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General Note

The Mental Welfare Commission acknowledges and agrees with the importance of regular and timely review of policy statement and aims to review policies within the timescales set out.

New policies will be subject to a review date of no more than one year from the date of first issue.

Reviewed policies will have a review date set that is relevant to the content (advised by the author) but will be no longer than three years.

If a policy is past its review date then the content will remain extant until such time as the policy review is complete and the new version published.

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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 Scottish Governments (SG's) new Oracle Finance and HR system which replaced SEAS in October 2024. Instructions on how to use the Oracle system are detailed in the appropriate online training guides available in Pathways which can be accessed using the Oracle log in
- 1.4 As the Finance and IT Manager 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 Finance and IT Manager.

2. MAIL OPENING PROCEDURES

- 2.1 Any financial mail still received in the mail is to be opened, date stamped, scanned and passed to the Finance Team. The possibility of any cash or cheques being received by the Commission is extremely small. The Finance and IT Manager should be informed however if any cash or cheques are received.
- 2.2 Any Invoices and credit notes received in the mail are date stamped, scanned 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 be treated in accordance with the provisions of IFRS 16 from 1st April 2022
 - 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 (insert new ref). All orders of any kind are to be made through official systems, and suppliers are informed of this restriction. Authorised staff are to use Oracle (Purchase to Pay) to raise a Purchase Order with the exception of government electronic purchasing card (EPC) and petty cash purchases. There are currently 2 order forms in circulation:
- electronic order form (Oracle)
 - generic Commission paper order form to be used to support Government Procurement Card (EPC) and Petty Cash purchases (Bankline)

In exceptional circumstances, the Chief Executive 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 submit a request to the Finance team that a purchase order be raised in Oracle.

The purchase of goods and services by Government Procurement Card (EPC) must be supported by a paper/(online) Commission 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 Finance and IT Manager
- 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.

4.3 If a purchase order is to be raised against a new supplier (not already registered on Oracle), a request must be made via I-fix in Oracle for a Digital Supplier Information Form to be sent to the new supplier. Once the details have been verified by Scottish Government's Vendor Maintenance team (VMT), the new supplier will be added to the New Supplier Listing Report. This same process must also be followed for **any** changes to supplier details including changes to banking information.

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

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

4.6 The supplier will submit an invoice to the Commission. All invoices will be sent to the Finance department (usually electronically) The Finance Officer will then receipt the invoice in Oracle.

4.7 If the invoice does not match the approved purchase order the Finance Officer will query with both the supplier and the requisitioner to resolve.

4.8 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.

4.9 The certified invoice once returned to the Finance Department will be cleared on Oracle by way of the three way matching process.

4.10 The Scottish Government pay the invoice through BACS and issue an SG remittance advice

4.11 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 to ensure that we are making correct payment for the actual hours worked the HR Officer or Line Manager will check the financial charge per the invoice against the hours approved by way of secure on-line access to the approved data.

4.12 Electronic Procurement Card (EPC) Usage

The Electronic Procurement Card (EPC) is a method of payment of bona fide Commission 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 limited circumstances;

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

It cannot be used for payment of personal travel and subsistence as informed by current Scottish Government restrictions and use of the card is not transferable to any other members of staff.

Card details are not to be emailed 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 emails request to purchase to authoriser (with delegated spend powers)
- Authoriser forwards email to Finance Department with approval.
- Finance Department assigns PO number and makes purchase.
- Records are filed electronically in the Finance Drive.

- Member of staff to pass copies of any confirmation emails on to Finance Department
- Member of staff to pass any related invoices / receipts that come in subsequently to Finance Department
- Card holders must review transactions regularly on EPC website to ensure no errors
- Card Officer must review and approve transactions above

5. PAYROLL

- 5.1 The Commission uses the services of the Scottish Government HR Shared Services (HRSS) payroll. The Commission has been a separate employer for PAYE purposes since 1st April 2018 with HRSS acting as agent. Since the introduction of Oracle in October 2024 however, the Commission's payroll is no longer run as a separate payroll.
- 5.2 All changes for payroll are collated by the HR department on the HR Changes spreadsheet. The Finance and IT Manager will send information on new starts, increments and pay awards directly to SG payroll. Any other pay affecting amendments including leavers, sickness, changes in working hours and unpaid leave **must** be entered into Oracle by the relevant line manager.

