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CORPORATE REPORT

MARCH 2018

Policy Title: Financial Operating Procedures	Policy Number: 019
Issue Number: 015	Date of First Issue: Feb 2003
Date of Last Review: February 2018	Date of Next Review: Feb 2019
Lead Person: Finance	Approved by: Audit Committee

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1. INTRODUCTION

- 1.1 It is envisaged that the following financial procedures shall be applicable to all Commission staff and public appointees who are involved in a financial transaction. Where appropriate the procedures should be read in conjunction with the current version of the Commission's Standing Financial Instructions (SFIs) and the Procurement Policy.
- 1.2 The purpose of these procedures is to provide a description of how financial controls are to operate at the Commission. It is intended that they should provide clarification as to matters of procedure and should be seen as a working guide for all staff.
- 1.3 The references made throughout the procedures are to the SEAS system. SEAS is the name of the Scottish Government's accounting system and is utilised by the Commission. Instructions on how to use the SEAS system are detailed in the appropriate training guide within the Finance Department.
- 1.4 As the Head of Corporate Services is responsible for keeping these financial procedures up to date, any required or suggested amendment should be brought to their attention. This document will be available on the Commission's Intranet and will be the first point of reference for the application of SFIs, with which these procedures must always be consistent.
- 1.5 Information additional to that set out below relating to the overall finance function, duties performed, key staff members, etc is available from the Head of Corporate Services

2. MAIL OPENING PROCEDURES

- 2.1 Financial Mail is to be opened, date stamped and passed to the Finance Team. Although the possibility of cash or cheques being received by the Commission is small, procedures exist to cover this possibility.

All cash and cheques received will be handed over to the Finance Officer. Cash should be accounted for through petty cash.

- 2.2 Invoices and credit notes received in the mail are date stamped and passed to the Finance Team.

3. Property, Plant and Equipment (PPE) and Intangible Assets

3.1 Definition

- Future benefit
 - The acquisition of the asset will give the organisation future economic benefits
- Threshold

The asset should cost more than £5,000 (including irrecoverable VAT) or more than £20,000 in the case of

grouped assets. The Commission maintains these levels in line with the updated NHS Capital Accounting Manual.

- Attributable costs
 - All directly attributable costs in bringing the asset into use should be included in line with the capital accounting manual.
 - Leased Assets
 - Where assets are acquired under a Finance lease they must be capitalised. New accounting regulations in 2019 however will remove the distinction between Finance and Operating Leases which may affect the Commission
 - The Resource Accounting Manual and NHS Scotland Capital Accounting Manual govern the rules for treatment of Property, Plant and equipment (PPE) and Intangible assets.
- 3.2 Acquisition of Property, Plant and Equipment (PPE)
- Option Appraisal Procedure
 - Normal Purchase Order procedure (see 4 below)
 - Grouped assets
 - Property, Plant and Equipment (PPE)
PPE are assets which have physical substance e.g. computing equipment and have a life of at least one year.
- 3.3 Intangible assets
- An intangible asset is an asset which has no physical substance e.g. computing software and has a life of at least one year. Capitalisation of software applies to generic and bespoke products.
- 3.4 Disposal of assets
- Where an asset is sold (including transfer of ownership), scrapped/demolished, destroyed or otherwise disposed of, a final adjustment will be required to reflect the disposal in the accounts, and to take account of any profit or loss on disposal, if appropriate. The profit or loss may be defined as the difference between net disposal proceeds and net book value.
 - The procedure for disposal must be agreed prior to disposal.
- 3.5 Depreciation / Amortisation of Assets
- Assets should be charged to the operating statement in line with their useful life.
 - Depreciation/amortisation will start in the month after the asset(s) come(s) into use.
 - The Commission will set the depreciation/ amortisation rates.

4 ORDERING OF GOODS AND SERVICES AND PAYMENT OF SUPPLIERS

- 4.1 In accordance with the Commission's Standing Financial Instructions (SFIs), goods and services are to be obtained in accordance with the Commission Procurement Policy (59). All orders of any kind are to be made through official systems, and suppliers are informed of this restriction. Staff are to use the Commission's electronic purchase order system, EASEbuy, with the exception

of government electronic purchasing card (EPC) and petty cash purchases. There are currently 2 order forms in circulation:

- electronic order form (EASEbuy)
- generic MWC paper order form to be used to support Government Procurement Card (EPC) and Petty Cash purchases

In exceptional circumstances, the Head of Corporate Services may authorise verbal orders. For all such orders, a written order must follow immediately.

4.2 Procedures

Before following the detailed procedures below, staff are advised to read the Commission's Procurement Policy.

