

THE ISLE OF MAN GOVERNMENT
FINANCIAL REGULATIONS

Sales, Receipts and Managing Debt

***The selling of goods, services and assets, and
receiving payments from 3rd parties***

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INTRODUCTION

KEY POINTS TO REMEMBER - FOR ALL OFFICERS

1 Introduction

Requests for amendments to this Handbook

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

1.1 Purpose of this Handbook

To provide an overview of the principals surrounding the sale of goods and/or services, the receipt of monies, and managing debt by designated bodies.

This Handbook has been developed as a **supplement** to the Isle of Man Financial Regulations and should be read in conjunction with them. It is designed to highlight the specific responsibilities and risks associated with sales, receipts and managing debt as set out in the Financial Regulations; however, where there is **any doubt** in interpretation, the Financial Regulations **must** be referred to for clarification.

Any Financial Practice notes mentioned in this booklet that are relevant to the sale of goods and/or services and the management of debt, and should be referred to in their entirety to ensure that the reader has a full understanding of any requirements.

Wherever Financial Regulations are mentioned, this also refers to any relevant Financial Directions and Financial Practice Notes.

1.2 Non-Compliance with Financial Regulations

The consequences for failing to comply with any of the requirements stated in the Financial Regulations are stated within the Financial Regulations, Financial Direction A.12:

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

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

All requirements of Financial Directions and Financial Practice Notes must either be fully complied with or you will have received a prior approval for an exemption from them, specifically:

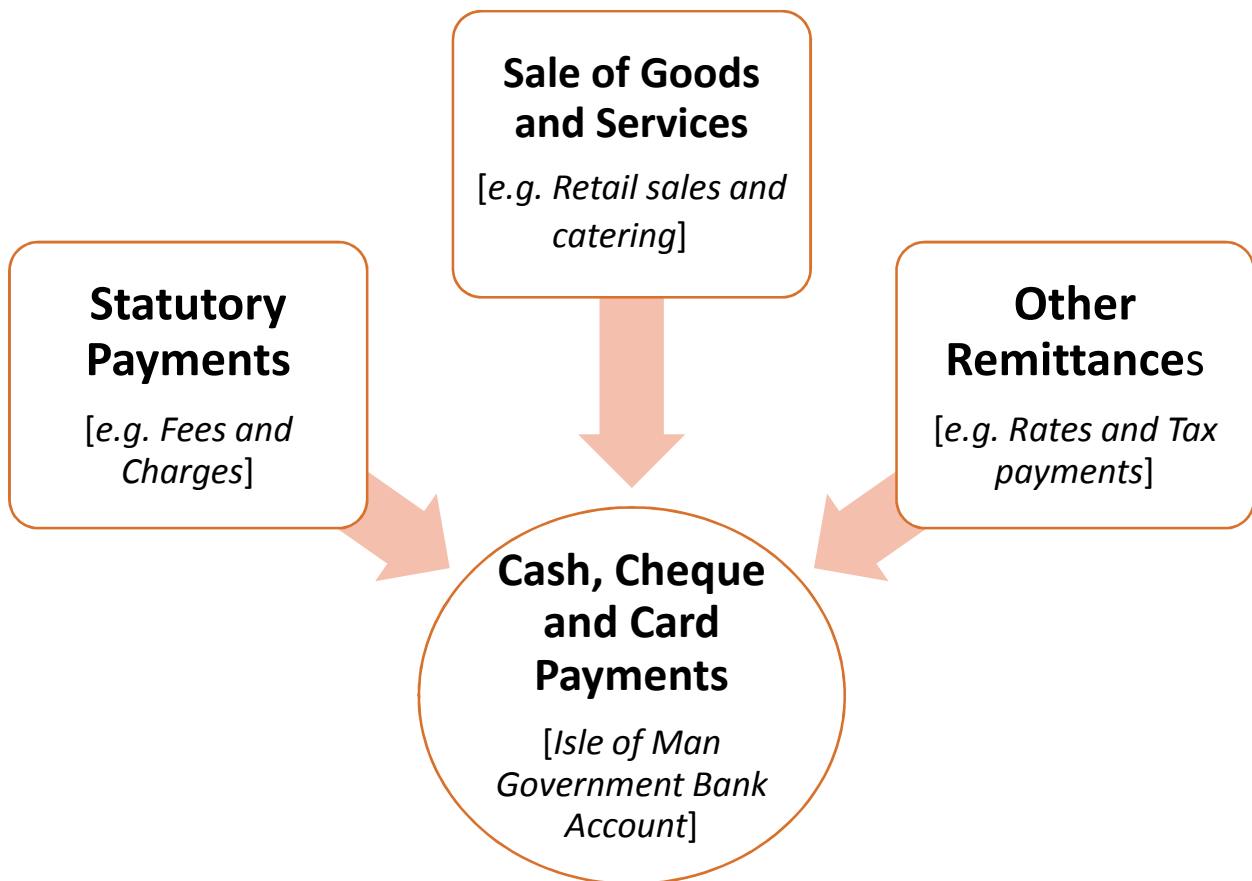
Directions	<i>Non-compliance may lead to prosecution under the Audit Act 2006 and may also lead to the award of costs and compensation in relation to any unlawful actions taken. It is also a requirement that any non-compliance is investigated and progressed (as appropriate) under the applicable disciplinary or capability procedure.</i>
Financial Practice Notes	<i>Compliance is mandatory and it is a requirement that any non-compliance is investigated and progressed (as appropriate) under the applicable disciplinary or capability code.</i>

