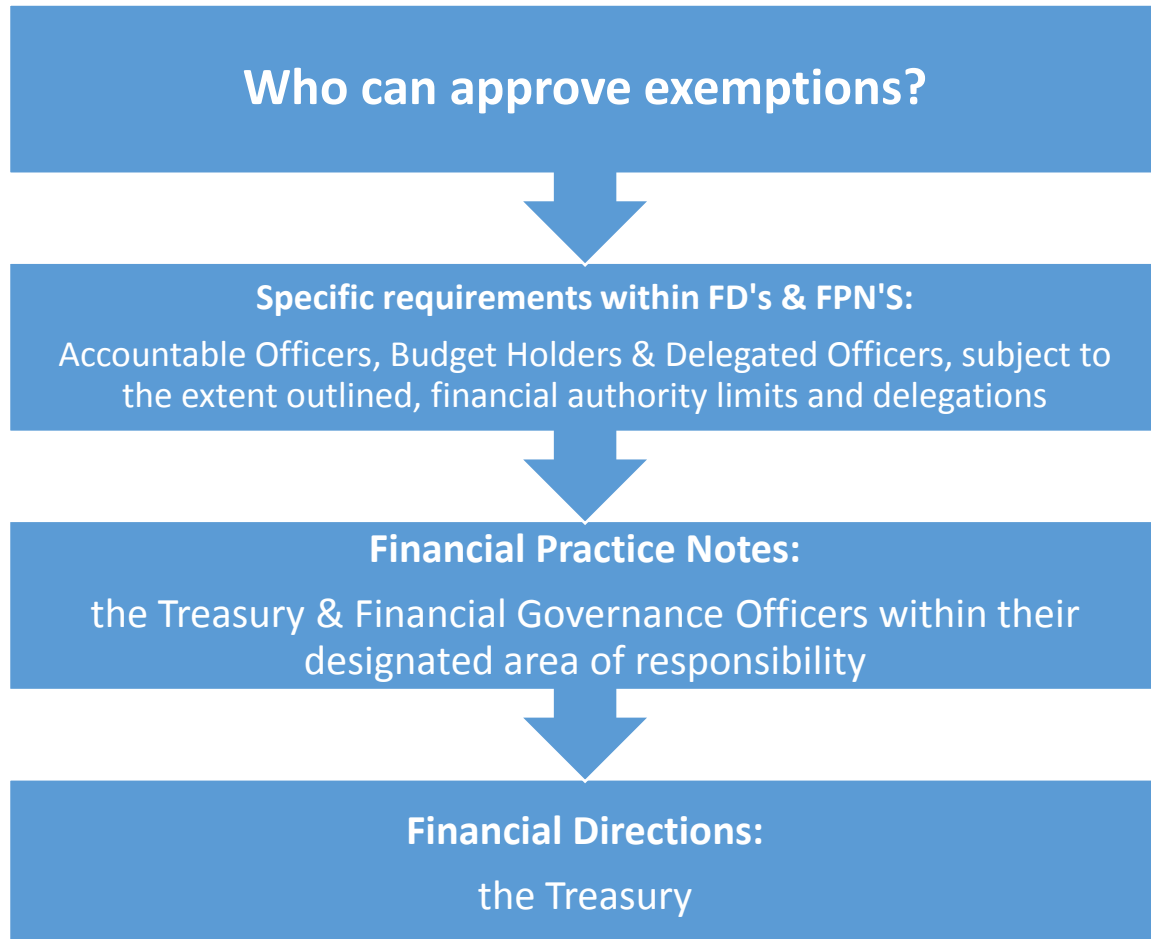
## 1.2 Exemptions – Obtaining Approval: FPN A.01

There is provision for **any requirement** to be exempted, provided that the required approval is obtained **in advance** of any related financial transaction being undertaken.

Officers with an approval to exempt are authorised to place such **conditions** as they think appropriate, provided they do not contravene any other Financial Direction.

Any condition stated in the approval must be complied with as if they were a part of the Financial Direction.

The relevant powers to approve exemptions are included within the Financial Directions, however the generally adopted principle is:



### **1.2.1 Extract of Specific Budget Holder Responsibilities: FPN A.01**

3.1. Budget Holders must approve the submission of all Financial Waiver Forms within their designated budget area.

3.2. Where Budget Holders do not have the required authority to approve a Financial Waiver Form then they must submit it for approval from the person with the appropriate delegated authority prior to any financial commitments or transactions being made.

### **1.2.2 Extract of Responsibilities of Those Officers Approving Exemptions: FPN A.01**

#### **1.2.3 Consideration**

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

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

#### **1.2.4 Rejection**

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

- d) **Refer it:** if they require any clarification or further information in order to make a decision. They must identify the relevant information required for them to make a decision.

*This will refer the Financial Waiver Form back to the submitter in order for them to provide the information.*

- e) **Refuse it:** if they are satisfied that they have sufficient information to make a decision but that the existing financial regulations should continue to be applied in full.

*A person rejecting an exemption must use the Financial Waiver Form received and submit it electronically onto the central register maintained by Treasury.*

#### **1.2.5 Approval**

4.3: A person approving an exemption must ensure that the approval includes:

- a) The **extent of the exemption** i.e. whether the whole or which specific parts of the requirements have been exempted;
- b) Any **additional requirements considered necessary** to manage any significant additional risks arising from the exemption.
- c) Where the exemption does not only relate to a single one-off instance but relates to a class or series of transactions, an expiry date for the exemption of no more than 5 years.

4.4: A person approving an exemption must use the Financial Waiver Form and submit it electronically onto the central register maintained by Treasury.

#### **Extract from the 2019 Financial Regulations (Responsibilities of All Officers):**

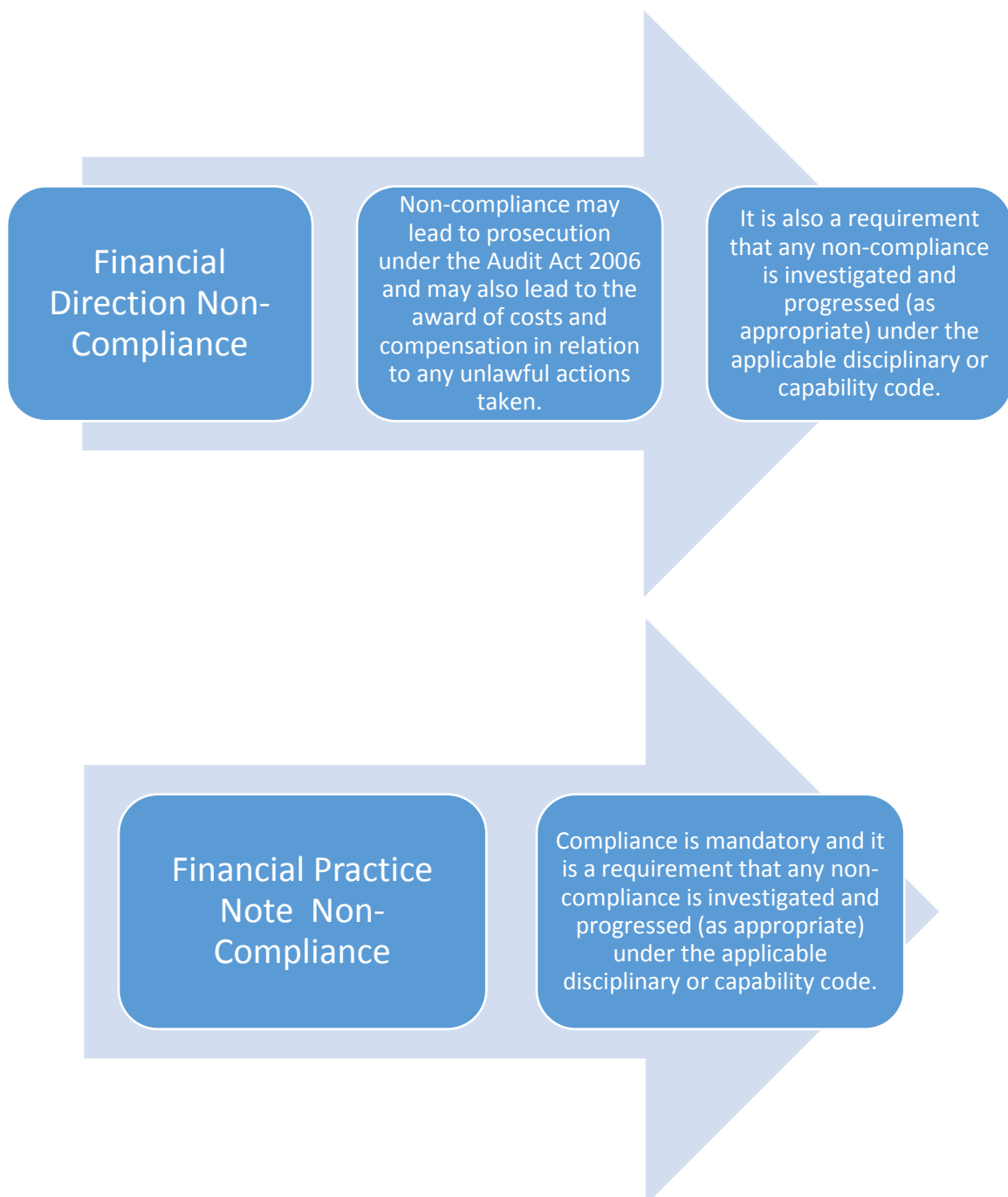
2.3. Exemption from Financial Regulations must not be applied for retrospectively. If you believe an exemption should already have been in place, then you must refer to FPN A03 Financial Irregularities, and report it as a Financial Irregularity.

### 1.3 FD A 12: Non-Compliance

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

All requirements of Financial Directions and Financial Practice Notes must be fully complied with unless you have received a **prior approval** for an exemption from them.

**Where a wilful failure to comply with any part of the Financial Directions or Financial Practice Notes can be demonstrated then it is deemed to be gross misconduct, and the relevant disciplinary procedures must therefore be implemented.**



## 1.4 FD A 5: Who is Responsible? The Key Roles

### Key Objectives & Risks: Empowerment with Accountability.

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

Nominated Deputy: All roles, with the exception of "Officer" must have a deputy nominated in writing to undertake their role in their absence. In the absence of any nominated deputy, the Line Manager of the role will be its deputy.

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

#### 1.4.1 The Accountable Officer:

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

#### 1.4.2 The Designated Finance Officer:

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

### **1.4.3 The Budget Holder for the relevant service area:**

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

### **1.4.4 A Delegated Officer:**

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

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

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

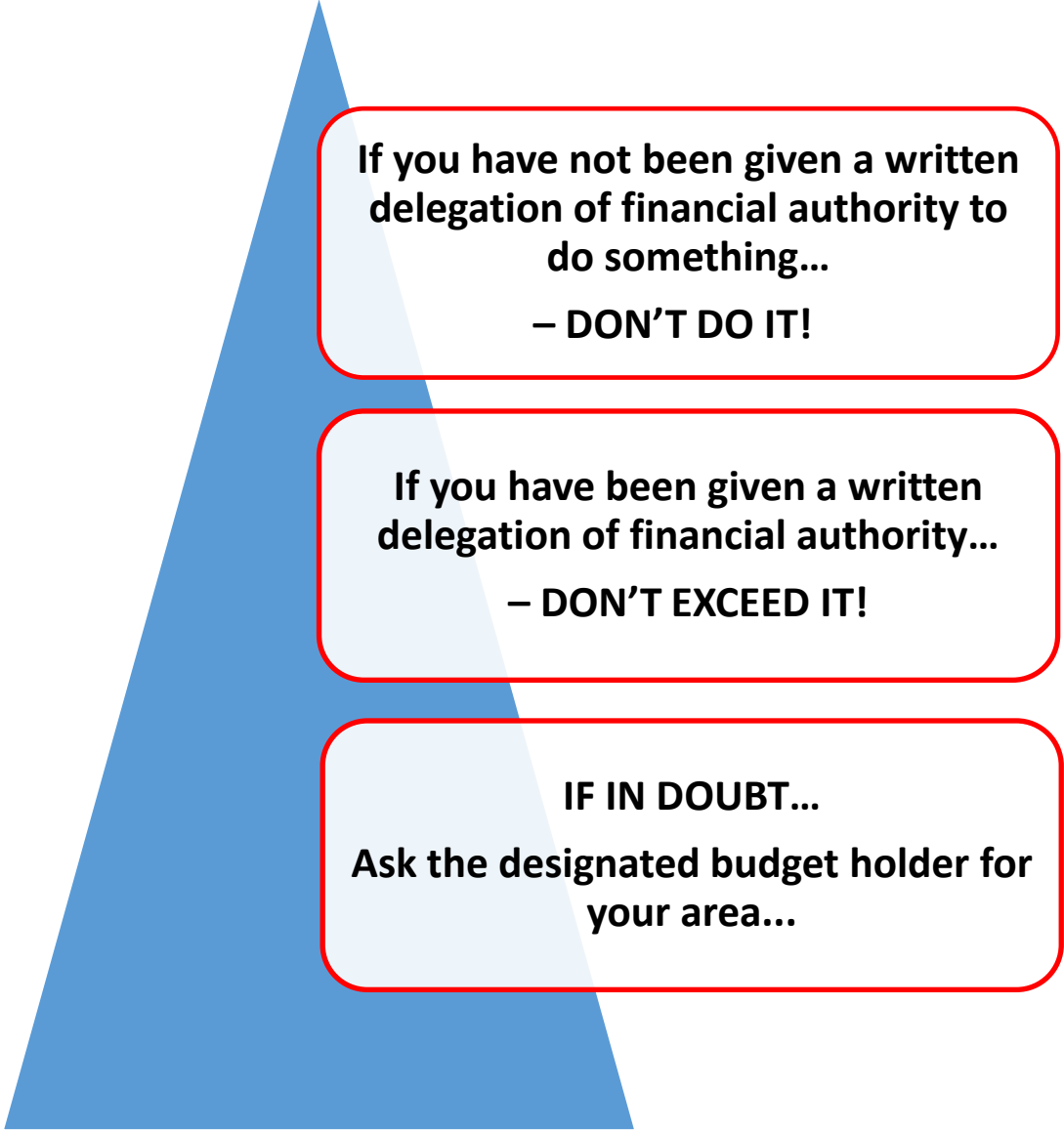
**Financial decisions can only be made by those with appropriate delegated authority who must consider Treasury's Financial Values and, if required, have to account for their actions.**

**Be and be seen to be doing things right.**

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

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

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



**If you have not been given a written delegation of financial authority to do something...  
– DON'T DO IT!**

**If you have been given a written delegation of financial authority...  
– DON'T EXCEED IT!**

**IF IN DOUBT...  
Ask the designated budget holder for your area...**

## 1.5 Delegating Financial Authority: FPN A.04 – Extract of Specific Budget Holder Responsibilities

*Within the limits of their own delegated authority, the Budget Holder must:*

- 4.1. *ensure that an **appropriate scheme of financial delegation** is in place the scope and limits of which must be set at appropriate levels to appropriately mitigate risk, including:*
  - a) *financial authority should be **sufficient** to allow an officer to carry out the duties appropriate to their grade and level of responsibility;*
  - b) *delegations should allow **flexibility** to provide cover for the absence of colleagues;*
- 4.2. ***use the form of Financial Delegation** at Appendix 2 and Appendix 3, or such other form of Financial Delegation approved by the Accountable Officer;*
- 4.3. ***notify any Officer, to whom financial authority has been delegated**, in writing (this includes email), providing them with a copy of their delegations and a copy of (or link to) the Financial Regulations;*
- 4.4. ***forward a copy of any financial delegations to the Designated Finance Officer** within one month of their being made;*
- 4.5. ***ensure that financial delegations are updated** upon any change of duties of the Delegated Officer and immediately revoked if they cease employment in the role for which they were granted. The Designated Finance Officer must be informed of any changes within one month of their effect;*
- 4.6. ***ensure that all financial delegations made by the Budget Holder are reviewed annually** by the Budget Holder who has made them, to confirm that the delegations are still appropriate. The Designated Finance Officer must be notified once this review has been undertaken.*

## 2 Financial Direction A: Financial Values & Governance

### Summary

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

### 2.1 FD A 7: Extract of The Budget Holders Role

#### Highlight of Budget Holder Responsibilities:

- Personal responsibility for ensuring designated budgets have adequate controls.
- May delegate financial authority.
- Must ensure all Officers:
  - meet training requirements; and
  - have the necessary skills and knowledge to carry out their financial role.

FD A7.1: *The **Accountable Officer** of the Designated Body is the **Departmental Budget Holder** for that body.*

FD A7.2: *The Budget Holder will be **personally responsible** for ensuring that the designated budget area for which they are responsible has **adequate controls** in place to provide a **reasonable assurance** that it complies with the Financial Values (see below and FD A 2 Financial Values), the standards set out in Table TA.3 (below) and all other Financial Directions and Financial Practice Notes as applicable.*

FD A7.3: *To the extent authorised by their own delegated financial authority, **Budget Holders may further delegate their own financial authority** (including the appointment of additional Budget Holders) providing they do so in accordance with FPN A.04: Delegating Financial Authority.*

FD A7.4: *Exemption from FD A 7.3 may be approved by the Accountable Officer provided that it is in accordance with FPN A.01: Obtaining Approval for Exemptions.*

FD A7.5: *To the extent authorised by their own delegated financial authority and in the absence of any further financial delegations, **Budget Holders must make all financial decisions within their designated budget area.***

FD A7.6: *The Budget Holder must ensure that all officers within their designated budget area who are engaged in financial activities:*

- *have met the **financial training requirements** (per FPN A.05 Financial Training); and*
- *have the **necessary knowledge and skills** (and qualifications in certain circumstances) with which to carry out their finance-related duties effectively.*



**The Budget Holder must have a deputy nominated in writing to undertake the role in their absence. (Ref. FD A5.2, A template for this is available on the intranet).**