To buy goods and services (other than EPC and Petty cash), staff must raise a requisition using the MWC electronic ordering system, [EASEbuy](#). Staff must have received the appropriate training to be able to access EASEbuy. The requisition form will lead staff through those fields that need to be completed. Fields will include account codes and VAT status.

Minor office purchases can be reimbursed from Petty cash subject to valid proof of purchase. The purchase of goods and services by Government Procurement Card (EPC) must be supported by a paper MWC purchase order form.

Official order forms (Electronic or otherwise) will

- contain information on costs and prices as necessary
- only be issued once approved by a member of staff whose name appears on a list approved by the Head of Corporate Services
- Where appropriate include terms regarding delivery, carriage, variations etc

Official orders will only be placed for an item covered by an approved budget and will not be subdivided so as to avoid budget limits for authorisation purposes.

Coding guides are available to staff but if staff have any doubt about account codes or VAT status, please ask for assistance from a member of the Finance Team. It is far easier to have sorted out coding and VAT status at source than later on.

4.3 The electronic requisition is submitted to approvers already set up in the system. The approver will approve or reject the requisition.

Once approved, the purchase order is automatically submitted to the supplier.

- 4.5 The supplier will submit an invoice to the MWC. All invoices will be sent to the Finance department when received by the Commission. The Finance Officer will then send the invoice to the requisitioner for 'receipting' in Easebuy.
- 4.6 The requisitioner should check and 'receipt' the invoice as soon as possible and, as a maximum, within two working days. Any queries regarding price, quality and quantity should be taken up with the supplier by the requisitioner. Finance should be notified of any such issue. Invoices must not be altered by Commission staff. A credit note for the appropriate amount should be obtained from the supplier.
- 4.7 The Scottish Government is committed to 10 day payment terms for all suppliers. All staff should ensure invoices are processed quickly to ensure this tight schedule is met.
- 4.8 The certified invoice once returned to the Finance Department will be cleared on SEAS by way of the three way matching process.
- 4.9 The Scottish Government pay the invoice through BACS and issue an SG remittance advice as well.
- 4.10 Procedures for agency staff payments

Most recruitment agencies operate a system whereby the agency staff complete electronic timesheets which the line manager approves on line. In order for us to ensure that we are making payment for the actual hours worked the HR Officer will check the financial charge per the invoice against the hours approved by way of secure on-line access to the approved data.

4.11 Electronic Procurement Card (EPC) Usage

The Electronic Procurement Card (EPC) is a method of payment of bona fide MWC costs and should be used in conjunction with normal procedures i.e. within the normal authority limits set out in the Standing Financial Instructions and Financial Operating Procedures.

The limit on each card varies from is £1,000 to £5,000 per transaction.

The card is available for use in the following circumstances;

- One-off payments where the supplier is not already set up on EASEbuy / SEAS
- Internet purchases
- Payment over the telephone

Generally it should not be used for payment of personal travel and subsistence, unless there are exceptional circumstances which must be discussed with the Finance Officer, Finance Manager or Head of Corporate services. Individuals requiring an EPC for T&S should contact the Finance Officer. Guidance on staff EPC usage for Travel and Subsistence can be found in the Travel & Subsistence policy.

Card details are not to be e-mailed to suppliers as this information could be forwarded and misused. If purchases are being made on the internet, extreme caution should be exercised. Only reputable and well known companies with secure web sites should be used (usually indicated by a padlock symbol at the bottom of the screen with 'https' in the address).

Procedure to use the EPC is as follows;

- Member of staff completes an MWC paper Purchase Order (PO) and gets it authorised as normal (available from Finance officer)
- Member of staff advises Finance Officer that a credit card purchase is required
- Member of staff writes 'Credit card purchase' across top of PO
- Finance Officer, HR Officer or NCF card holders make purchase by EPC
- Member of staff passes copy of PO to Finance - Finance can then file copy in EPC file as support
- Member of staff to pass copies of any confirmation e-mails on to Finance
- Member of staff to pass any related invoices / receipts that come in subsequently to Finance
- Card holders must review transactions regularly on EPC website to ensure no errors
- Card Officer must review and approve transactions above

4.12 Manual Payments within SEAS (BACS / CHAPS)

In exceptional circumstances, payments can be made using the SEAS Manual Payments system. Such payments will need to be authorised in line with the delegated authority listing appended to the Standing Financial instructions and be supported by appropriate documentation.

5. PAYROLL

- 5.1 The Commission uses the services of the Scottish Government HR Shared Services (HRSS) payroll through its memorandum of agreement.
- 5.2 All changes for payroll are listed on the HR Changes spreadsheet provided by shared services. This spreadsheet is emailed to HRSS according to the payroll timetable. Most amendments need only be added to the spreadsheet. New starts and any other amendments requiring official forms are sent separately by email.