1.3 Sales, Receipts and Debt Risks

The policies stated within this Handbook have been designed to mitigate some key risks associated with the procurement of goods and services:



1.4 Typical Receipts



1.5 Sales, Receipts and Managing Debt 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^d parties, we do so in an open and fair manner which encourages competition, so as to ensure impartiality and that the best price is obtained;

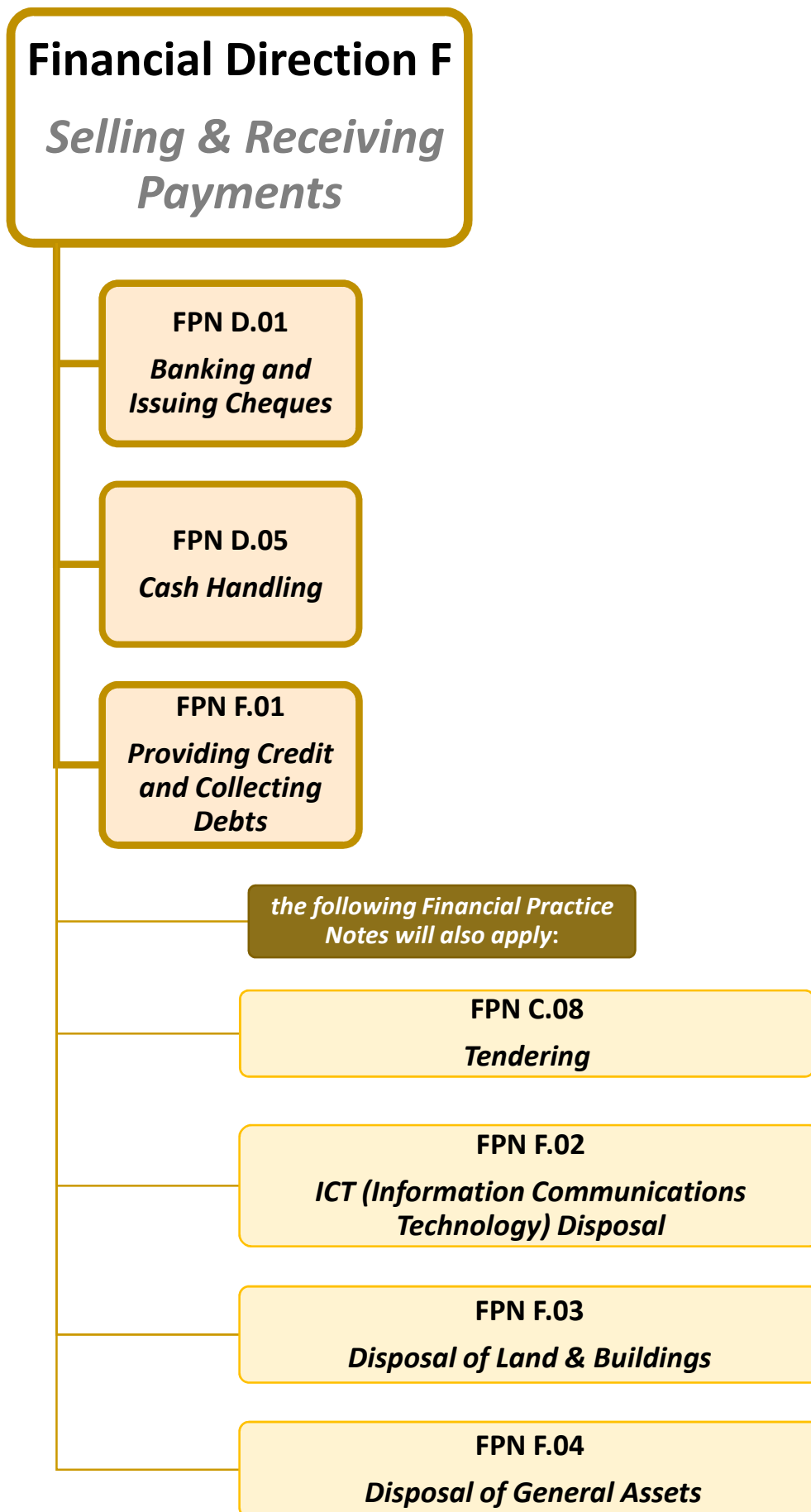
g) when we take receipts 'as a service' (e.g. taxation/financial penalties) they are in line with the relevant statutory requirements;

h) we ensure that all monies owed to government are collected appropriately;

i) we record transactions appropriately to meet our statutory requirements.

1.6 Relevant Financial Directions and Financial Practice Notes

This Handbook contains references from the following sources:



2 Sales and Receipts

2.1 General Sales and Receipt of Cash

2.1.1 Cash Receipts



Oxford English Dictionary describes cash as:

Money in coins or notes, as distinct from cheques, money orders, or credit.

Whilst the dictionary definition defines cash as being coins and notes ..*distinct from cheques, money orders, or credit.* 'cash' takings will most likely include both cash receipts as per the definition above, **and** cheque receipts. These will both be treated in the same way for the purposes of reconciliation and banking.

Budget Holders **must** ensure that wherever possible there is sufficient segregation in place between all officers involved in the collection of cash and cheques; an example of this may be having separate till drawers and till log-ins to enable identification of any discrepancies and to help mitigate the risk of misappropriation of cash.

At the end of each shift the takings must be counted and reconciled back to the recorded cash for that shift. If possible, there should always be sufficient segregation between the person taking the cash, and the person preparing the banking.

In a very small team, this may not always be possible, but as a minimum standard there should be a further verification check by another officer to confirm that the cash and cheques being banked corresponds with the recorded takings, and to avoid potential allegations of misappropriation.

Any discrepancies that are noted should be investigated irrespective of the value.

Receipts **must** be issued for **each transaction** where cash is taken from a customer, this may be a till receipt, or an official receipt issued by a designated body.

Cash **must not be taken from the amount to be banked without prior authorisation from the Chief Accountant;**

An example of this may be where cash is removed from the amount to be banked in order to replenish petty cash; however, this must be fully documented and reflected in the banking records and the petty cash account.