Notification of Appointment for Staff

- 5.3 A Payroll file is prepared for the new employee by the HR Officer, containing all the relevant payroll paperwork relating to the new employee and amendments thereafter.
- 5.4 The HR Officer completes the non-core entrant's 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 details are sent to HRSS. The HR Officer will also write to the employee outlining the new rate of pay.
- 5.6 The annual cost of living increase is determined by Scottish Government Pay Policy. The Finance and IT Manager will provide HRSS with details of all staff and their new rate of pay on receipt of approval by the Chief Executive.
- 5.7 The HR Manager will write to all staff outlining their new rate of pay.

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. The staff member must then add this information to Oracle and the leaver's process will then begin.
- 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 directly to the general ledger.

5.12 The Finance Officer checks every individual's total employers' costs 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 Oracle 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 (although it remains the responsibility of each individual staff member to check their payslip for accuracy)

6. TRAVEL AND SUBSISTENCE

6.1 Staff and non-staff claiming travel and subsistence must do so in line with the Commission's updated FIN-POL-05 Travel and Subsistence (T&S) 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 checking and approval before being forwarded to the Finance Department. 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 a sample of the forms for accuracy 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 prepares a Bankline payment. The T&S voucher transaction is approved in Bankline by the Finance and IT Manager. The Finance and IT Manager can only approve the transaction where the T&S voucher has been appropriately authorised as evidenced by either a signature on the T&S voucher or by an authorising email.

Travel and Subsistence vouchers are filed electronically by date.

6.4 T&S claims received by the 17th of the month will be processed by the end of that calendar month

7. PAYMENT OF FEES AND TRAVEL & SUBSISTENCE TO BOARD MEMBERS, OTHER PUBLIC APPOINTEES, SECOND OPINION DOCTORS AND SESSIONAL WORKERS

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, FIN-POL-05 Travel and Subsistence

7.2 The fee rates are approved 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 Commission 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 and IT Manager check 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 emailed (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 Payments from the petty cash bank account can be made by electronic bank transfer. Bank payments must be in line with the authority laid out in the SFIs and supported by appropriate documentation.

- 8.2 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 Finance and IT Manager approve all online payments from the petty cash account.

- 8.3 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 Oracle account code on a monthly basis. This reconciliation is to be reviewed by the Finance Manager and IT Manager on a monthly basis.

- 8.4 The Finance and IT Manager will perform periodic spot checks on petty cash.

9. MANAGEMENT REPORTING

- 9.1 The Finance and IT Manager prepare monthly Budget Statements from the end of June onwards for the Chief Executive, the Executive Leadership Team meeting and Scottish Government.

- 9.2 A transaction analysis is taken from the Oracle 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 Oracle system for every account code used for the Commission. The totals for each account code in Oracle 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 Commission 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 Commission 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 Commission ledger. The Finance Officer maintains a current checklist of prepayments to be made.
- 9.9 The Commission ledger spreadsheet is set up to automatically link figures into the monthly budget statement. A check is made to ensure the total on the Commission 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 and IT Manager and is circulated to the Executive Leadership Team meeting with the first budget statement in July.
- 9.11 The Finance and IT Manager analyses expenditure against allocation and current and previous year expenditure and identifies and reports any discrepancies
- 9.12 The Finance and IT Manager check the ledger, accruals and monthly statements, analyses the discrepancies and prepares a report for the Executive Leadership Team meeting and discusses it with the Chief Executive.

Scottish Government Reporting

- 9.13 Regular meetings are held by the Finance and IT Manager and Chief Executive and the Commission's sponsor team at Scottish Government. The Commission's budget is a

standing item on the agenda and monthly budget returns are submitted to Scottish Government.

10. BUDGETING

- 10.1 The Chief Executive supervises the preparation of the annual budget for the business plan, based on decisions taken at Executive Leadership Team and the Board and other considerations that might have financial implications.
- 10.2 The Finance and IT Manager will prepare an annual budget and forecast. Establishment and Forecast staffing budget spreadsheets are prepared annually by the Finance Officer and the Finance and IT Manager based on actual staff costs and predictions of pay awards.

Forecast Budgets are prepared regularly and discussed monthly with the Chief Executive to ensure the annual budget is utilised to its fullest extent