Notification of Appointment for Staff

- 5.3 A Payroll file is prepared for the new employee by the Finance Officer, containing all the relevant payroll paperwork relating to the new employee and amendments thereafter.
- 5.4 . The HR Officer will email the Finance offer details of the new start, with basic detail. This will be followed up with the bank account and tax details form required for shared services. The Finance officer completes the non core entrants form which accompanies the bank details form. If a P45 is available at

the time this is included, if not it is sent when available. One copy of these documents is sent to HRSS and the other filed in the payroll file.

Notification of Amendment to Pay for Staff

- 5.5 When an employee's pay is to be increased through an incremental pay increase, the HR Officer will complete a pro-forma letter for approval by the HR Manager supported by a form confirming satisfactory performance. Once approved, the Finance Officer will send the details to HRSS. The HR Officer will also write to the employee outlining the new rate of pay. The Finance Officer must monitor each month to ensure all increments due are correctly administered.
- 5.6 When the employee's pay is to be increased by the annual cost of living increase, as determined through the Scottish Government Pay Policy, the Finance Officer will provide HRSS with details of all staff and their new rate of pay on receipt of approval by the Head of Corporate Services. Copies of all letters are also sent to HRSS.
- 5.7 The HR Manager will write to all staff outlining their new rate of pay. The Chief Executive will complete and authorise the pro-forma approving any alteration in remuneration for the Head of Corporate Services.

Payment of Superannuation for Staff

- 5.8 Processed through HRSS Payroll.

Termination of Employment for Staff

- 5.9 Staff will inform the Commission of their intention to leave by letter which will be filed in the HR files.
- 5.10 The HR Officer will prepare a letter for all employees whose employment is terminated for whatever reason, detailing date of termination and relevant payroll information.

Checks on SG Payroll Outputs

- 5.11 The Scottish Government Finance Department charge the Commission's payroll to the general ledger.
- 5.12 The Finance Officer checks every individual's payroll details on the monthly payroll reports and electronically downloads them onto a payroll spreadsheet. The payroll spreadsheet totals are reconciled to the general ledger report (trial balance) from SEAS prior to completion of the monthly management reports and dated and signed off as being arithmetically correct. A reconciliation to phased budget is also performed to ensure staff have been paid the correct amount.

6. TRAVEL AND SUBSISTENCE

- 6.1 Staff and non-staff claiming travel and subsistence must do so in line with the Commission Travel and Subsistence policy with claims being submitted on a regular basis. In exceptional circumstances, claims more than three months old may be accepted.
- 6.2 Claim forms (available electronically) should be submitted to the appropriate Line Manager for approval before being forwarded to Finance. Any alterations by claimants must be countersigned by the approving officer.
- 6.3 Claim forms will then be passed to the Finance Officer who will check the forms for amounts claimed and ensure all claims are backed up with receipts where appropriate. Claims cannot be routinely processed without supporting documentation.

Receipts must be attached. If there are any missing, the Finance Officer will ask the claimant to provide them. Following authorisation of the claim forms, the Finance Officer enters the T&S voucher into the Worthy causes module of SEAS. The T&S voucher transaction is approved in SEAS by the Finance Manager. The Finance Manager can only approve the transaction where the T&S voucher has been appropriately authorised as evidenced by a signature on the T&S voucher.

Travel and Subsistence vouchers should be marked with a sequential number e.g. 20XX/001. The vouchers should be filed in numerical order according to this numbering convention.

- 6.4 The internal processing of all travel and subsistence claims should be completed within five working days subject to line manager authorisation being available. T&S claims will be processed weekly in SEAS.

7. Payment of Fees and Travel & subsistence to Board Members, other Public Appointees and Second Opinion Doctors

- 7.1 These individuals claim fees and Travel & Subsistence by way of Fee Sheets. It should be noted that travel and subsistence claims should be within the guidelines set in the separate Commission policy no.45, Travel and Subsistence.
- 7.2 The fee rates are set annually by the Scottish Government.
- 7.3 Claimants are required to submit fee sheets timeously detailing visits, meetings and other Commission activities to the Commission. The fee sheets should also detail travel and subsistence to be claimed and should be supported by relevant receipts/ invoices as per the Travel and Subsistence Policy.
- 7.4 Once authorised by the appropriate authority within the Commission, the Finance officer checks the claim as follows;

Attendance verified by the appropriate MWC or NCF staff member
Rates (fee rates and T&S) claimed are correct
Mileage reasonable (use post codes and Google maps to spot check)
Supporting documentation
Signature of claimant
Signature of approval

7.5 Details of claim are then entered onto the appropriate electronic Finance record. The Finance Manager checks the pay file to original fee sheets before signing off the pay file.