**In the absence of any nominated deputy, the line manager of the role will be its deputy (Ref A5.4).**

### **Table TA.3 Standards**

#### **Governance**

- *that their designated budget area conforms with the principles embodied within the Corporate Governance Code of Conduct;*
- *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.*

## 2.2 FD A 2.2: Managing Conflicts of Interest

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

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

#### 2.2.1 FD A 2.2: Avoiding Conflicts

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

#### 2.2.2 FD A 2.3: Notification of Conflicts

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

#### 2.2.3 FD A 2.4: Conflicts Register – Extract of Specific Budget Holder Responsibilities

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

#### 2.2.4 Examples of Possible Conflicts

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

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

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

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

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

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

**Always report suspicions of bribery.**

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

*FD A3.1: No Minister, 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 they are brought into contact by reason of his official duties unless it is in accordance with FPN A.02: Gifts & Rewards.*

*FD A3.2: Exemption from Financial Direction A 3.1 may be approved by the Accountable Officer, providing that it is in accordance with FPN A.01: Obtaining Approval for Exemptions..*

### **2.3 Gifts & Rewards: FPN A.02 - Extract of General Responsibilities**

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

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

**Where feasible, gifts must be shared amongst the team.**

### **2.3.1 Non-acceptance of gifts, rewards etc.**

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

- a) conventional 'corporate' 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. Where feasible, such gifts should be shared amongst all of the team members within the relevant budget area.*

### **2.3.2 Seeking advice**

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

### **2.3.3 Declaring gifts/ rewards/ benefits**

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

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

### **2.3.4 Marketing or Other Individual Benefits Offered**

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

### **2.3.5 Recording of Offers in an Official Register**

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

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

### **2.3.6 Suspicions of Bribery**

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

## **2.4 Gifts & Rewards: FPN A.02 - Extract of Specific Budget Holder Responsibilities**

### **2.4.1 Maintain the Gift & Reward Register (Extract from FPN A.02 Gifts and Rewards)**

**4.1:** *The Budget Holder must ensure that a central register is designated & maintained for all gifts and rewards received within their budget area.*

**4.2:** *The register must contain a minimum of the following information (see Appendix for suggested Template) (of the Financial Regulations, June 2018):*

- a) the date of the offer;*
- b) the name of the officer and their job title of who received the offer;*
- c) who offered the item;*
- d) a description of the gift, reward or hospitality;*
- e) the (estimated) value;*
- f) a note of any contracts, commercial interests or other potential conflicts that may be relevant to the offer;*
- g) the action taken e.g. whether the item was accepted, refused, received but returned etc.;*
- h) a record of any approvals sought or notifications made;*
- i) who entered the record onto the register;*
- j) the date entered onto the register.*

### **2.4.2 Annually review the register and retain it for the previous 6 years**

**4.3:** *The Budget Holder must ensure that the registers are reviewed annually and that registers are retained for 6 years in addition to the current year.*

Suggested templates are on the intranet.

**Key Objectives & Risks: Training underpins compliance.**

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

**Mitigate the risks that:**

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

**2.5 Financial Training: FPN A.05 - Extract of Specific Budget Holder Responsibilities**

*3.1: All officers must fulfil the training requirements listed within Table 1 below, in accordance with any instructions issued by the DFO*

*4.1: Budget Holders must ensure that all officers within their designated budget area who are engaged in financial activities have met the training requirements laid out in Table 1.*

<b>Table 1 Mandatory Financial Training Requirements</b>	
<b>Role</b>	<b>Training Requirement</b>
Ministers & Members of Designated Bodies	<p>Treasury’s financial training modules:</p> <ul style="list-style-type: none"> <li>• <i>Financial Governance Foundation Course;</i></li> <li>• <i>Budget Holders – Managing Public Money;</i></li> <li>• <i>General Government Procurement;</i></li> <li>• <i>Tendering;</i></li> <li>• <i>Managing Capital Projects.</i></li> </ul> <p>To be completed within 3 months of appointment and every 3 years thereafter.</p>
All Officers	<p>Treasury’s <i>Financial Governance Foundation Course.</i></p> <p>To be completed within 3 months of appointment and then every 5 years thereafter.</p>
Accountable Officers	<p>Treasury’s financial training modules:</p> <ul style="list-style-type: none"> <li>• <i>Financial Governance Foundation Course ;</i></li> <li>• <i>Budget Holders – Managing Public Money;</i></li> <li>• <i>General Government Procurement;</i></li> <li>• <i>Tendering;</i></li> <li>• <i>Sales, Receipts and Managing Debt;</i></li> <li>• <i>Managing Capital Projects.</i></li> </ul> <p>To be completed within 3 months of appointment and every 3 years thereafter.</p>

Department Finance Officers	<p>Treasury's financial training modules:</p> <ul style="list-style-type: none"> <li>• <i>Budget Holders – Managing Public Money;</i></li> <li>• <i>General Government Procurement ;</i></li> <li>• <i>Tendering Module;</i></li> <li>• <i>Sales, Receipts and Managing Debt;</i></li> <li>• <i>Managing Capital Projects.</i></li> </ul> <p>To be completed within 3 months of appointment and then every 3 years thereafter.</p>
All Budget Holders	<p>Treasury's financial training modules:</p> <ul style="list-style-type: none"> <li>• <i>Budget Holders – Managing Public Money;</i></li> <li>• <i>General Government Procurement.</i></li> </ul> <p>To be completed within 3 months of appointment and then every 3 years thereafter.</p>

**Table 1 (contd.) Mandatory Financial Training Requirements**

In addition to the above and for all Officers, where their delegated authority includes responsibility for the following, Officers are required to complete and pass the following Treasury Financial Training Modules within 3 months of receiving the delegation of authority and then every 3 years thereafter (unless otherwise stated):

<b>Delegated Authority</b>	<b>Financial Training Module</b>
General Procurement – up to £100k	<i>General Government Procurement</i>
General Procurement – over £100k	<ul style="list-style-type: none"> <li>• <i>General Government Procurement;</i></li> <li>• <i>Tendering.</i></li> </ul>
Any Officer appointed to a Tender Evaluation Panel	<p><i>Tendering</i></p> <p><i>(To be completed prior to undertaking any tender responsibilities.)</i></p>
Capital Projects	<i>Managing Capital Projects</i>
Agreement of Credit Terms and authorisation of write-offs	<i>Sales, Receipts and Managing Debt</i>

### 3 Financial Direction B: Managing Financial Resources

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

**Key Objectives & Risks: Optimise and manage all Financial Resources to mitigate the risks arising and to ensure that:**

**Decisions are made in accord with Treasury's Financial Values;**  
**Financial resources are in place to support the delivery of services;**  
**Resources are allocated so as to maximise the value from those services;**  
**Budgets are appropriately monitored and managed to ensure that targets are met;**  
**Commitments are made with sufficient resources to meet them.**

#### 3.1 FD B 1: Objectives - Extract of Budget Holder & Delegated Officer Responsibilities:

**Don't commit to spending until it is clear that financial resources are in place;**  
**Monitor and manage budgets; and**  
**Allocate resources to maximise value derived from same.**

*FD B1.1: All Budget Holders and Delegated Officers must ensure that:*

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



## 3.2 FD B 2: Budget Planning: FPN B.01 – Extract of Specific Budget Holder Responsibilities

**Key Objectives and Risks: to manage the risks associated with ensuring that we optimise Financial Resources.**

### Highlight of Budget Holder Responsibilities:

- Plan and submit budgets in accordance with the Financial Directions;
- Business Cases must be produced for proposed new or enhanced services; and
- Exemption monetary limits apply.

*FD B2.1: Budget Holders must ensure that their **budgets are planned and submitted** in accordance with FPN B.01: Budget Planning.*

*FD B2.2: Exemption B2.1 may be approved by the Accountable Officer except for those responsibilities applicable to the Accountable Officer, providing that it is in accordance with FPN A.01: Obtaining Approval for Exemptions.*

*FD B2.3: Whenever a designated body is proposing the introduction of a new or enhanced service then a business case must be produced in accordance with FPN B.03: Business Cases.*

*FD B2.4: Exemption from Financial Direction B2.3 may be approved, where the total cost of the proposed new service or enhancement:*

*a) is less than £10,000 and all costs can be met from within their existing revenue budgets – by the Budget Holder;*

*b) is less than £150,000 and costs can be met from within existing budgets - by the Accountable Officer;*

*c) is less than £150,000 and the costs cannot be met from within existing revenue budgets, or the cost is greater than £150,000 – by the Accountable Officer and either the Chief Financial Officer or the Financial Controller;*

*providing that it is in accordance with FPN A.01: Obtaining Approval for Exemptions.*

*In all other cases exemption may only be approved by the Treasury.*

### **Extract from FPN B.01 Budget Planning**

*3.1: Budget Holders must plan and submit their budgetary requirements in accordance with instructions issued by the Designated Finance Officer.*

## FD B 3: Budget Management: FPN B.02

**Key Objectives and Risks: to manage the risks associated with ensuring that we optimise Financial Resources.**

### 3.3 FD B 3: Budget Management: FPN B.02- Extract of Specific Budget Holder Responsibilities

*B3.1: Budget Holders must ensure that their budgets are managed in accordance with FPN B.02 Budget Management.*

FPN B.02: 3. The Budget Holder must, in relation to their designated Budget Area:

*3.1. manage the financial resources assigned to them in accordance with their Designated Body's governance structure and any instructions, supplementary to this Financial Practice Note, issued by their Accountable Officer;*

*3.2. ensure that they regularly review the budgetary and financial performance during the year, and in particular:*

- a) review and investigate any material variances between budgeted amounts and actual amounts;*
- b) produce and consider sufficient financial year end forecasts to enable any material issues to be identified at an early stage;*
- c) report any material financial issues arising from the above, at the earliest possible opportunity, to their senior Budget Holder and the Designated Finance Officer;*

*3.3. submit financial performance information and analysis to the Designated Finance Officer, at such time and in such form as requested.*

### Obtaining Exemption – expenditure within Tynwald approved amounts

*B 3.2. Where overall net expenditure for the designated body remains within Tynwald approved amounts, then exemption from Financial Direction B 3.1 may be approved by the Accountable Officer, providing that it is in accordance with [FPN A.01: Obtaining Approval for Exemptions](#) and providing it does not involve the transfer of budgets.*

*B 3.3. The Accountable Officer may approve the virement of budget between cost centres and general ledger codes within a Designated Body, subject to the following restrictions:*

- a) total amount to be vired is no more than £500,000;*
- b) no virements are between pay and non-pay codes;*
- c) no virements are made from a superannuation budget;*
- d) no virements are between income and expenditure codes;*

e) no virements are in relation to Loan Charges;

B 3.4. Exemption from Financial Direction B 3.3 may only be approved by the Chief Financial Officer or the Financial Controller, providing that it is in accordance with [FPN A.01: Obtaining Approval for Exemptions](#).

### 3.4 FD B 3: Reporting net expenditure in excess of Tynwald approved amounts

#### Key Objectives and Risks:

**Overspends must be reported to Treasury.**

B 3.5. Where overall net expenditure for the designated body does not remain within Tynwald approved amounts, then 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, the designated body must place a motion seeking a Supplementary Vote on the Tynwald agenda..

B 3.6. B 3.6. Exemption from Financial Direction B 3.5 may only be approved by The Treasury, and must be submitted in accordance with [FPN A.01: Obtaining Approval for Exemptions](#).

## Business Cases: FPN B.03– Extract of General Responsibilities

**Key Objectives and Risks:** to manage the risks associated with ensuring that we optimise Financial Resources.

### 3.4.1 Business Cases: FPN B.03– Extract of Specific Budget Holder Responsibilities

3.1: Whenever a designated body is *proposing the introduction of a new or enhanced service* then the Budget holder must undertake *a business case* within the following framework:

*Where the overall cost of the initiative (e.g. one-off costs + ongoing costs over the life of the project) is expected to be:*

*a) £150,000 or less, then either in accordance with:*

- *Short Form Business Case Template; or*
- *Full Business Case Template;*

*b) over £150,000, then in accordance with:*

- *Full Business Case Template;*

3.2. *Completed Business Cases must be submitted to the Designated Finance Officer.*

### Obtaining Exemption from Business Cases: FPN B.03

It is mandatory that all officers comply with this Financial Practice Note as required by Treasury's Published Financial Directions.

However, exemption from the requirements outlined within FPN B.03 Business Cases may be approved by the Responsible Officer and/or other officers if nominated within the Financial Directions, provided it is made in accordance with FPN A.01: Obtaining Approval for Exemptions and against the following criteria: Total Project Costs (one-off costs + ongoing costs over the life of the project):

- Is less than £10,000 and costs can be met from within their existing revenue budgets – by the Budget Holder;
- Up to and including £150,000 and costs can be met from within existing revenue budgets - by the Accountable Officer;
- Up to and including £150,000 (where costs cannot be met from within existing revenue budgets), or over £150,000 – Accountable Officer and the Financial Controller/ Chief Financial Officer

### 3.5 FD B 4: Financing of Expenditure

#### **Key Objectives and Risks:**

**To ensure that all expenditure is correctly funded;**

**To ensure that no Designated Body, Budget Holder or Designated Officer commits to loans, financing, leasing, instalment credit or public/ private partnerships to finance expenditure.**

*FD B 4.1: All expenditure must be funded from Treasury's General Revenue or Capital Account unless it is in relation to funds held on behalf of 3rd Parties and the designated body has appropriate authority to do so.*

*FD B 4.2: Accordingly no Designated Body, Budget Holder or Designated Officer, may enter into a public/private partnership, loan agreement, financial leasing contract or instalment credit contract to finance expenditure.*

*FD B 4.3: All expenditure in relation to internal funds managed by The Treasury must be administered in accordance with FPN B.04 Internal Funds.*

*FD B 4.4: Exemption from this (not including FPN B.04 Internal Funds) may be approved by the Chief Financial Officer or Financial Controller, providing that it is in accordance with FPN A.01: Obtaining Approval for Exemptions.*

### **3.5.1 Internal Funds: FPN B.04– Extract of Specific Budget Holder Responsibilities**

*FPN B.04 5.1: Budget Holders must ensure that all requests for funding from the Internal Funds have been submitted in accordance with the required Terms of Reference included in the Appendix to the Financial Regulations, and have been approved by both the Designated Finance Officer and Accountable Officer.*

FPN B.04 Internal Funds applies to the Internal Funds listed in the Table below. The required Terms of Reference for each is included in the Appendix to the Financial Regulations:

- Academic Business Planning Fund
- Agriculture & Forestry Fund
- Brexit Fund
- Contingency Fund
- Digital Strategy Fund
- Economic Development Fund
- Healthcare Transformation Fund
- Housing Reserve Fund
- Invest to Save Fund
- Land & Property Acquisition Reserve
- Legal Costs Reserve
- Marketing Initiatives Fund
- Medical Indemnity Fund
- Seized Assets Fund
- Town & Village Centre Regeneration Fund

#### **Obtaining Exemption from Internal Funds: FPN B.04**

It is mandatory that all officers comply with this Financial Practice Note as required by Treasury's Published Financial Directions. However, exemption from the requirements outlined within this Financial Practice Note may be approved by the The Treasury/or other officers if nominated within the Financial Directions, provided it is made in accordance with FPN A.01: Obtaining Approval for Exemptions.

## **3.6 FD B 5: Guarantees, Indemnities & Contingent Liabilities**

### **3.6.1 Extract of Specific Budget Holder Responsibilities**

#### **Key Objectives and Risks:**

**To ensure appropriate advice is sought before granting indemnity or guarantee which falls outside normal commercial practice.**

*FD B 5.1: Where a designated body is requested to give an indemnity or guarantee, that falls outside normal commercial practice, the Budget Holder must, before it does so, consult the Chief Financial Officer and Attorney General's Chambers for advice.*

## 4 Financial Direction C: Buying & Making Payments

**Key Objectives & Risks: To ensure that goods and services are obtained and paid for in the appropriate way.**

**This Financial Direction covers the purchase or otherwise obtaining of all goods, services and assets by relevant bodies from and making payments to 3<sup>rd</sup> parties.**

### FD C 1: Objectives

*FD C 1.1 All Budget Holders and Delegated Officers must ensure that:*

- a) we only buy the things we really need for the delivery of our services;*
- b) we sufficiently understand why we need them;*
- c) we only make commitments to suppliers when we know we have the resources available to meet those commitments;*
- d) we appropriately communicate to suppliers so that they understand what we need;*
- e) an appropriate level of fair and open competition is undertaken to ensure impartiality and best value is achieved;*
- f) we consider the value of procurement decisions beyond simply providing the goods and services required to deliver public services. Taking account of, as appropriate, local economic benefits, social value and environmental and sustainability considerations when making contract award decisions;*
- g) goods, services and assets that are delivered by our suppliers meet our needs;*
- h) we only pay for those things that do so;*
- i) we make payments in a timely manner in line with agreed terms, obtaining discounts whilst considering Government cashflow requirements;*
- j) when paying for goods & services we record transactions appropriately to meet our statutory requirements.*
- k) when we make payments 'as a service' (e.g. grants/support payments) they are in line with relevant statutory requirements;*



#### **4.1 FD C 2: Insurance**

*FD C 2.1: Where any assets with a value of over £10,000 are covered by insurance and 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 Financial Controller has been consulted.*

*FD C 2.2: Departments must not purchase Insurance policies unless it is in accordance with Financial Direction D: Safeguarding and Optimising Assets.*

#### **4.2 FD C 3: Using Internal Resources First**

*C 3.1. Where an Internal Service provides services to other Divisions and 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. Where a cross charge is made (in addition to disbursements) between Designated Bodies then normal procurement procedures apply.*

*C 3.2. 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.*

*C 3.3. Exemption from Financial Direction C 3.1 may be approved by the Chief Financial Officer or Financial Controller providing that it is in accordance with FPN A.01: Obtaining Approval for Exemptions.*

#### **4.3 FD C 4: Only Spending What We Can Afford**

*FD C 4.1: Expenditure must only be incurred where an existing revenue or capital budget has been identified as being available to fund it and by an Officer with the appropriate delegated financial authority.*

*FD C 4.2: Where an available budget for expenditure cannot be identified then appropriate resourcing must be put in place in accordance with Financial Direction B: Managing Resources, prior to any external commitment to expenditure.*

#### **4.4 FD C 5: Financial Thresholds for Procurement Decisions & Exemptions**

*FD C 5.1. In determining the required procurement mechanism to be applied in accordance with these Financial Directions Delegated Officers must aggregate the estimated cost:*

*a) over the full term of the proposed contract, including any extension options;*

*b) if the proposed supply of goods or services has no pre-determined end date, then over a period of three years;*

*FD C 5.2. Unless prior approval has been obtained from the Budget Holder, Delegated Officers must ensure that the Budget Holder is notified and has given approval:*

*a) where no competitive action has been undertaken (and documented) when offering opportunities to 3rd parties, or*

*b) where competitive action has been undertaken and only one supplier has submitted an actionable response.*

***FD C 5.3. Where no competitive action has been undertaken (and documented) when offering opportunities to 3rd parties or where competitive action has been undertaken and only one supplier has submitted an actionable response, then when considering the appropriate authority required for exemption from Financial Directions, Budget Holders must do so in accordance with FPN C.01 Determining Supplier Financial Relationships.***

*FD C 5.4. Exemption from Financial Direction C 5.3 may be approved by the Chief Financial Officer or Financial Controller providing that it is in accordance with FPN A.01: Obtaining Approval for Exemptions.*

## 4.5 Determining Supplier Financial Relationships: FPN C.01

### 4.5.1 FPN C.01- Extract of Specific Budget Holder Responsibilities

#### *Exemption Authorities:*

*Where no competitive action has been undertaken (and documented) when offering opportunities to 3rd parties or **where competitive action has been undertaken and only one supplier has submitted an actionable response**, then when considering the appropriate authority required for exemption from Financial Directions, Budget Holders must:*

#### Sub-Division of Procurement

*3.1. ensure that the opportunity within their Budget Area has not been sub-divided to circumvent Financial Directions and the applicable expenditure thresholds:*

- a) this applies in the case of understating **the expected value of a contract**;*
- b) **attempting to enter into a shorter term agreement** in order that it's value would then fall below the financial thresholds;*
- c) **purchasing the same or similar goods or services from different suppliers** in order that the value of each contract would fall below the financial thresholds.*

#### Aggregated Spend

*3.2. aggregate spend on similar and/or regular goods and services across their Budget Area to calculate a total value for the purpose of ensuring compliance with Financial Directions and the applicable expenditure thresholds.*

#### *This applies where:*

- a) a budget area purchases over a period of time goods or services of a particular type. In these cases the values of the separate purchases are added together and, if the total value exceeds the thresholds, the Financial Directions apply to all the purchases, even if individually the amount of each purchase is below the thresholds;*
- b) 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 the financial thresholds.*
- c) the estimated whole of life cost of the contract 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 are likely to exceed the financial thresholds.*

#### Determining Relationships with Consultants:

Unless the appointment is covered by a procedure that has received prior approval by the Assessor of Income Tax, then where the services of a consultant are used:

*3.3 the Budget Holder must submit appropriate documentation to the Assessor of Income Tax for review before any payment is made to a consultant.*

*3.4 Where the Assessor is content that a contract for services (external organisation or self-employed individual) is in place, approval may be given for gross payments to be made to the consultant.*

*3.5 Where the Assessor rules that a contract of service (employed individual, office holder or personal service company) is in place, the Budget Holder must follow the Assessor's instructions regarding the deduction of ITIP and National Insurance contributions from payments made to the individual or entity.*

Exemption from this may be approved by the Financial Controller providing that it is in accordance with FPN A.01: Obtaining Approval for Exemptions.

## 4.6 FD C 6: Central Framework Agreements

*FD C 6.1. Where required goods or services are covered by a central framework agreement on the Attorney General Chambers' published Central Framework Agreements list, those agreements **must be used**.*

*FD C 6.2. Exemption from Financial Direction C 6 may be approved by the Director of Civil Law, providing that it is in accordance with FPN A.01: Obtaining Approval for Exemptions.*

## 4.7 FD C 7: Alternative Procedures for Specific Types of Procurement

FD C 7.1: For the categories of procurement listed within Table C.1 below, then the relevant Financial Practice Note referenced in the table applies instead of those listed under the headings below of **C 8 Procurement of General Goods & Services Up to £100k**, **C 9 Procurement of General Goods & Services Over £100k**, and **C 10 Evaluation of Suppliers for General Goods & Services Over £100k**, (unless stipulated as required within the Financial Practice Note).

<b>Expenditure Category</b>	<b>Financial Practice Note</b>
Vehicles and Plant	<a href="#">FPN C.03: Vehicle and Plant Procurement</a>
Land and Buildings (including leases)	<a href="#">FPN C.05: Land &amp; Buildings Acquisitions</a>
Utilities & Rates	FPN C.07 Ordering & Receiving elements do not apply. Only the paying element of C.07 applies.

FD C 7.2: *Exemption from Financial Direction C 7.1 may be approved:*

*a) where it relates to FPN C.03: Vehicle and Plant Procurement and the cost of purchase or service is £150,000 or less: then exemption may be approved by the Accountable Officer of the Department of Infrastructure providing that it is in accordance with FPN A.01: Obtaining Approval for Exemptions;*

*b) in all other cases exemption may be approved:*

- where the cost of purchase or service is less than £250,000 then exemption may be approved by either the Chief Financial Officer or the Financial Controller, providing that it is in accordance with FPN A.01: Obtaining Approval for Exemptions.*
- otherwise the approval of the Treasury is required and must be submitted in accordance with FPN A.01: Obtaining Approval for Exemptions.*

#### 4.7.1 Land & Buildings Acquisitions: FPN C.05 - Extract of Specific Budget Holder Responsibilities

*FPN C.05 6: The Budget Holder must ensure that:*

- 6.1. all land and building assets within their Budget Area are recorded on a register designated by the Designated Finance Officer for the purpose;*
- 6.2. the registers are reviewed and updated annually by the 1st May;*
- 6.3. land and buildings registers within their control are retained for 6 years plus the current year;*
- 6.4. where standard rates of payments for wayleaves, easements, etc. apply these must be reviewed on a five yearly basis with the Director of Strategic Asset Management & Valuations.*

Exemption from this may be approved:

- where the cost of purchase or service is £250,000 or less, then exemption may be approved by either the Chief Financial Officer or the Financial Controller, providing that it is in accordance with FPN A.01: Obtaining Approval for Exemptions.
- otherwise the approval of the Treasury is required and must be submitted in accordance with FPN A.01: Obtaining Approval for Exemptions.

#### 4.8 FD C 8: Procurement of General Goods & Services up to £100k

*FD C 8.1: Except for those categories of expenditure within the table below (and identified previously), where the cost of purchase or service is £100,000 or less, then it must be sourced in accordance with FPN C.06: General Procurement or alternatively with FPN C.08: Tendering.*

<b>Expenditure Category</b>
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.

- *FD C 8.2 Where the cost of purchase or service is less than (or equal to) £10,000 then exemption from the above requirement may be approved by the Budget Holder, within their delegated financial authority providing that it is in accordance FPN A.01: Obtaining Approval for Exemptions.*
- *FD C 8.3 Where the cost of purchase or service is more than £10,000 then exemption from the above requirement may be approved by the Accountable Officer, providing that it is in accordance with FPN A.01: Obtaining Approval for Exemptions.*

*FD C 8.4 Where the level of expenditure within any Designated Body for a purchase or service is £100,000 or below, then their contracting and payment must be in accordance with FPN C.07: Ordering, Receiving & Paying for Goods and Services.*

*FD C 8.5 Exemption from this may be approved by the Chief Accountant, providing that it is in accordance with FPN A.01: Obtaining Approval for Exemptions.*

*FD C 8.6 The maximum length of any contract or partnering arrangement for goods and services with a cost of £100,000 or less is 5 years.*

*FD C 8.7 Exemption from this may be approved by the Accountable Officer, providing that it is in accordance with FPN A.01: Obtaining Approval for Exemptions.*

#### **4.9 General Procurement: FPN C.06 - Budget Holder Responsibility**

*FPN C.06 4.1. The Budget Holder must ensure that the overarching objectives of the Isle of Man Government Procurement Policy and Financial Direction C: Buying & Making Payments are being achieved throughout their Budget Area.*

#### **4.10 Ordering, Receiving & Paying for Goods & Services: FPN C.07 - Using Requisitions & Orders**

##### ***Budget Holders must:***

*FPN C.07 5.1. ensure that there are appropriate security measures in place for order books within their Budget Area;*

*FPN C.07 5.2. maintain a record of all manual order books received, issued and returned within their Budget Area on a register designated for that purpose by the Designated Finance Officer;*

*FPN C.07 5.3. ensure financial records are maintained for 6 years plus the current year.*

#### **4.11 Ordering, Receiving & Paying for Goods & Services**

##### **4.11.1 FPN C.07 - Purchase Card Approver Responsibilities**

*FPN C.07 11.1. The responsibilities of the Purchase Card Approver are:*

- a) must ensure that all the transaction logs, supporting original invoices (not copies) and receipts are received on a regular basis (at least monthly from all cardholders) that they have responsibility for;*
- b) must authorise expenditure by printing their name on the transaction log and signature of the cardholder's transaction log. This must include gaining assurance that transactions are bona fide Government expenditure and in accordance with Government's Financial Regulations. Transaction logs must only be approved by Budget Holders and in accordance with established delegated financial authority;*
- c) must retain all purchasing documentation such as transaction logs and invoices for a minimum of 6 years plus the current year;*
- d) must ensure that all transactions are properly coded, including identification of the VAT element, authorised and passed promptly to the Department's PCM. The PCM must then forward this to Finance Shared Services for the journal to be processed. This is normally in the same month that the purchase card statement is received;*

*e) where a Budget Holder is also a Cardholder, must ensure a suitable alternative officer (e.g. another Budget Holder or Finance Officer) countersigns the authorisation of expenditure;*

*f) must ensure that the approved transaction log for each purchase card is provided to Financial Shared Services each month.*

Exemption from this may be approved by the Chief Accountant, providing that it is in accordance with FPN A.01: Obtaining Approval for Exemptions.

## 4.12 FD C 9: Procurement of General Goods & Services over £100k

Where the level of expenditure within any Department for a purchase or service is likely to exceed £100,000, then they must be sourced in accordance with FPN C.08: Tendering.

### Exemption from this may be approved:

**If the amount is less than, or equal to £150,000**

By the Accountable Officer

**If the amount is more than £150,000, but less than or equal to £250,000**

By the Accountable Officer and the Chief Financial Officer or the Financial Controller

**If the amount is more than £250,000**

By the Treasury

FD C 9.3: The above exemptions by the Accountable Officer, the Financial Controller or the Chief Financial Officer, (providing that the exemption is made in accordance with FPN A.01: Obtaining Approval for Exemptions), only apply when at least one of the following grounds are met:

- a) 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.
- b) 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**.
- c) 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.
- d) **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.



**FD C 9.4 All tenders must be undertaken by the Attorney General's Chambers; however, exemption from this may be approved by the Director of Civil Law, providing that it is in accordance with FPN A.01: Obtaining Approval for Exemptions.**

*FD C 9.6: All tenders must be advertised on the Attorney General's Chambers' website for a period of not less than 10 working days unless:*

*a) 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; or*

*b) 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.*

*FD C 9.7: All tenders (including those that have been outsourced) must be managed through the Attorney General's Chambers' Procurement Portal.*

Exemption from advertising or managing the tender through the Attorney General's Chambers, may be approved by the Financial Controller or Chief Financial Officer, providing that it is in accordance with FPN A.01: Obtaining Approval for Exemptions.

*FD C 9.9: Budget Holders must notify the Financial Controller promptly of all acquisitions of property with an insurance replacement value of over £250,000.*

#### **4.13 Tendering: FPN C.08 - Extract of Specific Budget Holder Responsibilities**

*FPN C.08 3.1 Budget Holders must ensure that all procurement required to be undertaken in accordance with this financial practice note is tendered and must ensure that a suitably experienced Tender Evaluation Panel is appointed to undertake the tender on behalf of the Designated Body.*

You should refer to the Tendering Handbook for more specifics.

#### **4.14 FD C 10: Evaluation of Suppliers for General Goods & Services Over £100k**

*FD C 10.1. In evaluating the available offerings from all suppliers, the Value for Money requirements set out under A 2 Financial Values must be adhered to.*

*FD C 10.2. Where goods or services with a cost of more than £100,000 are being tendered, the evaluation weighting given to quality criteria is not permitted to prevail over that given to cost.*

*FD C 10.3. Exemption from Financial Direction C 10.2 may be approved by the Chief Financial Officer or the Financial Controller, providing that it is in accordance with FPN A.01: Obtaining Approval for Exemptions.*

*FD C 10.4. Where the level of expenditure for a purchase or service within any Department is greater than £100,000, the quality assessment must also be in accordance with FPN C.10 Tender Evaluation.*

Exemption from this may be approved by the Accountable Officer, providing that it is in accordance with FPN A.01: Obtaining Approval for Exemptions.

*FD C 10.6. Where goods or services with a cost of more than £100,000 have been tendered, and only one supplier has submitted a feasible offering, then the approval of the Treasury is required.*

#### **4.15 FD C 11: Contracting for Goods & Services over £100k**

*FD C 11.1. The maximum length of any contract or partnering arrangement for goods and services with a cost of over £100,000 is 5 years.*

Exemption from this may be approved by the Chief Financial Officer or the Financial Controller, providing that it is in accordance with FPN A.01: Obtaining Approval for Exemptions.

*FD C 11.3. Where the level of expenditure for a purchase or service within any Department is greater than £100,000, then their contracting and payment must be in accordance with FPN C.09: Contract Management.*

Exemption from this may be approved by the Director of Civil Law, providing that it is in accordance with FPN A.01: Obtaining Approval for Exemptions.

### **FPN C.09 Contract Management**

#### **Budget Holders must:**

*3.1. ensure that all contracts within their designated Budget Area are recorded on a contracts register designated by the Designated Finance Officer for the purpose;*

*3.2. ensure that they undertake an annual review of all contracts within their designated Budget Area to:*

- a) plan in advance for any renewal action required;*
- b) confirm that for all contracts suppliers are performing to required standards;*
- c) negotiate any contract variations and ensure they are reflected in the contract documentation.*

*3.3. ensure that no later than 1st January in each year any contracts requiring tender in the next financial year, or other action dependent upon the Attorney General's Chambers Procurement Services, are included on the Designated Body's annual Tender Plan;*

*3.4. ensure that their tender plans remain up to date and must notify the Designated Finance Officer of changes to the agreed plan.*

*3.5. ensure appropriate action is taken to address any issues arising from sub-standard supplier performance.*

**Exemption from this may be approved by the Director of Civil Law, providing that it is in accordance with FPN A.01: Obtaining Approval for Exemptions.**

## 4.16 FD C 12: Additional Requirements for the Procurement of Specific Categories of Goods & Services

FD C 12.1. Where required goods or services fall within the expenditure category listed in column 1 of Table TC.2 then the supplementary Financial Practice Note identified in with column 2 must also be adhered to:

<b>Table TC.2</b>	
<b>Expenditure Category</b>	<b>Financial Practice Note</b>
Consultants	FPN C.01: Determining Supplier Financial Relationships
All capital projects, including construction, engineering and other projects, which are wholly or partially commissioned, funded or underwritten by one or more designated bodies. (Regardless of the source of funding.)	FPN C.02: Capital Procedure Notes
ICT Hardware & Software	FPN C.04: ICT Hardware & Software Procurement

FD C 12.2. Exemption from Financial Direction C 12.1 may be approved:

- a) Where it relates to FPN C.04: ICT Hardware & Software Procurement and the cost of purchase or service is £150,000 or less, then exemption may be approved by the Executive Director of GTS (Government Technology Services).
- b) In all other cases exemption may be approved by either the Chief Financial Officer or the Financial Controller, providing that it is in accordance with FPN A.01: Obtaining Approval for Exemptions.

**All Officers involved in Capital Projects must ensure that they are undertaken in accordance with the [Procedure Notes for the Management of Construction Projects](#) issued by the Treasury.**

Per FPN C.04 ICT Hardware & Software Procurement: *The Budget Holder must ensure, within their designated Budget Area:*

- 5.1. that any ICT equipment which does not fall within the scope of the PISAM has been reviewed and approved by GTS on behalf of the requesting designated body;
- 5.2. that all ICT projects complete a post implementation review as part of project or programme delivery;
- 5.3. that all ICT enabled projects are registered and logged through a Documented Request, in the format provided by GTS, which will be reviewed and authorised by the Director of Government Technology Services (GTS);
- 5.4. that no ICT equipment will be modified or connected to the IOMG network without the express approval of GTS.

Exemption from this may be approved where it relates to FPN C.04: ICT Hardware & Software Procurement, and the cost of purchase or service is £150,000 or less, then exemption may be approved by the Executive Director of GTS (Government Technology Services).

In all other cases exemption may be approved by either the Chief Financial Officer or the Financial Controller, providing that it is in accordance with FPN A.01: Obtaining Approval for Exemptions.

#### **4.17 FD C 13: Acquisition of Assets**

Where an asset is acquired (or created) then Budget Holders must ensure that Financial Direction D. 3 Management of Assets & Inventory is complied with.

#### **4.18 FD C 14: Statutory Payments**

*FD C 14.1. No payments are to be made unless they have been procured in accordance with this Financial Direction, they fall within Financial Direction E Paying Staff or there is some other appropriate statutory vires for doing so.*

*FD C 14.2. All payments made in accordance with a statutory vires must be made in accordance with any approved statutory scheme and/or procedures approved by the Accountable Officer*

# 5 Financial Direction D: Safeguarding & Optimising Assets

## **Key Objectives & Risks:**

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

## **5.1 FD D 1: Objectives**

**FD D 1.1. All Budget Holders and Delegated Officers must ensure that:**

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

## **5.2 FD D 2: Banking Arrangements**

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

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

Exemption from FD D2.2 may be approved by the Chief Accountant, providing it is in accordance with FPN A.01: Obtaining Approval for Exemptions.

### **5.2.1 Bank Accounts: FPN D.01**

*For all bankings within their Budget Area, the Budget Holder must ensure that:*

- 4.1. where possible that an approved security firm is used for the transfer of cash;*
- 4.2. all monies are deposited without delay into the Isle of Man Government General Charges Account No 2 or another appropriate bank account approved by the Chief Accountant;*
- 4.3. cheques are banked no later than the next following business day after receipt, unless other arrangements have been agreed in advance with the Chief Accountant;*
- 4.4. all banking relating to the Budget Area has been credited to the correct code in the designated body's accounting records.*

## 5.2.2 Issuing Cheques: FPN D.01

7.1. *The Budget Holder must ensure that arrangements are put in place within their Budget Area for the appropriate control, safe custody and ordering of cheques.*

### **Obtaining Exemptions from FPN D.01 (Banking and Issuing Cheques)**

It is mandatory that all officers comply with FPN D.01 Banking and Issuing Cheques as required by Treasury's Published Financial Directions.

However, exemption from the requirements outlined within this Financial Practice Note may be approved by the Responsible Officer and/or other officers if nominated within the Financial Directions, provided it is made in accordance with FPN A.01: Obtaining Approval for Exemptions.

## 5.3 FD D 3: Managing Assets & Inventory: FPN D.02

*FD D 3.1. Budget Holders must ensure that all assets and inventory are managed in accordance with FPN D.02 Managing Assets & Inventory.*

Exemption from this may be approved by the Chief Accountant providing it is in accordance with FPN A.01: Obtaining Approval for Exemptions.

### **5.3.1 Recording Assets & Inventory: FPN D.02**

*Budget Holders must ensure that:*

- 4.1. *There are adequate arrangements for the control and safeguarding of all land and buildings, plant, machinery, equipment, furniture and fittings under their control;*
- 4.2. *all assets and inventory are recorded on an asset/inventory register, as stipulated by and in the format determined by the relevant Designated Finance Officer;*
- 4.3. *all assets must be maintained to the minimum Health & Safety requirements in accordance with the manufacturers specifications;*
- 4.4. *asset registers record any unusual features, including Serial number, chassis number, vehicle identification number etc., to enable each asset to be uniquely identifiable;*
- 4.5. *Government's insurance policies are updated to reflect acquisition and disposals of significant asset register items with an insurance replacement value of over £250,000;*
- 4.6. *an existence check of all equipment and assets within their care is undertaken at least annually. (This can be done by a series of checks throughout the year).*
- 4.7. *Any equipment that cannot be located must be fully investigated and reported to the Designated Finance Officer.*

### **5.3.2 Government Owned Motor Vehicles: FPN D.02**

4.8. *Each Government owned motor vehicle has an individual mileage record log.*

### **5.3.3 Stocks & Stores: FPN D.02**

- 4.9. *All stocks & stores within their Budget Area have a sufficient and adequate control system in place to ensure that they are appropriately safeguarded and optimised;*
- 4.10. *adequate stock records are maintained to enable appropriate stock checks to be undertaken;*

4.11. *regular (at least annual) physical checks of stocks and stores against the stock records are undertaken by officers not normally responsible for their custody and control;*

4.12. *any substantial surpluses or deficiencies (>10% of expected value) revealed in any items of stock are reported to the Designated Finance Officer.*

**Exemption from FPN D.02 (Recording Assets and Inventory) may be approved by the Chief Accountant, providing that it is in accordance with FPN A.01: Obtaining Approval for Exemptions.**

#### **5.4 FD D 4: Optimisation of Assets**

*FD D.4.1. Whenever an assets disposal value is greater than its value in use then it must be disposed of in accordance with Financial Direction F4: Disposal of Assets or it must be considered as a request for additional funding in accordance with FPN B2: Budget Planning.*

Exemption from FD D 4 may be approved by the Accountable Officer, providing that it is in accordance with FPN A.01: Obtaining Approval for Exemptions.

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

#### **5.5 Insurances: FPN D.03**

*FD D.5.1 Budget Holders must ensure that all potential insurable risks are either covered by existing Treasury managed insurance policies or have been notified to the Financial Controller.*

*FD D.5.2 Budget Holders must accurately maintain such schedules of vehicles and insured property as are required by the Financial Controller and these must be submitted on request to the Financial Controller.*

*FD D.5.3 Budget Holders must notify the Financial Controller promptly of all disposals and acquisitions of property with an insurance replacement value of over £250,000.*

*FD D.5.4 No designated body may enter into any insurance policy without the prior approval of the Financial Controller.*

*FD D.5.5 Budget Holders must ensure that all insurances and potential claims (both in favour and against any designated body) are managed in accordance with FPN D.03 Insurances.*

Exemption from FD D 5.5. may be approved by the Financial Controller, providing it is in accordance with FPN A.01: Obtaining Approval for Exemptions.

##### **5.5.1 Insurances: FPN D.03 - Extract of Specific Budget Holder Responsibilities**

*The Budget Holder must ensure that:*

*4.1. all potential claims for, or against, any Designated Body are recorded in an accident log and/or a claims register to assist in the validation, authorisation and monitoring of all potential claims;*

*4.2. the Government appointed insurance brokers are notified (as soon as reasonably practical after the event) of any potential claims for, or against, any Designated Body. And that all claims for the benefit of the Designated Body are made using the forms provided on the Government's intranet Corporate Pages;*

*4.3. if any incident or event may also involve a criminal offence, that the Police are also informed;*

*4.4. where any assets with a value greater than £10,000 are covered by insurance are damaged or stolen, that no replacements are ordered or remedial work undertaken without consulting the Government appointed insurance brokers - except for emergency measures to prevent further damage, loss or risk occurring;*

*4.5. all potential claims are pursued and resolved in a timely manner.*

Exemption from the requirements outlined within this Financial Practice Note may be approved by the Responsible Officer (detailed above) and/or other officers if nominated within the Financial Directions, provided it is made in accordance with FPN A.01: Obtaining Approval for Exemptions.

## **5.6 Imprest Accounts: FPN D.04**

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

### **5.6.1 Extract of Specific Budget Holder Responsibilities: FPN D.04**

*Budget Holders must ensure that:*

*4.1. all cash is held securely;*

*4.2. any cash held does not exceed insurance cover;*

*4.3. payments from each petty cash account are restricted to settling minor items and not be used to circumvent the normal creditor or payroll process;*

*4.4. that all transactions are supported with the required supporting primary documentation, receipt, invoice etc.;*

*4.5. that at all times the total of the amounts of: cash; cash advance receipts and VAT receipts/invoices, equals the total of the Petty Cash account;*

*4.6. they annually submit a summary account showing all income and expenditure for the financial year just ended, to the Designated Finance Officer, by 30<sup>th</sup> April;*

*4.7. all documentation relating to imprest accounts is retained for 6 years plus the current year.*

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



## 5.7 Cash Handling: FPN D.05

**Key Objectives & Risks:** to mitigate the risks of theft or 'borrowing' of cash, false accounting, under banking or failure to bank cash receipts.

### 5.7.1 Extract of Specific Budget Holder Responsibilities: FPN D.05

*The Budget Holder must ensure that:*

- 4.1. all officers collecting cash have segregated collecting facilities;*
- 4.2. appropriate procedures are introduced to ensure that cash collected and held by the designated body, that is not banked immediately, can be held securely and fully accounted for;*
- 4.3. any cash held does not exceed insurance cover;*
- 4.4. burglar alarms, where fitted, are tested at regular intervals;*
- 4.5. all receipts are Banked in accordance with FPN D.01 Banking & Issuing Cheques;*
- 4.6. that all records relating to cash handling are retained for 6 years plus the current year.*

### Post Opening: FPN D.05

- 4.7. where the Budget Area regularly receives remittances in payment of sums due to Government through the mail that the post is always opened in the presence of at least two officers;*
- 4.8. where the Budget Area receives a high volume of monies within their mail that the post opening is supervised by an officer, ideally not below the grade of Executive Officer, who preferably should take no part in the post opening process. The remittance register is signed by the post opening supervisor;*
- 4.9. care and attention is 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.*
- 4.10. Wherever possible no member of the post opening team should leave the post opening area whilst post opening is in progress.*

**Exemption from these Cash Management Financial Directions may be approved by the Chief Accountant, providing that it is in accordance with FPN A.01: Obtaining Approval for Exemptions.**

## 5.8 Investments & Borrowings: FD D7

*FD D 7.1. 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.*

*FD D 7.2. 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.*

*FD D 7.3. All borrowings must be approved by Treasury in advance*

## 5.9 Charitable & Third Party Funds: FD D8

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

### 5.9.1 Extract of Specific Budget Holder Responsibilities: FPN D.06

*The Budget Holder must:*

*5.1. ensure that the administration of the fund complies with any governing document, relevant statutory requirements and financial administration instructions issued by the Designated Finance Officer;*

*5.2. following consultation with the Attorney General, as appropriate, ensure that such funds are only applied for the purposes for which they were provided.*

**Exemption from Financial Directions D 8.1 may be approved by the Chief Accountant, providing that it is in accordance with FPN A.01: Obtaining Approval for Exemptions.**

## 6 Financial Direction E: Paying Staff

**Key Objectives & Risks:** Financial Direction E covers the handling of all payments to employees of designated bodies

### 6.1 Objectives

#### E 1.1 All Budget Holders and Officers must ensure that:

our employees are paid accurately and promptly for the work they do

they are paid in line with their terms and conditions

any additions or deductions made to pay are accurate and appropriately authorised

any additions or deductions made to pay are accurate and appropriately authorised

any mistakes are promptly notified and appropriate corrective action is taken

payroll information is kept confidential & secure

### 6.2 FD E 2 Payment of Salaries & Wages

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

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

*FD E 2.3 Exemption from Financial Direction E 2.2 may be approved by the Executive Director of Human Resources, providing that it is in accordance with [FPN A.01: Obtaining Approval for Exemptions](#).*

## 6.2.1 Payroll Procedures: FPN E.01 - Extract of Specific Budget Holder Responsibilities

### Notification of Changes to Payroll

#### 4.1. Budget Holders must ensure:-

- a) *that the Payroll Section is notified in a timely manner of any changes to the payroll;*
- b) *that the required, authorised documentation is completed and provided to the relevant Payroll Section for all new starters and leavers;*
- c) *that all timesheets/information submitted to Payroll Section for processing:*
  - *are checked for completeness and accuracy and are due to be paid to the Officer in accordance with their prevailing terms & conditions of employment;*
  - *are confirmed as correct by being authorised by someone with the appropriate delegated authority for processing;*
  - *are appropriately coded with the relevant cost centre code.*
  - *are received within the standard payroll timescales*

### Reconciliation of Payments

4.2. *Budget Holders must regularly check and reconcile total payroll costs against head count monthly to ensure that payments are accurate.*

**Exemption from this may be approved by the Executive Director of Human Resources, providing that it is in accordance with FPN A.01: Obtaining Approval for Exemptions.**

## 6.3 Travel & Subsistence: FPN E.02

All Travel & Subsistence must be approved and paid in accordance with FPN E.02: Travel & Subsistence.

### 6.3.1 Travel & Subsistence: FPN E.02 - Extract of Specific Budget Holder Responsibilities

*Budget Holders must:*

*5.1. ensure that appropriate checks are completed at least annually to confirm that any Officer who is required to use a motor vehicle during the course of their employment has a valid driving licence and insurance to cover business use;*

*5.2. ensure that written approval is obtained by all Officers intending to travel to a destination beyond the British Isles prior to any expenditure being committed and that the Designated Finance Officer is notified of that approval.*

**Exemption from this may be approved by the Executive Director of Human Resources, providing that it is in accordance with FPN A.01: Obtaining Approval for Exemptions.**

## 7 Financial Direction F: Selling & Receiving Payments

**Key Objectives & Risks:** Financial Direction F covers the selling of any goods, services and assets by relevant bodies to and receiving payments from 3<sup>rd</sup> parties.

### 7.1 FD F 1 Objectives

**FD F 1.1 All Budget Holders and Delegated Officers must ensure that:**

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

### 7.2 FD F 2 Setting Charges for Goods & Services

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

### 7.3 FD F 3 Collection of Monies

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

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

*F 3.3. All monies collected must be collected and managed in accordance with FPN D.01 Banking & Issuing Cheques and FPN D.05 Cash Handling.*

*F 3.4. Exemption from Financial Direction F 3.2 and F 3.3 may be approved by the Chief Accountant, providing that it is in accordance with FPN A.01: Obtaining Approval for Exemptions.*

## 7.4 Providing Credit & Collecting Debts

### 7.4.1 FPN F.01 – Extract of Specific Budget Holder Responsibilities

*Budget Holders must:*

*5.1. Ensure that timely and proactive debtor collection and enforcement procedures commensurate with the nature and value of the debt are in place for debts within their Budget Area;*

*such procedures must include:*

- a) the use of serially numbered invoices (or other documentation approved by either the Chief Accountant or required by statute) for all amounts due to the Designated Body;*
- b) the recording of all amounts due to Government on a system approved by the Chief Accountant;*
- c) the appropriate segregation of duties being maintained between invoicing, receipt of monies and write-off of debts;*
- d) the sending of statements to debtors on a regular basis;*
- e) making direct contact with the debtor by telephone, electronic means or in person, as appropriate;*
- f) the regular monitoring of debtor accounts to ensure any necessary recovery action is taken on a timely basis;*

*5.2. Where the administration of debt collection has not been formally delegated to the Treasury, the Budget Holder must:*

- a) ensure the appropriate escalation of overdue debts to the Attorney General's Chambers where:
  - the debt remains unpaid after 3 months; and*
  - no progress has been made; and*
  - the Small Claims Procedure has not commenced;*and in such cases ensure that, wherever practicable, no further services are provided to the debtor in question, or that such services are paid for in advance or at point of service - until arrangements for the payment of the overdue amounts have been agreed, implemented and are being complied with;*
- b) must consult with the Designated Finance Officer and the Attorney General's Chambers in relation to when to pursue debts to the point of liquidation or bankruptcy;*
- c) ensure that consideration is 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](http://www.courts.im)). If judgment and execution is granted by the Court, this must be passed to the relevant Coroner for enforcement without delay. Support in relation to a Coroner's enforcement of judgment and execution under the Administration of Justice Act 1981 may be provided by the Judgments Officer at the General Registry, if required;*
- d) ensure that where formal recovery proceedings have been commenced and designated bodies enter into arrangements with the debtor to agree a repayment programme, the formal proceedings continue until a binding and enforceable written agreement is reached.*

All monies collected must be collected and managed in accordance with FPN D.01: Banking and Issuing Cheques and FPN D.05 Cash Handling. Refer to FD D notes above for further details.

**Exemption from the above Financial Direction regarding the Collection of Monies may be approved by the Chief Accountant, providing that it is in accordance with FPN A.01: Obtaining Approval for Exemptions.**

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

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

Prior to any disposal of assets Budget Holders must ensure that they have been valued and recorded in accordance with Financial Direction D3 Management of Assets & Inventory.

Following any sale or disposal of assets, all relevant records must be updated in accordance with Financial Direction F1 Objectives.

## 7.6 FD F 4 ICT (Information Communications Technology) Assets

*F 4.4. All ICT assets must be disposed of in accordance with FPN F.02: ICT (Information Communications Technology) Disposal.*

**Exemption from this may be approved by the Director of GTS, providing that its valuation is less than £250,000 and it is in accordance with FPN A.01: Obtaining Approval for Exemptions.**

## 7.7 FD F 4 Land & Buildings

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

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

*F 4.8. Exemption from Financial Direction F 4.7 may be approved by the Chief Financial Officer or Financial Controller, providing that its valuation is less than £250,000 and it is in accordance with FPN A.01: Obtaining Approval for Exemptions.*

### 7.7.1 Disposal of Land & Buildings: FPN F.03 – Extract of Specific Budget Holder Responsibilities

*6.1. Whenever land and buildings held within their Budget Area are subject to a revaluation the Budget Holder must consider why the building is held and whether there is scope for a disposal considering whether or not:*

- a) there is a strategic need for the property;*
- b) there is a statutory requirement to hold the property;*
- c) the property provides a reasonable return on capital;*
- d) the property is life expired;*
- e) the property maintenance is becoming unaffordable*

**Exemption from the above Financial Practice Note may be approved by the Chief Financial Officer or Financial Controller, providing that its valuation is less than £250,000 and it is in accordance with FPN A.01: Obtaining Approval for Exemptions.**



## 7.8 FD F 4 Disposal of General Assets with a historical cost below £100,000

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

**Exemption from Financial Direction F 4.9 may be approved by the Accountable Officer, providing that it is in accordance with FPN A.01: Obtaining Approval for Exemptions.**

## 7.9 FD F 4 Disposal of General Assets with a historical cost over £100,000

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

*FD F 4.12. Exemption from Financial Direction F 4.11 may be approved:*

- a) Where the amount is less than or equal to £150,000: by the Accountable Officer;*
  - b) Where the amount is over £150,000 but less than (or equal to) £250,000: by both the Accountable Officer and either the Chief Financial Officer or Financial Controller;*
  - c) Where the amount is over £250,000: by the Treasury;*
- providing that it is in accordance with FPN A.01: Obtaining Approval for Exemptions.*

*FD F 4.13. Budget Holders must notify the relevant broker and the Insurance Section of Treasury promptly of all disposals of property with an insurance replacement value of over £250,000.*

## 8 The End.....Where to get further advice...

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