Personal cheques or post dated cheques **must not be cashed out of monies being banked on behalf of the Government.**

An example of this may be an employee who removes £100 cash from the amount to be banked three days before payday and replaces the cash with a post dated personal cheque for £100.

After the takings have been reconciled Paying in slips must be prepared and completed in triplicate:

1. The first slip is sent to the bank with the monies, and this must always be visible to allow third party inspection
2. The second paying in slip is provided to Finance Shared Services, or a relevant finance division
3. The third paying in slip is retained in the paying in book

Date 00/00/00 **bank giro credit** 

Teller's stamp and initials

RBS
International
Branch

Credit
Mr A Sample
Mrs A Sample

Paid in by
A Signature

Port Code: 00-00-00 Account Number: 12345678 Trans. Code: 00

Notes £50 and over: 120
 £20 Notes:
 £10 Notes:
 £5 Notes:
 £1 Notes: 111
 £2 Coin / £1 Coin:
 50p Coin: 60 50
 Other Silver: 50 25
 Other Bronze: 20
 Total Cash: 361 75
 Cheques, etc (See over): 2652 45

£ 3014 70

Please do not write or mark below this line

00000 11 00000000: 12345678 00

Where cash is required to be physically moved **anywhere** (between offices, or from an office to the bank), the person transporting the cash should be accompanied wherever possible; this not only provides an element of safety for the officer, but it also helps to mitigate the risk of the misappropriation or loss of the cash whilst it is being transported.

If cash is passed from one officer to another, a receipt, or a written acknowledgement should be provided by the receiving officer. The cash should be counted by the receiving officer to ensure that the amount received corresponds to the amount that had been recorded on the documentation.

If the cash is already contained within sealed deferred banking bags (see below), then the number of bags and the totals on each bag (from the paying in slips that should be visible) should be recorded on the acknowledgement.

2.1.2 Postal Receipts

If a budget area regularly receives remittances via the mail, then the post opening process should involve at least two officers, one to open and one to observe; all receipts should be recorded in a remittance register.

Where a budget area receives a high volume of remittances through the mail, post opening should be supervised by an officer, ideally not below the grade of Executive Officer, who should not take part in the post opening process. The remittance register should then be signed by the post opening supervisor.

Receipts are not required to be issued for monies sent by post unless one is requested by the sender.

Part of the post opening process is to check that all the postal sacks and envelopes received each day are checked to ensure that they have been emptied of all their contents; likewise, bins used within the post opening room should also be checked to ensure that no correspondence, cash or cheques have been thrown away in error.

2.1.3 Storage of Cash

All officers must ensure that any receipts (cash *and* cheque) are securely stored, and this may be in the form of a strong room or a safe. A register should be kept of all officers who have been issued with keys to safes and strong rooms; spare keys must be available for all safes and strongrooms and kept in a secure place, but **not** in the same safe or strongroom that it is a spare key for.

It is the responsibility of the Designated Finance Officer to ensure that any keys are obtained from an officer upon ceasing employment, or upon ceasing a period of temporary cover.

Where combination safes are used, likewise, a register should be maintained of all officers who know the combination. A combination should be changed at least annually; however in addition to this, it is good practice to change a combination either:

- As soon as a person undertakes a role temporarily (holiday cover for example) and needs to access a combination safe, or
- When the person providing temporary cover for the role stops providing that cover

This practice eliminates the risk of unauthorised personnel from accessing the contents of the safe.

The register of persons knowing the combination should be amended accordingly whenever **any** changes are made.

Takings stored overnight in a safe or strongroom must **not** be left in unsealed bags.

Financial Practice Notes (FPN) should be referred to in addition to this handbook; they are:

- FPN D.01 Banking and Issuing Cheques
- FPN D.05 Cash Handling; *see also FPN D.04 Imprest Accounts and Petty Cash*

2.2 Providing Credit and Collecting Debt

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

2.2.1 Providing Credit and Invoicing

All Government goods and services must be paid for in advance or at the point of service, unless the Budget Holder has given approval for the provision of credit facilities. All Officers must ensure that invoices raised do not exceed the credit terms approved by the Budget Holder.