7.6 A monthly excel file for each category of fee paid staff is e-mailed (anonymised text file hence no data protection issue) to payroll. This contains fees paid and T&S reclaimed (taxable and non taxable).

7.7 Payroll records are reconciled to Finance records on a monthly basis.

8. PETTY CASH

8.1 Petty cash is used to purchase small items which are essential to the efficient operation of the Office. It can also be used to reimburse officers for minor office supplies and postage costs.

8.2 Payments from the petty cash bank account can be made by electronic bank transfer (preferred) or cheque. Bank payments must be in line with the authority laid out in the SFIs and supported by appropriate documentation.

8.3 The Finance Officer is responsible for arranging petty cash payments and replenishment from the Scottish Government. This is by way of BACS payment direct to the Commission's petty cash bank account, held by the Royal Bank of Scotland. The HR Officer and NCF administration staff also have the facility to arrange payments.

8.4 The Finance Officer records all purchases on a petty cash spreadsheet which is charged to the relevant account codes on a monthly basis. The Finance Officer reconciles the bank accounts against the relevant SEAS account code on a monthly basis. This reconciliation is to be reviewed by the Finance Manager on a monthly basis.

8.5 The Finance Manager will perform periodic spot checks on petty cash.

8.6 The cheque signatories for this bank account will be any two of the Information Governance Manager, Finance Manager or Head of Corporate Services.

9. MANAGEMENT REPORTING

9.1 The Finance Manager prepares monthly Budget Statements from the end of June onwards for the Operational Management Group.

- 9.2 A transaction analysis is taken from the SEAS system. This details all payments charged to the general ledger for the current month. The Finance Officer checks all of these payments and ensures payroll entries are consistent with payroll reports. This provides a check to ensure that payments charged to the Commission general ledger are correct and have been authorised by the Commission.
- 9.3 The Finance Officer follows up any queries on the transaction analysis with the appropriate Scottish Government staff.
- 9.4 A trial balance is taken from the SEAS system for every account code used for the Commission by the SEAS system. The totals for each account code in SEAS are linked into the ledger balances sheet of the monthly management report spreadsheet. The Finance Officer should check that the total on the Commission spreadsheet matches with the total from the trial balance.
- 9.5 The monthly payroll reports are checked by the Finance Officer (see 4.15) .
- 9.6 The accruals sheet of the spreadsheet is then completed by the Finance Officer. The Finance Officer checks all invoices for the current month against those paid in the general ledger. If invoices are still outstanding and are for the current month they are accrued by entering them into the accrual spreadsheet. The accruals sheet is formulated such as to allow the totals for accruals for each account code to be entered automatically into the accruals section of the MWC ledger spreadsheet. A check is made that the total on the accruals sheet and the ledger sheet match.
- 9.7 Adjustments are then made on the MWC ledger sheet to translate the figures into the appropriate account codes for the monthly Budget statement. The Finance Officer maintains a current checklist of adjustments to be made. A check is made to ensure the total figure for adjustments reconciles to the budget statement and the balance sheet.
- 9.8 Prepayments are entered into the appropriate column of the MWC ledger. The Finance Officer maintains a current checklist of prepayments to be made.
- 9.9 The MWC ledger spreadsheet is set up to automatically link figures into the monthly budget statement. A check is made to ensure the total on the MWC ledger and the monthly management statement match.
- 9.10 At the start of each financial year an allocation guide against each authorised budget for each account code is prepared by the Finance Manager and is circulated to the Operational Management Group with the first budget statement in July.
- 9.11 The Finance Manager analyses expenditure against allocation and current and previous year expenditure and identifies and reports any discrepancies to the Head of Corporate Services.

- 9.12 The Finance Manager checks the ledger, accruals and monthly statements, analyses the discrepancies and prepares a report for the Operational Management Group and discusses it with Head of Corporate Services.

Year End Forecasts

- 9.13 From October onwards the budget statement includes a projected year-end spend figure, the original budget data and up to date information.

Scottish Government Reporting

- 9.14 The Finance Manager periodically provides a financial update to the Finance contact at the Health Finance and Infrastructure directorate.

10 BUDGETING

- 10.1 The Head of Corporate Services supervises the preparation of the annual budget for the business plan, based on decisions taken at Operational Management Group and the Board and other considerations that might have financial implications.

- 10.2 The Finance Manager will prepare an annual budget and forecast. Establishment and Forecast staffing budget spreadsheets are prepared annually by the Finance Officer based on actual staff costs and predictions of pay awards.

These spreadsheets are used for modelling the end year forecasts in the monthly Budget statements.

11. Authorised Specimen Signatures

The Finance Manager shall maintain an authorised specimen signature list supported by original authorised specimen signature sheets. The list shall be updated as staff amendments occur. A check of the list shall be undertaken annually in January.



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