Where a reduction to an invoice is being raised supporting evidence must be retained and Accountable Officer approval is required in order to proceed.

All invoices must clearly set out payment terms and consequences of non-payment.

Invoices must also be in accordance with the Designated Body's scale of charges, with the exception that no invoice shall be issued to another Designated Body where the amount is less than £100 before VAT.

2.2.2 Receiving Monies

All Officers are responsible for ensuring that where remittances are received, the correct debtor account, income account and cost centre are credited and the relevant remittance details are noted (such as reference number, cheque number and date).

2.2.3 Debtor Collection

Budget Holders have specific responsibilities to ensure timely and proactive debtor collection and enforcement procedures are in place which must commensurate with the nature and value of the debt and should include:

- Using serially numbered invoices;
- Appropriate segregation of duties between invoicing, receipt of monies and write-off of debts;
- Sending statements to debtors on a regular basis;
- Contacting debtors by telephone, electronic means or in person on a regular basis;
- Monitoring debtor accounts to ensure timely recovery action is taken;
- Escalating 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.
- Ensure that wherever practicable no further services are provided to debtors with such overdue debts until arrangements are in place and being complied with for the payment of same.

2.2.4 Write Off of Debt

Officers must not write off or otherwise reduce amounts owed unless they have been delegated authority to do so. Where debts are written off, the reasons for doing so must be documented and relevant supporting information retained.

2.3 Specific Types of Sales

2.3.1 Disposal of General Assets with a historical cost below £100k

'Disposal' includes the sale or loan to 3rd parties, gifting, write-off or transfer out of the ownership and control of the Designated Body of assets belonging to that Designated Body.

Responsibilities of All Officers

All officers **must** ensure that **prior** to any disposal, assets may only be disposed of where:

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

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

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

Except for ICT assets (see [FPN F.02 \[Information Communications Technology\] Disposal](#)) and Land & Buildings (see [FPN F.03 Disposal of Land and 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](#).

2.3.2 The disposal of General Assets with a historical cost over £100,000

With the exception of ICT Assets, and Land and Buildings anything with a historical cost of £100,000 or more must be disposed of in accordance with [FPN C.08 Tendering](#).

See also the Tendering handbook, available on [Rheynn-fys > Allowances and Financial Regulations > Financial Regulations - Training Handbooks](#).

Exemption from this requirement 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;

3 Obtaining Exemption

3.1.1 How do I apply for an exemption?

There are links to the exemptions form throughout the financial regulations, but you should read *FPN A.01 Obtaining Approval for Exemptions* in the first instance; available within the Financial Practice Notes section of the [Isle of Man Government Financial Regulations](#).

All financial waiver/ exemption forms must be submitted electronically, this places them on the central register maintained by Treasury. In the event that the electronic form or central register is not available to you, a copy of the approved form can be obtained from Treasury Audit Advisory Division and submitted by email to enquiries.audit@gov.im.

The exemptions form can be found [here](#) and will download as the image below; however, you should read the Exemptions Form User Guide that is available on the intranet via [Employee > Allowance and Financial Regulations > Exemption Forms User Guide](#).

Request for Exemption from Financial Regulations	
Reference	
Status	Awaiting Submission
Title for application	
Applicant	
Department	
Division	
Subdivision	
Cost Centre	
Is the applicant the Authorised Budget Holder for this cost centre ?	<input type="checkbox"/>
Authorised Budget Holder E-mail Address	
Total Estimated Value (£)	
Exemption	
Is this application confidential ?	<input type="checkbox"/>
File Attachments to support application	Click here to attach a file
Background / Description of Requirement	
What do you want to do ?	
Why do you need exemption from Financial Regulations ?	

4 Further Advice

If further information or advice is required, then you should refer to the diagram below that shows the most appropriate route to take:

