

# **THE ISLE OF MAN GOVERNMENT FINANCIAL REGULATIONS**

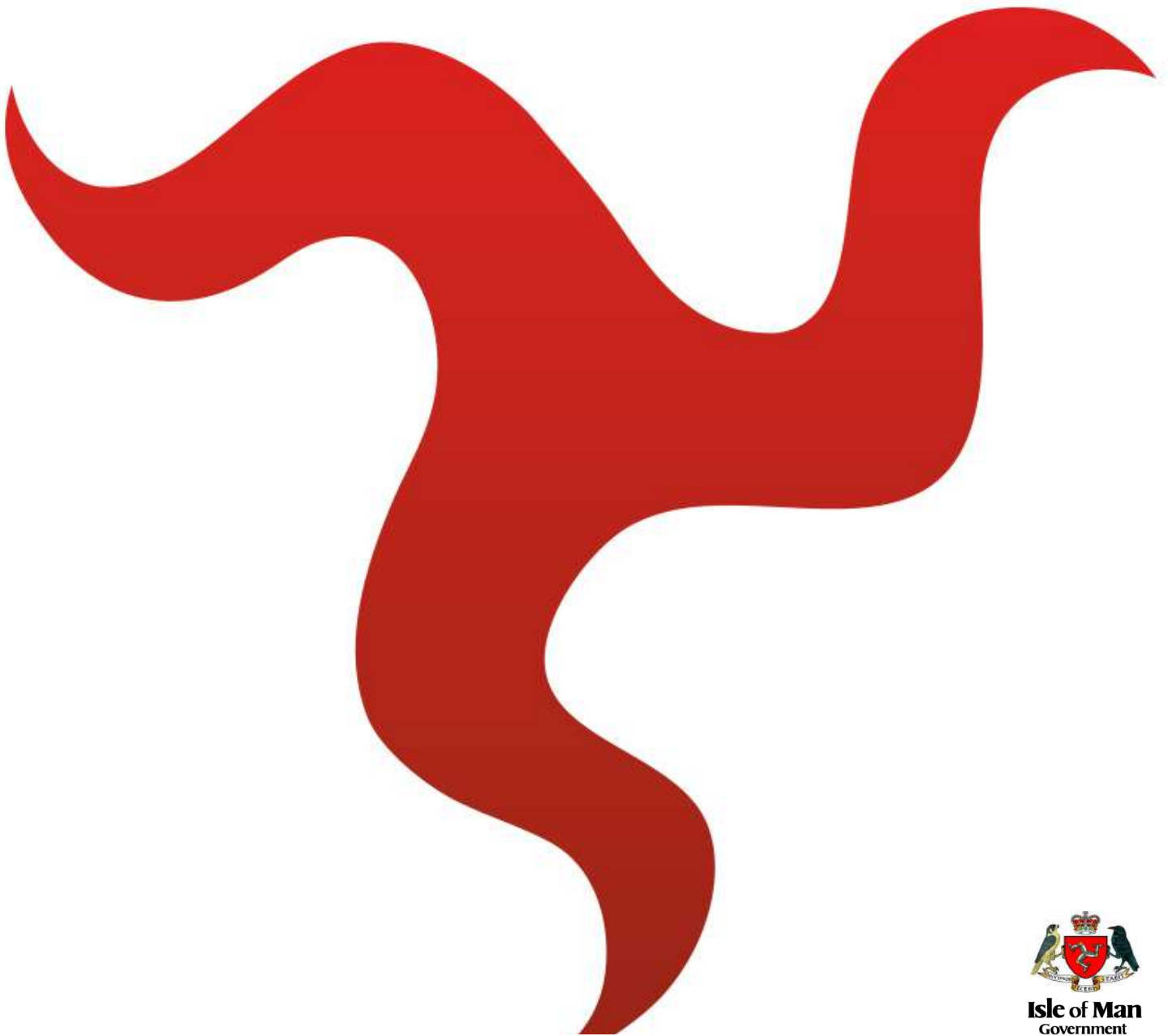
**Issued by the Treasury**

**Government Office**

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**Isle of Man  
Government**

**June 2023**

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# Introduction

## Table of Amendments

The table below shows the latest main amendments that have been made in since the **July 2020** edition of the Financial Regulations. Further information about amendments made to each individual Financial Practice Note (FPN) can be found at the beginning of each FPN.

<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 1.1 Applicability	Subsidiary companies of Manx Utilities added to Designated Bodies
	A 8 Designated Finance Officers	Inclusion of Chief Officer, Chief Executive Officer, Head of Procurement Service
Financial Direction C: Buying and Making Payments	C5.1	Clarification provided for the aggregate rule; including all costs since last subject to competitive action
	C9.2	Changes to exemption limit authorisation for Tendering
	C9.6/C9.8	Urgency test added for advertisement on procurement portal, authorisation of exemption delegated to Head of Procurement
	C10.6	Delegated authority to Chief Financial Officer / Executive Director – Financial Governance

<b>Financial Practice Notes</b>	
<i>Table of Key Amendments</i>	
<i>FPN</i>	<i>Amendments to Previous Version</i>
FPN A.01 Obtaining Approval for Exemptions	<ul style="list-style-type: none"> <li>Clarification provided for those rejecting exemption requests</li> </ul>
FPN A.04 Delegating Financial Authority	<ul style="list-style-type: none"> <li>Removal of scope to use alternative forms of delegation</li> </ul>
FPN A.05 Financial Training	<ul style="list-style-type: none"> <li>Change to frequency of performance requirement for Foundation Course to 3 years from 5 years</li> </ul>
FPN B.04 Internal Funds	<ul style="list-style-type: none"> <li>Confirmation that all business cases should be submitted in accordance with FPN B.03 Business Cases</li> <li>Confirmation that the Designated Body is responsible for seeking Council of Ministers consideration where applicable</li> </ul>

<b>Financial Practice Notes</b>	
<i>Table of Key Amendments</i>	
<b>FPN</b>	<b>Amendments to Previous Version</b>
FPN B.04 Internal Funds	<ul style="list-style-type: none"> <li>Revision of all internal fund terms of reference, including the replacement of closed funds with newly created funds.</li> </ul>
FPN C.01 Determining Supplier Financial Relationships	<ul style="list-style-type: none"> <li>Clarification offered to remove the “3 year” test for the aggregate principal. Financial value now considered as value since last competitive action.</li> </ul>
FPN C.02 Capital Procedure Notes	<ul style="list-style-type: none"> <li>Change from MACCs to Construction Isle of Man</li> </ul>
FPN C.04 ICT Hardware and Software Procurement	<ul style="list-style-type: none"> <li>Updated practice note to bring in line with GTS policies</li> </ul>
FPN C.06 General Procurement	<ul style="list-style-type: none"> <li>Inclusion of construction project eligibility</li> <li>Clarification that Accountable Officer can approve cost/quality split different to 50/50</li> </ul>
FPN C.07 Ordering, Receiving & Paying for Goods and Services	<ul style="list-style-type: none"> <li>Financial Operations Manager changed to Head of Financial Operations</li> <li>Confirmation that a failure to submit purchase card logs will lead to the card being frozen/removed</li> </ul>
FPN C.08 Tendering	<ul style="list-style-type: none"> <li>Replacement of Director of Commercial Law to Head of Procurement where applicable, general changes to account for transfer of procurement function to Treasury from Attorney General’s Chambers</li> </ul>
FPN C.09 Contract Management	<ul style="list-style-type: none"> <li>Replacement of Director of Commercial Law to Head of Procurement where applicable, general changes to account for transfer of procurement function to Treasury from Attorney General’s Chambers</li> <li>Clarification provided regarding the management of ICT contracts</li> </ul>
FPN C.10 Tender Evaluation	<ul style="list-style-type: none"> <li>Removal of reference to EU legislation that is no longer applicable</li> </ul>
FPN E.01 Payroll Procedures	<ul style="list-style-type: none"> <li>Clarification provided for those instances where an overpayment has been made</li> </ul>
FPN F.03 Disposal of Land & Buildings	<ul style="list-style-type: none"> <li>Practice note updated to reflect current Council of Ministers Policy</li> </ul>
FPN F.04 Disposal of General Assets	<ul style="list-style-type: none"> <li>Introduction of the use of historical cost to consider worth of general asset</li> </ul>

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

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 (either Financial Directions or Financial Practice Notes) then they should be submitted to your Designated Finance Officer for consideration.



## Introduction by the Treasury Minister

The Isle of Man Government receives and spends over £1 billion each year and it is essential that we maximise the value generated by this significant investment. The strategic objectives of Treasury are:

- A stable economic environment
- A balanced economy with growth providing support and opportunity
- Sustainable public finances
- A high performing professional organisation

The Treasury Act 1985 places an obligation on The Treasury "to supervise and control all matters relating to the financial affairs of the Government". These Financial Regulations establish the statutory framework and mandatory requirements that help us deliver our objectives and meet our obligations.

Achieving best value is the responsibility of us all, and these regulations provide a framework through which we can demonstrate our commitment to the protection of the public purse. Compliance with the regulations will reduce risk, incorporate proper controls and ensure that we make the right decisions for our Islands finances.

**The Honourable Alex Allinson MHK**  
**Treasury Minister**

# Scope – Who & What Do They Apply To?

## Who?

The Financial Regulations apply to all of the "designated bodies" as defined by the Treasury Act 1985 with the exception of the Isle of Man Post Office and Manx Care, which are both governed by their own set of Financial Regulations. For the avoidance of doubt, a complete list of the relevant designated bodies is included within *Financial Direction A 1 Applicability*

## What do they 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/assets handled on behalf of third parties.

The Financial Regulations comprise of two categories of instructions approved and issued by The Treasury; Financial Directions and Financial Practice Notes.

## Financial Directions

There are six Financial Directions, which cover:

- A. [Financial Values & Governance](#)
- B. [Managing Resources](#)
- C. [Buying and Making Payments](#)
- D. [Safeguarding and Optimising Assets](#)
- E. [Paying Staff](#)
- F. [Selling and Receiving Payments](#)

Financial Directions are statutory and are issued in accordance with the Treasury Act 1985.

## Financial Practice Notes

The six Financial Directions refer to Financial Practice Notes (FPNs) which have also been approved individually by The Treasury.

Financial Practice Notes are mandatory for all Ministers, Members, Officers and employees.

## Exemptions – How to Obtain Approval

Whilst prescriptive directions and procedures should be able to appropriately cover the majority of situations, there will always be times when an alternative approach will improve the management of our financial objectives and related risks.

Accordingly, 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.

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

Requirement	Authority to Approve Exemptions
Statutory Financial Directions	The Treasury has the authority to approve an exemption from any statutory financial direction.
Financial Practice Notes	The Treasury or Financial Governance Officers, as nominated within the Financial Directions, have the authority to approve an exemption from any Financial Practice Note within their area of designated responsibility.
Certain Specific Requirements within	To the extent prescribed: <u>Accountable Officers</u>

Requirement	Authority to Approve Exemptions
Financial Directions & FPNs	<p>Have the authority to approve an exemption from specific requirements to the extent outlined.</p> <p><u>Budget Holders/Delegated Officers</u>            Have the authority to approve an exemption from specific requirements to the extent outlined within these Directions and Financial Practice Notes and subject to their delegated financial authority limits.</p>

## Consequences of Non-compliance

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

In addition to exposing the Isle of Man Government to unnecessary financial risks, non-compliance will have the following consequences:

Directions	<p>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.</p> <p>It is also a requirement that any non-compliance is investigated and progressed (as appropriate) under the applicable disciplinary or capability procedure.</p>
Financial Practice Notes	<p>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.</p>

# Interpretation

In the Financial Regulations, the following interpretations will apply (see also the Roles as defined at Financial Direction A5:

“the Accountable Officer”	The officer designated by Treasury for the purposes of the financial governance of a Designated Body.
“the Board”	The Board itself in relation to a Statutory Board.
“Budget Holder”	A Budget Holder as delegated in accordance with these Directions.
“Chief Officer”	The Chief Officer or functional equivalent by whatever title appointed of a designated body with strategic and/or service responsibility for the body in question.
“Department”	A Government Department to which the Government Departments Act 1987 applies.
“Delegated Officer”	An Officer with a financial authority delegated to them in accordance with these Directions.
“Designated Body”	Any Designated Body as defined by the Treasury Act 1985, but excluding the Isle of Man Post Office and Manx Care.
“FPN XX”	Relates to the relevant Financial Practice Note issued by Treasury and referred to from within the Directions, where “XX” refers to the reference number assigned to each instruction.
“Financial Governance Officers”	Specific officers nominated within these directions.
“Internal Service”	A service that is routinely provided by a Designated Body to other Designated Bodies.
“Member”	A Member (acting in person) for a Department.
“the Minister”	The Minister (acting in person) for a Department.
“Officer”	Any officer or office holder within a designated body of Government as defined by the Financial Regulations (see introduction). Without limiting the generality of this term, this includes all public servants, civil servants and persons with lawfully delegated powers and responsibilities of a designated body.
“PAC”	The Standing Committee on Expenditure and Public Accounts of Tynwald. Strategic Asset and Capital Investment Committee
“SACIC”	
“Treasury”	The Treasury Minister or the Treasury Minister and Treasury political members in a meeting together, as authorised by the Minister under section 3(2) of the Government Departments Act 1987.



In relation to a designated body other than a Department or Statutory Board, references to the Minister or Board are to be read as references to the Chief Officer of a specific designated body.

Any financial amount stated within these regulations should be deemed to be excluding VAT (where applicable).

## **Additional Considerations**

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

- a) **Communication** - Every effort, including direct communication between the Treasury and the Minister or Board of the designated body, should be made to come to an acceptable agreement of treatment before consideration is given to issuing an exceptional or new Direction.
- b) **Timely** - These efforts should be concluded within a short but appropriate timescale.
- c) **Recorded** - The efforts to reach such agreement should be well documented and minutes taken of all meetings. This should also apply where there is conflict between affected parties
- d) **Resolution** - When the Treasury is satisfied that all proportionate efforts have been made to reach an agreement without success, the Treasury should write to the Minister or Board of the designated body advising:
  - i. The consideration that is being given to the issue of a Direction;
  - ii. The reasons behind the decision to introduce a Direction;
  - iii. The actions taken and progress made to try and reach an agreement; and
  - iv. A request that the Minister or Board respond by a set date, setting out the action(s) it intends to take to resolve the concern and the proposed timescale for completion
- e) **Settlement & implementation** - The Direction should only subsequently be issued if:
  - i. Treasury accepts the designated body's proposed actions but the designated body fails to implement them, or
  - ii. The designated body's proposed actions are not deemed to be acceptable and negotiations for an acceptable settlement fail.
- f) **Advice** - If it is decided that a Direction must still be issued, Treasury will submit the Direction letter to the Attorney General beforehand for advice.

These Financial Regulations are also applicable to anyone acting on behalf of a designated body, including contractors and consultants commissioned for specific purposes.

In addition to these Financial Regulations, the attention of Accountable Officers is drawn to the Audit Act 2006 and the Accounts and Audit Regulations 2018.

# FINANCIAL DIRECTIONS

<i>Version Control</i>	
Date of Treasury Approval	<i>1<sup>st</sup> June 2023</i>
Issue Date	<i>1<sup>st</sup> June 2023</i>

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# 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.

### FD A – Financial Values and Governance

**FD A1 Applicability**  
The Financial Regulations apply to all Department, Statutory Boards and Offices (except IOM Post Office and Manx Care)

**FD A1.4 Obtaining Exemptions**  
Any part of the Financial Regulations can be exempted. However if you wish to obtain an exemption it must be in accordance with *FPN A.01 Obtaining Approval For Exemptions*

**FD A2 Financial Values**  
Everyone need to uphold the financial value of Regularity, Propriety, and Value for Money

**FD A2.2 Conflicts of Interest**  
If you think you might have a conflict of interest you must comply with *FD A2.2*

**FD A3 Gifts and Rewards**  
If someone offers you a gift or reward you must comply with *FPN A. 02 Gifts and Rewards*

**FD A4 Financial Irregularities**  
If you suspect and financial irregularity you must comply with *FPN A.03 Financial Irregularities*

**FD A11 Training Requirements**  
All Officers must undertake the relevant training applicable to their role, as outlined in *FPN A.05 Financial Training*

**FPN A.04 Delegating Financial Authority**  
All Officers must only make financial decisions with the limits of their financial authority

**Accountable Officers (AO)**  
Person whom Tynwald may call to account regarding resources and controls.  
Is the Departmental Budget Holder.  
Responsibilities cannot be delegated.

**Designated Financial Officer (DFO)**  
Designated by and has direct line of reporting to the AO.  
Every designated body must have one.

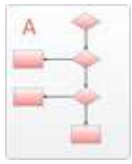
**Budget Holder (BH)**  
The AO is the Departmental BH and is responsible for maintaining sufficient and appropriate systems and controls.  
The AO can delegate this authority to other officers within their organisation by appointing them as Budget Holders

**Delegated Officer**  
Any officer who has been given a delegated financial authority to make financial decisions.  
This authority is designated by a Budget Holder

## Financial Direction A: Financial Values & Governance

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## Treasury Directs That:

### A 1. Applicability

A 1.1. These Directions apply to the following Designated Bodies as defined by the Treasury Act 1985:

All **Government Departments** (being the bodies specified in Section 1 (1) of the Government Departments Act 1987):

- the Department for Enterprise (including its Executive Agencies);
- the Department of Education, Sport and Culture;
- the Department of the Environment, Food and Agriculture;
- the Department of Health and Social Care;
- the Department of Home Affairs;
- the Department of Infrastructure; and
- the Cabinet Office.

These **Statutory Boards**:

- the Isle of Man Office of Fair Trading;
- the Isle of Man Financial Services Authority;
- the Manx Utilities Authority (and its subsidiary companies);
- the Communications and Utilities Regulatory Authority;
- the Isle of Man Gambling Supervision Commission;
- the Public Sector Pensions Authority.

These **Offices and other entities**:

- the Attorney General's Chambers;
- the Financial Intelligence Unit;
- the General Registry;
- the Central Registry;
- the Industrial Relations Office;
- Manx Museum and National Trust (Manx National Heritage);
- the Office of the Information Commissioner;
- the Road Traffic Licencing Committee;
- the Veterans Welfare Service.

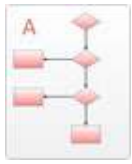
A 1.2. Every designated body must issue an instruction to all of its employees that they must comply with all Financial Regulations issued by The Treasury. In addition, Treasury hereby instructs all Treasury Officers to comply with all of its Financial Regulations.

Such Financial Regulations will be in the form of:

- a) Published Financial Directions (included within this document);
- b) Published Financial Practice Notes (referenced within Published Financial Directions);
- c) Individual written directions issued by the Treasury.

A 1.3. For the avoidance of doubt, the Treasury may exempt any officer or designated body from any written Treasury Direction or Financial Practice Note.

A 1.4. Other specific Directions and Financial Practice Notes may be exempted, in full or in part, by officers to the extent authorised by the Treasury by these Published Financial Directions, provided that such exemptions are approved in accordance with Financial



Practice Note [FPN A.01 Obtaining Approval for Exemptions](#). The Director of Audit Advisory may approve exemption from compliance with Financial Practice Note *FPN A.01 Obtaining Approval for Exemptions*.

- A 1.5. 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 conditions stated in the approval must be complied with as if they were a part of these directions.
- A 1.6. All Designated Bodies, Ministers, Members and Officers must comply with all Financial Regulations unless they have obtained an appropriate exemption not to do so.

## A 2. Financial Values

- A 2.1. All officers must ensure that the following financial values are adhered to:
- a) **Regularity:** All financial decisions must comply with the law and all applicable statutory frameworks, with particular consideration to the following legal requirements:
- The Treasury Act 1985
  - The Audit Act 2006
  - The Bribery Act 2013
  - Fair Trading Act 1996
  - Data Protection Act 2018
  - Income Tax legislation
  - Customs & Excise legislation
  - Minimising our fraud exposure
  - International treaty obligations
- b) **Propriety:** All financial decisions must be and be seen to be:
- *Transparent* – clearly communicated, open to scrutiny and documented sufficiently to enable scrutiny.
  - *Impartial*- unbiased with no preferential treatment to individuals or firms.
  - *Reasonable* – made with sufficient diligence to ensure benefits and risks are appropriately managed.
  - *Accurate* – made using sufficiently accurate information and accurately transacted and recorded.
  - *Accountable* – clearly taken by someone with appropriate delegated authority who, if required, has to account for their decisions to someone with appropriate powers to take sanctions against them.
- c) **Value for Money:** All financial decisions must ensure that they secure the best mix of quality and effectiveness for the least outlay over the period of use of the goods or services bought. They must optimise the balance between:
- *Effectiveness* – they meet the strategic & operational objectives of the organisation;
  - *Efficiency* – they enable the organisation to maximise the impact of its objectives for the money spent/received;
  - *Economy* – best costs and prices are obtained giving appropriate consideration to the full current and future impact of the decision



including the consideration of the potential benefits to the local economy, social value and the impact upon sustainability and the environment.

### Conflicts of Interest

- A 2.2. 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.
- A 2.3. 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.
- A 2.4. Budget Holders must ensure that all actual or perceived conflicts of interest are recorded in a Conflicts Register covering the relevant Budget Area.

## **A 3. The Acceptance of Gifts & Rewards**

- A 3.1. 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 their official duties unless it is in accordance with [FPN A.02: Gifts & Rewards](#).
- A 3.2. 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](#).

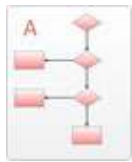
## **A 4. Financial Irregularities**

- A 4.1. Any officer must notify their Accountable Officer immediately of all financial or accounting irregularities or suspected irregularities or of any circumstances which may suggest the possibility of irregularities (particularly those affecting cash, stores, property, remuneration or allowances). In such circumstances [FPN A.03: Financial Irregularities](#) must be adhered to.
- A 4.2. Exemption from Financial Direction A 4.1 may be approved by the Director of Audit Advisory, providing that it is in accordance with [FPN A.01: Obtaining Approval for Exemptions](#).

## **A 5. Roles**

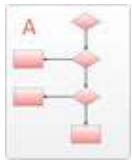
- A 5.1. **Table TA.1** defines the roles referred to throughout these Financial Directions and any related Financial Practice Notes.

<b>Table TA.1</b>	
<b>Role</b>	<b>Definition</b>
Accountable Officer	<p>The Accountable Officer of a designated body is the person whom Tynwald may call to account in respect of the stewardship of the resources within the control of the designated body.</p> <p>The Accountable Officer is personally responsible for making certain financial decisions that are considered high risk and where identified within statutory financial directions.</p>



**Table TA.1**

Role	Definition
	<p>They are also able to make certain compliance exemptions in accordance with these statutory financial directions.</p> <p>The responsibilities of the Accountable Officer cannot be delegated; however, the Accountable Officer must ensure that they appoint an appropriate Deputy to make decisions in their absence.</p> <p>The Accountable Officer is also the Departmental Budget Holder.</p>
Budget Holder	<p>The Accountable Officer of the organisation is the Departmental Budget Holder for their whole organisation and is responsible for maintaining sufficient &amp; appropriate systems &amp; controls within their organisation.</p> <p>The Accountable Officer may delegate that authority to other appointed Budget Holders within their organisation providing they do so in accordance with <a href="#">FPN A.04: Delegating Financial Authority</a>.</p>
Chief Accountant	As designated by the Chief Financial Officer.
Chief Officer	The most senior official of the designated body.
Chief Financial Officer (CFO)	The Chief Officer of the Treasury and the principal financial advisor to the Treasury, as appointed in accordance with the Treasury Act 1985.
Delegated Officer	<p>Any officer with a delegated financial authority to make financial decisions.</p> <p>As designated by a Budget Holder (within the authorisation limits as set out within their own delegation of financial authority) in accordance with <a href="#">FPN A.04: Delegating Financial Authority</a>.</p>
Designated Finance Officer (DFO)	Treasury and every designated body must have an officer designated as Designated Finance Officer. For Departments (incl. Treasury) this role will be designated by the Executive Director – Financial Advisory, for all other designated bodies the role will be designated by the Accountable Officer unless the Chief Financial Officer otherwise directs. The Designated Finance Officer must have direct reporting access to the Accountable Officer in relation to the Designated Body’s financial governance.
Director of Audit Advisory	As designated by the Chief Financial Officer.
Director of Commercial Law	As designated by the Attorney General.
Executive Director, Government Technology Services	As designated by the Chief Executive Officer.
Executive Director, Human Resources	As designated by the Chief Executive Officer.
Executive Director - Financial Governance	As designated by the Chief Financial Officer. Head of the Financial Governance Division of the Treasury and a key advisor to the Chief Financial Officer.

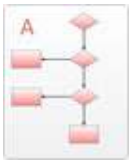


<b>Table TA.1</b>	
<b>Role</b>	<b>Definition</b>
Executive Director – Financial Advisory	As designated by the Chief Financial Officer. Head of the Financial Advisory Service of the Treasury.
Head of Procurement	As designated by the Executive Director – Financial Advisory. Head of the Procurement Service of the Treasury.
Procurement Service	The professional service responsible for supporting central Government buying (note MUA and IOMPO have their own in-house teams).
Officer	Any employee or office holder within a designated body (see introduction). Without limiting the generality of this term, this includes all public servants, civil servants and persons with lawfully delegated powers and responsibilities of a designated body.
Tender Evaluation Panel Member	Any Officer who has been appointed onto any Tender Evaluation Panel.

- A 5.2. All roles, with the exception of 'Officer' must have a deputy nominated in writing to undertake the role in their absence.
- A 5.3. The Director of Audit Advisory must be notified in writing of the appointed deputies for the following roles:
- Accountable Officer;
  - Designated Finance Officer.
- A 5.4. In the absence of any nominated deputy, the line manager of the role will be its deputy.

## **A 6. Accountable Officers**

- A 6.1. Treasury will assign an Accountable Officer for each designated body to be available for advice or decision, as necessary, at short notice. In the absence of any other assignment/ appointment the Chief Officer of the designated body will be the Accountable Officer for that body.
- A 6.2. The role of Accountable Officer cannot be delegated, however the Accountable Officer must appoint in writing a Deputy Accountable Officer who shall undertake their role in their absence. Whilst for continuity purposes more than one Deputy can be appointed, they cannot act at the same time i.e. a single point of accountability must be maintained within the Designated Body at all times.
- A 6.3. The Accountable Officer of a designated body is the person whom Tynwald may call to account in respect of the stewardship of the resources within the control of the designated body.
- A 6.4. The Accountable Officer is the overall Budget Holder for their designated body and must act within the limits of any delegated authority of the Minister or Board. However, in the absence of any such formal delegated authority, the Accountable Officer will have the authority to authorise all financial transactions within and on behalf of that designated body. The Accountable Officer may further delegate that authority as they see fit, providing that any further delegations are in accordance with [FPN A.04: Delegating Financial Authority](#).

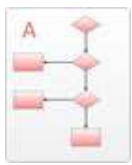


- A 6.5. Accountable Officers are required to assist the Chief Financial Officer in ensuring that accounting and financial records are maintained in accordance with the requirements of the Audit Act 2006, Regulations made under that Act; and for the purposes of the Government Statement on Internal Control.
- A 6.6. The Accountable Officer must personally approve any form of financial submission made on behalf of the designated body to the Treasury.
- A 6.7. The Accountable Officers must ensure that all delegated financial authorities within their designated body are made and maintained in accordance with [FPN A.04: Delegating Financial Authority](#).
- A 6.8. Accountable Officers have a particular responsibility to ensure that appropriate advice is presented to the Minister or Board in respect of all matters of financial propriety and regularity; and, more broadly, in respect of all considerations of prudent and economical administration, efficiency and effectiveness.
- A 6.9. The Accountable Officer shall routinely scrutinise significant policy proposals, or plans to start or vary significant projects, and assess whether they are in conformity with the financial values set out at *A 2 Financial Values*.
- A 6.10. The Accountable Officer must bring to the attention of the Minister, or Board, to whom they are responsible any conflict between the instructions of the Minister, or Board, and their duties, or with these Financial Directions.
- A 6.11. If the Minister or Board proposes any action which the Accountable Officer considers would infringe the requirements of regularity, propriety, value for money, feasibility or the need for Treasury authority or, more broadly one which they consider might impair their ability to administer effective, efficient and economical control of the designated body; they must set out in writing their objection to the proposal and their reasons for the objection. These objections must be delivered to the Minister or Board as soon as reasonably practicable. The acid test which the Accountable Officer should apply is whether they could justify the proposed course of action if asked to defend it.
- A 6.12. If the Minister, or Board, decides to proceed with a course of action which the Accountable Officer has advised against; the Accountable Officer must insist upon a formal written direction to proceed. An oral direction is not sufficient. The direction must be confirmed in writing by the Minister, or Board, as soon as practicable and before the Accountable Officer initiates the required action. Examples of when a written direction is required are set out in Table TA.2.

**Table TA.2**

**Examples of when an Accountable Officer Must Seek a Direction**

- **Regularity:** if a proposal is outside the legal powers of the designated body, Tynwald authority, or Treasury delegations; or is incompatible with the agreed budgets of the designated body.
- **Propriety:** if a proposal would breach Tynwald control procedures or expectations.
- **Value for money:** if an alternative proposal, or doing nothing, would deliver better value - e.g. an outcome which is less expensive, of higher quality or more effective.



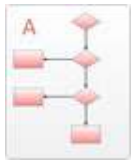
<b>Table TA.2</b>
<ul style="list-style-type: none"><li>• <b>Feasibility:</b> where there is significant doubt about whether the proposal can be implemented effectively, sustainably, or to the intended timetable.</li></ul>

- A 6.13. Having received a direction in writing, the Accountable Officer must comply with it; but must then inform the Council of Ministers and the Treasury of the occurrence, without delay. It is the function of the Council of Ministers to advise the Public Accounts Committee if the decision of the Minister, or Board, has been put into effect.
- A 6.14. It is not realistic to set rules for every circumstance which an Accountable Officer will experience. Accountable Officers may, after considering the facts of a situation with no precedent, need to take a principled decision. The Chief Financial Officer will offer advice when requested to do so.
- A 6.15. Where, in the unlikely event that an Accountable Officer is required to do something which they believe would put them in breach of the law, the matter should be reported to the Chief Executive Officer; who should, if necessary, seek the advice of the Attorney General. If legal advice confirms that the action would be likely to be considered unlawful, the matter should be raised formally with the Minister, or Board, by either the Accountable Officer concerned or by the Chief Executive Officer.

## **A 7. Budget Holders**

- A 7.1. The Accountable Officer of the Designated Body is the Departmental Budget Holder for that body.
- A 7.2. 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 values set out at Financial Direction A 2.1, the standards set out in Table TA.3 and all other Financial Directions and Financial Practice Notes as applicable.

<b>Table TA.3 Standards</b>
<p><b>Governance</b></p> <ul style="list-style-type: none"><li>• that their designated budget area conforms with the principles embodied within the Corporate Governance Code of Conduct;</li><li>• has trustworthy governance and internal controls to safeguard, deploy and record the use of resources as intended;</li><li>• operates with propriety and regularity in all of its transactions;</li><li>• gives timely, transparent and realistic accounts of its business and decisions.</li></ul> <p><b>Financial Management</b></p> <ul style="list-style-type: none"><li>• uses its resources efficiently, economically and effectively, avoiding waste and extravagance;</li><li>• plans the use of its resources to be affordable and sustainable, within Tynwald approved limits;</li><li>• 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;</li><li>• 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;</li></ul>



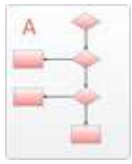
**Table TA.3 Standards**

- 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.

- A 7.3. 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](#).
- A 7.4. Exemption from Financial Direction A 7.3 may be approved by the Accountable Officer, providing that it is in accordance with [FPN A.01: Obtaining Approval for Exemptions](#).
- A 7.5. 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.
- A 7.6. 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 outlined at A 11; and
  - have the necessary knowledge and skills (and qualifications in certain circumstances) with which to carry out their finance-related duties effectively.

## **A 8. Designated Finance Officer**

- A 8.1. The Designated Finance Officer is the designated body's chief advisor to the Accountable Officer and budget holders on all financial matters. Their responsibilities include but are not limited to:
- Financial planning:** The provision of financial management information for financial forecasting and planning arrangements to allow policy priorities to be determined and financial resources allocated within the total resources available to the designated body;
  - Value for money:** Seeking to give better value year by year for resources by relating inputs of cash and other resources to the output they achieve;
  - Costing:** Consideration of the full cost of activities and outputs
  - Co-ordination:** Establishing links between performance reviews and evaluations with planning and preparation of estimates;
  - Advising:** Giving advice to managers on policy proposals;
  - Capital Project Appraisal:** Giving advice and assistance to line managers in the appraisal of capital and other projects to ensure both compliance with these Regulations and informed decision-making within the designated body.
  - Regulation:** Maintaining financial systems and procedures within the designated body to ensure that correct and accurate information is available to Treasury to meet the needs of the annual accounts, estimates and budgeting programme.
  - Anti-Money Laundering:** Acting as the Money Laundering Reporting Officer for the Designated Body.



## **A 9. Delegated Officer**

- A 9.1. Delegated Officers must ensure that all financial decisions they make are within their delegated financial authorities, as delegated to them in accordance with [FPN A.04: Delegating Financial Authority](#).
- A 9.2. Delegated Officers will be held personally responsible for ensuring that any financial decisions they make comply with all Financial Directions and Financial Practice Notes as applicable.

## **A 10. Officer**

- A 10.1. No Officer may make any financial decision unless authorised to do so in accordance with [FPN A.04: Delegating Financial Authority](#).
- A 10.2. All Officers must comply with all Financial Directions and Financial Practice Notes as applicable.

## **A 11. Training Requirements**

- A 11.1. All officers must comply with Financial Practice Note [FPN A.05 Financial Training](#).
- A 11.2. Exemption from Financial Direction A 11.1 may be approved by the Executive Director - Financial Governance, providing that it is in accordance with [FPN A.01: Obtaining Approval for Exemptions](#).

## **A 12. Accountability for Non-Compliance**

- 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.

## **A 13. Internal Audit<sup>1</sup>**

- A 13.1. All Designated Bodies must have their system of internal audit approved by the Director of Audit Advisory.
- A 13.2. All Officers, Members and Designated Bodies, in relation to any internal audit on, or investigation into, a Designated Body's financial affairs or system of internal control, must, if the Director of Audit Advisory so requires:
- a) make available such documents relating to its accounting and other records as appear to the Director of Audit Advisory to be necessary for the purpose of that internal audit or investigation; and
  - b) supply the Director of Audit Advisory (or an individual designated by them) with such information and explanation as the Director of Audit Advisory considers necessary for that purpose.

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<sup>1</sup> Per the Treasury Act 1985 Section 8, and Accounts & Audit Regulations 2018 (Regulation 6).

# Financial Direction B: Managing Resources

## Summary

[This Financial Direction](#) establishes the core requirements and responsibilities in relation to planning, obtaining and managing financial resources for the delivery of services.

### **FD B – Managing Resources – Budget Holders and those involved with finances**

#### **FD B2 Budget Planning**

Budget Holders must plan budgets in accordance with *FPN B.01 Budget Planning*

#### **FD B2 Business Cases**

Any proposal for a new or enhanced service must be in accordance with *FPN B.03 Business Cases*

#### **FD B3 Budget Management**

Budget Holders must manage budgets in accordance with *FPN B.02 Budget Management*

#### **FD B4 Finance of Expenditure**

All expenditure must be funded by Treasury approved means. Accordingly loans, leases etc. must not be used.

All expenditure in relation to internal funds must be administered in accordance with *FPN B.04 Internal Funds*

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

The advice of the Chief Financial Officer and Attorney General's Chamber must be sought for any indemnity or guarantee that fall outside normal commercial practice.

#### **FD B 6 New Legislation with Financial Implications**

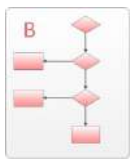
Legislation with a financial impact being promoted by designate bodies must go to Treasury before CoMin



## Financial Direction B: Managing Resources

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## Treasury Directs That:

### B 1. Objectives

B 1.1. 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.

### B 2. Budget Planning

B 2.1. Budget holders must ensure that their budgets are planned and submitted in accordance with [FPN B.01: Budget Planning](#).

B 2.2. Exemption from Financial Direction B 2.1 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](#).

B 2.3. 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](#).

B 2.4. Exemption from Financial Direction B 2.3 may be approved, where the total cost of the proposed new service or enhancement:

- a) is £10,000 or less and all costs can be met from within their existing revenue budgets - by the Budget Holder;
- b) is less than £150,000 and all costs can be met from within existing revenue 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 Executive Director - Financial Governance;

Providing that it is in accordance with [FPN A.01: Obtaining Approval for Exemptions](#).

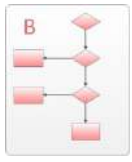
### B 3. Budget Management

B 3.1. Budget holders must ensure that their budgets are managed in accordance with [FPN B.02: Budget Management](#).

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 General Revenue 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 Executive Director - Financial Governance, providing that it is in accordance with [FPN A.01: Obtaining Approval for Exemptions](#).
- 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. 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](#).

## **B 4. Financing of Expenditure**

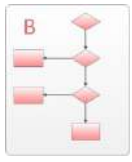
- B 4.1. All expenditure must be funded from Treasury's General Revenue or Capital Account unless prior Treasury approval has been obtained, or it is in relation to funds held on behalf of 3<sup>rd</sup> Parties and the designated body has appropriate authority to do so.
- B 4.2. Accordingly no Designated 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.
- 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.
- B 4.4. Exemption from Financial Directions B 4.1 and B 4.2 may be approved by the Chief Financial Officer or Executive Director - Financial Governance, providing that it is in accordance with [FPN A.01: Obtaining Approval for Exemptions](#).

## **B 5. Guarantees, Indemnities & Contingent Liabilities**

- 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.
- B 5.2. Designated bodies must disclose any contingent liabilities to the Chief Accountant as at 31 March each year, where a contingent liability is:
- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or
  - a present obligation that arises from past events but is not recognised because either it is not probable that a transfer of economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

## **B 6. New Legislation with Financial Implications**

- B 6.1. Each designated body promoting primary or secondary legislation must ensure that any additional costs arising from its implication, both within the Designated Body, throughout Government, and beyond are fully identified.
- B 6.2. Every Bill or item of subordinate legislation promoted by a designated body (except one which will have no effect on public revenue, expenditure or personnel) must be submitted to the Treasury for approval before any submission to the Council of Ministers or its placing before the Legislature. Such submissions must include as full an explanation of any financial and personnel implications as is possible at the time of submission.

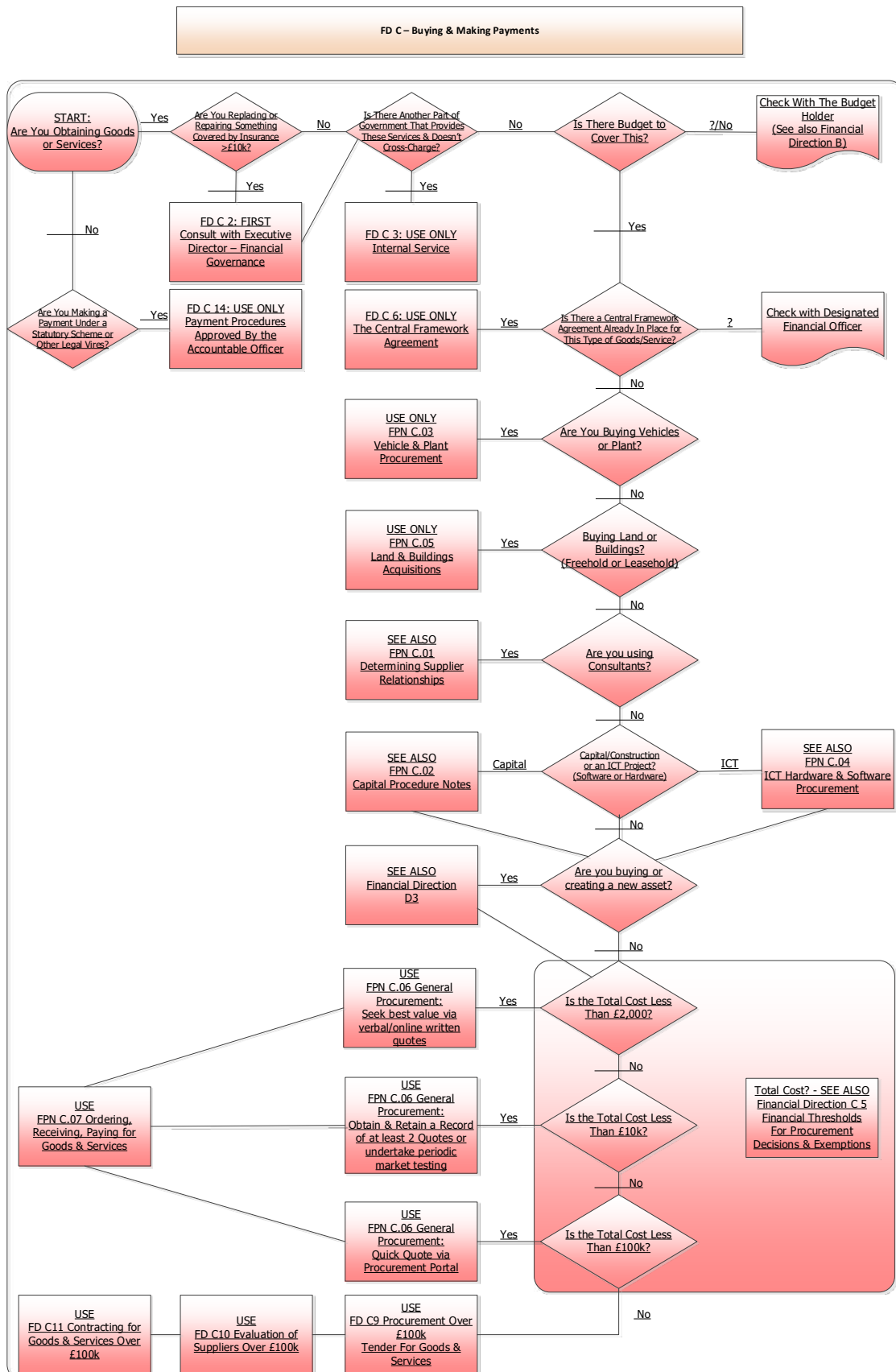


B 6.3. If, during the passage of a Bill, further information, with regard to financial and or personnel implications becomes apparent such information must immediately be brought to the attention of the Treasury.

# Financial Direction C: Buying & Making Payments

## Summary

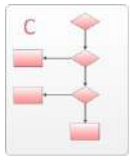
This Financial Direction covers the purchase or otherwise obtaining of all goods, services and assets by relevant bodies from and making payments to 3<sup>rd</sup> parties.



## Financial Direction C: Buying and Making Payments

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## Treasury Directs That:

### C 1. Objectives

- 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;

### C 2. Insurance

- 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 Executive Director - Financial Governance has been consulted.
- C 2.2. Departments must not purchase Insurance policies unless it is in accordance with D 5. Insurances

### 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 (including Manx Care, but not the Isle of Man Post Office), 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 Executive Director - Financial Governance providing that it is in accordance with [FPN A.01: Obtaining Approval for Exemptions](#).

## **C 4. Only Spending What We Can Afford**

- 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.
- 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.

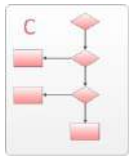
## **C 5. Financial Thresholds For Procurement Decisions & Exemptions**

- 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.
  - c) if the previous award was not subject to competitive action, then the aggregated cost must include the value of historic contracts since the last competitive action.
- C 5.2. Unless prior approval has been obtained from the Budget Holder, Delegated Officers must ensure that 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.
- 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](#).
- C 5.4. Exemption from Financial Direction C 5.3 may be approved by the Chief Financial Officer or Executive Director - Financial Governance providing that it is in accordance with [FPN A.01: Obtaining Approval for Exemptions](#).

## **C 6. Central Framework Agreements**

- C 6.1. Where required goods or services are covered by a central framework agreement on the published [Central Framework Agreements list](#), those agreements must be used.
- C 6.2. Exemption from Financial Direction C 6 may be approved by the Head of Procurement, providing that it is in accordance with [FPN A.01: Obtaining Approval for Exemptions](#).





## C 7. Alternative Procedures for Specific Types of Procurement

C 7.1. For the categories of procurement listed within Table C.1 below, then the relevant Financial Practice Note listed applies instead of C 8, C 9, C 10 or C 11 (unless stipulated as required within the Financial Practice Note).

<b>Table TC.1</b>	
<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.

C 7.2. Exemption from Financial Direction C 7.1 may be approved:

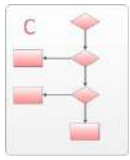
- a) where it relates to *FPN C.03: Vehicle and Plant Procurement* and the cost of purchase or service is £150,000 or less: then exemption may be approved by the Accountable Officer of the Department of Infrastructure providing that it is in accordance with [FPN A.01: Obtaining Approval for Exemptions](#);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

## C 8. Procurement of General Goods & Services Up to £100k

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 Central or Departmental framework agreement approved by the Accountable Officer and the Head of Procurement: then the opportunity must be sourced in accordance with that 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.

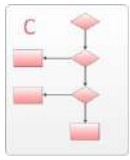
C 8.2. Where the cost of purchase or service is less than (or equal to) £10,000 then exemption from Financial Direction C 8.1 may be approved by the Budget Holder, within their delegated financial authority providing that it is in accordance [FPN A.01: Obtaining Approval for Exemptions](#).



- C 8.3. Where the cost of purchase or service is more than £10,000 then exemption from Financial Direction C 8.1 may be approved by the Accountable Officer, providing that it is in accordance with [FPN A.01: Obtaining Approval for Exemptions](#).
- 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](#).
- C 8.5. Exemption from Financial Direction C 8.4 may be approved by the Chief Accountant, providing that it is in accordance with [FPN A.01: Obtaining Approval for Exemptions](#).
- C 8.6. With the exception of ICT projects, which must be approved in accordance with FPN C.04 ICT Hardware and Software Procurement, the maximum length of any contract or partnering arrangement for goods and services with a total cost of under £100,000 is 5 years.
- C 8.7. Exemption from Financial Direction C 8.6 may be approved by the Accountable Officer, providing that it is in accordance with [FPN A.01: Obtaining Approval for Exemptions](#).

## **C 9. Procurement of General Goods & Services Over £100k**

- C 9.1. Where the level of expenditure within any Department for a purchase or service is likely to exceed £100,000, then they must be:
- tendered in accordance with [FPN C.08: Tendering](#);  
or optionally if it is a construction project funded by Treasury's capital programme and the level of expenditure is likely to be less than (or equal to) £250,000;
  - procured in accordance with [FPN C.06: General Procurement](#).
  - In all cases all suppliers that are unsuccessful must be provided with a means of appeal approved by the Executive Director - Financial Governance.
- C 9.2. Exemption from Financial Direction C 9.1 may be approved:
- Where the amount is £250,000 or less and at least one of the grounds detailed in C9.3 are met: by the Accountable Officer;
  - Where the amount is over £250,000 but less than (or equal to) £500,000 and at least one of the grounds detailed in C9.3 are met: by both the Accountable Officer and either the Chief Financial Officer or the Executive Director - Financial Governance;
  - Otherwise, by the Treasury.
- C 9.3. Financial Directions C 9.2 a) and b) only apply when at least one of the following grounds are met:
- The work is of exceptional urgency caused by unforeseeable circumstances where competitive tendering would cause unacceptable delay, such as after critical equipment breakdown, storm damage etc.
  - The proposed supplier has, by recent experience (normally, within the last 12 months, but this will depend on relevant market conditions), proved to offer best value for money as the result of a fully compliant, competitive procurement exercise.
  - 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.



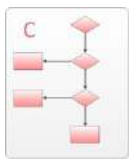
- d) Where Intellectual Property Rights are an issue, such as bespoke designs and/or software licensing. In such circumstances, it is essential that procedures are in place to ensure best value for money has been achieved.

and providing that the exemption is made in accordance with [FPN A.01: Obtaining Approval for Exemptions](#).

- C 9.4. All tenders must be performed by Procurement Services.
- C 9.5. Exemption from Financial Direction C 9.4 may be approved by the Head of Procurement, providing that it is in accordance with [FPN A.01: Obtaining Approval for Exemptions](#).
- C 9.6. All tenders must be advertised on the Procurement 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; or
  - c) the work is of exceptional urgency caused by unforeseeable circumstances where advertising for 10 working days would cause unacceptable delay; subject to the approval of the Head of Procurement.
- C 9.7. All tenders (including those that have been outsourced) must be managed through the Procurement Portal.
- C 9.8. Exemption from Financial Directions C 9.6 and C 9.7 may be approved by the Head of Procurement providing that it is in accordance with [FPN A.01: Obtaining Approval for Exemptions](#).
- C 9.9. Budget Holders must notify the Executive Director - Financial Governance promptly of all acquisitions of property with an insurance replacement value of over £250,000.

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

- 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.
- C 10.2. Where goods or services with a cost of more than £100,000 are being tendered under C.08 Tendering, the evaluation weighting given to quality criteria is not permitted to prevail over that given to cost.
- C 10.3. Exemption from Financial Direction C 10.2 may be approved by the Chief Financial Officer or the Executive Director - Financial Governance, providing that it is in accordance with [FPN A.01: Obtaining Approval for Exemptions](#).
- C 10.4. Where the level of expenditure for a purchase or service within any Department is greater than £100,000 and it has been tendered, the quality assessment must also be in accordance with [FPN C.10 Tender Evaluation](#).
- C 10.5. Exemption from Financial Direction C 10.4 may be approved by the Accountable Officer, providing that it is in accordance with [FPN A.01: Obtaining Approval for Exemptions](#).



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 either the Chief Financial Officer or Executive Director – Financial Governance is required.

## C 11. Contracting for Goods & Services Over £100k

C 11.1. With the exception of ICT projects, which must be approved in accordance with FPN C.04 ICT Hardware and Software Procurement, the maximum length of any contract or partnering arrangement for goods and services with a total cost of over £100,000 is 5 years.

C 11.2. Exemption from Financial Direction C 11.1 may be approved by the Chief Financial Officer or the Executive Director - Financial Governance, providing that it is in accordance with [FPN A.01: Obtaining Approval for Exemptions](#).

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](#).

C 11.4. Exemption from Financial Directions C 11.3 may be approved by the Head of Procurement, providing that it is in accordance with [FPN A.01: Obtaining Approval for Exemptions](#).

## C 12. Additional Requirements for the Procurement of Specific Categories of Goods & Services

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 within column 2 must also be adhered to:

<b>Table TC.2</b>	
<b>Expenditure Category</b>	<b>Financial Practice Note</b>
Consultants	<a href="#">FPN C.01 Determining Supplier Financial Relationships</a>
All capital projects, including all construction work, 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.)	<a href="#">FPN C.02: Capital Procedure Notes</a>
ICT Hardware & Software	<a href="#">FPN C.04: ICT Hardware &amp; Software Procurement</a>

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), providing that it is in accordance with [FPN A.01: Obtaining Approval for Exemptions](#).
- b) In all other cases exemption may be approved by either the Chief Financial Officer or the Executive Director - Financial Governance, providing that it is in accordance with [FPN A.01: Obtaining Approval for Exemptions](#).

## C 13. Acquisition of Assets

C 13.1. Where an asset is acquired (or created) then Budget Holders must ensure that Financial Direction D 3 is complied with.

## C 14. Statutory Payments

- 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.
- 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.

# Financial Direction D: Safeguarding and Optimising Assets

## Summary

[This Financial Direction](#) covers the management of assets held by Designated Bodies for the delivery or benefit of public services.

### FD D – Safeguarding & Optimising Assets

#### FD D 2 Banking Arrangements

All Government bank accounts must be operated in accordance with *FPN D. 01 Banking and Issuing Cheques*

#### FD D 3 Management of Assets & Inventory

Budget Holders must manage all assets and inventory in accordance with *FPN D.02 Managing Assets & Inventory*

#### FD D 4 Optimisation of Assets

If an assets disposal value is greater than their value when in use (i.e. it'd be worth more to the Designated Body to sell it than keep it) then it should be disposed of, or a business case made to keep it in accordance with *FD B.2 Budget Planning*

#### FD D 4 Optimisation of Assets

Disposal of Assets must be in accordance with *FD F Selling & Receiving Payments*

#### FD D 4 Optimisation of Assets

Competitive action principle in *FD C Buying & Making Payments* must apply when offering an opportunity to a third party to earn income

#### FD D 5 Insurance

Budget Holders must manage all potential insurable risks in accordance with *FPN D.03 Insurances*

#### FD D 6 Cash Management

Must be managed in accordance with *FPN D.04 Imprest Accounts & Petty Cash*

#### FD D 6 Cash Management

Must be managed in accordance with *FPN D.05 Cash Handling*

#### FD D 7 Investments & Borrowing

Must be in the name of Treasury or the relevant Statutory Board. Borrowing must be approved in advance by Treasury.

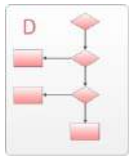
#### FD D 8 Charitable & Third Party Funds

Must be managed in accordance with *FPN D.06 Managing Third Party Funds*

## Financial Direction D: Safeguarding and Optimising Assets

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## Treasury Directs That:

### D 1. Objectives

- 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.

### D 2. Banking Arrangements

- 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.
- D 2.2. Accountable Officers must ensure that all bank accounts are monitored and reconciled in accordance with [FPN D.01 Banking & Issuing Cheques](#).
- D 2.3. Exemption from Financial Direction D 2.2 may be approved by the Chief Accountant, providing that it is in accordance with [FPN A.01: Obtaining Approval for Exemptions](#).

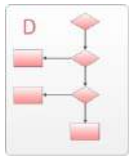
### D 3. Management of Assets & Inventory

- D 3.1. Budget Holders must ensure that all assets and inventory are managed in accordance with [FPN D.02 Managing Assets & Inventory](#).
- D 3.2. Exemption from Financial Direction D 3.1 may be approved by the Chief Accountant, providing that it is in accordance with [FPN A.01: Obtaining Approval for Exemptions](#).

### D 4. Optimisation of Assets

- D 4.1. Whenever an assets disposal value is greater than its value in use then it must be disposed of in accordance with F 4 Selling/Disposal of Assets, or it must be considered as a request for additional funding in accordance with B 2 Budget Planning.
- D 4.2. Exemption from Financial Direction D 4 may be approved by the Accountable Officer, providing that it is in accordance with [FPN A.01: Obtaining Approval for Exemptions](#).
- 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 must be applied as if it were a purchase of goods or services.





## **D 5. Insurances**

- 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 Executive Director - Financial Governance.
- D 5.2. Budget Holders must accurately maintain such schedules of vehicles and insured property as are required by the Executive Director - Financial Governance and these must be submitted on request to the Executive Director - Financial Governance.
- D 5.3. Budget Holders must notify the Executive Director - Financial Governance promptly of all disposals and acquisitions of property with an insurance replacement value of over £250,000.
- D 5.4. No designated body may enter into any insurance policy without the prior approval of the Executive Director - Financial Governance.
- 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](#).
- D 5.6. Exemption from Financial Direction D 5.5 may be approved by the Executive Director - Financial Governance, providing that it is in accordance with [FPN A.01: Obtaining Approval for Exemptions](#).

## **D 6. Cash Management**

- D 6.1. Imprest accounts are bank accounts which are operated by some designated bodies where payments are reimbursed from Government's General Charge Account to maintain a zero balance. All Imprest (cheque or petty cash) accounts held must be managed in accordance with [FPN D.04 Imprest Accounts & Petty Cash](#).
- D 6.2. Wherever cash is handled by officers the procedures in [FPN D.05 Cash Handling](#) must be followed.
- D 6.3. Exemption from Financial Directions D 6.1 and D 6.2 may be approved by the Chief Accountant, providing that it is in accordance with [FPN A.01: Obtaining Approval for Exemptions](#).

## **D 7. Investments & Borrowings**

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

## **D 8. Charitable & Third Party Funds**

- D 8.1. All 3rd Party funds must be managed and administered in accordance with [FPN D.06 Managing Third Party Funds](#).
- D 8.2. 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](#).

# Financial Direction E: Paying Staff

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## Summary

[This Financial Direction](#) covers the handling of all payments to employees of designated bodies.

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### FD E – Paying Staff

#### FD E 2 Payment of Salary & Wages

All payments of Salaries & Wages must be:  
Completed by Payroll Shared Services (other than for MUA and Post Office)

Under the Direction of the Executive Director of Human Resources

In accordance with *FPN E.01 Payroll Procedures*

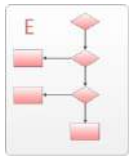
#### FD E 3 Travel & Subsistence

All Officers Travel & Subsistence claims must be made, approved and paid in accordance with  
*FPN E.02 Travel & Subsistence*

# Financial Direction E: Paying Staff

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## Treasury Directs That:

### E 1. Objectives

- E 1.1. All Budget Holders and Officers must ensure that:
- a) our employees are paid accurately and promptly for the work they do;
  - b) they are paid in line with their terms and conditions;
  - c) any additions or deductions made to pay are accurate and appropriately authorised;
  - d) any mistakes are promptly notified and appropriate corrective action is taken;
  - e) payroll information is kept confidential & secure.

### E 2. Payment of Salaries & Wages

- 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 the Office of Human Resources under the control of the Executive Director of Human Resources.
- E 2.2. All Government Payroll must be prepared in accordance with [FPN E.01 Payroll Procedures](#).
- E 2.3. Exemption from Financial Direction E 2.2 may be approved by the Executive Director of the Office of Human Resources, providing that it is in accordance with [FPN A.01: Obtaining Approval for Exemptions](#).

### E 3. Travel & Subsistence

- E 3.1. All Travel & Subsistence must be approved and paid in accordance with [FPN E.02 Travel & Subsistence](#).
- E 3.2. 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](#).

# Financial Direction F: Selling & Receiving Payments

## Summary

[This Financial Direction](#) covers the selling of any goods, services and assets by relevant bodies and receiving payments from 3<sup>rd</sup> parties.

### FD F – Selling and Receiving Payments

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

Must comply with any required legislation

#### FD F 3 Collection of Monies

The provision of credit and collection of debts must be in accordance with *FPN F.01 Providing Credit & Collecting Debts*

#### FD F 3 Collection of Monies

All monies collected must be managed in accordance with *FPN D.01 Banking & Issuing Cheques*

#### FD F 3 Collection of Monies

All monies collected must be managed in accordance with *FPN D.05 Cash Handling*

#### FD F 4 Disposal of Assets

**ICT Assets** must be disposed in accordance with *FPN F.02 Disposal of ICT Assets*

#### FD F 4 Disposal of Assets

**Land & Building Assets** must be disposed in accordance with *FPN F.03 Disposal of Land & Buildings*

#### FD F 4 Disposal of Assets

**General Assets** must be disposed in accordance with *FPN F.04 Disposal of General Assets*

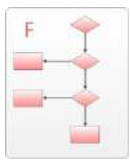
#### FD F 4 Disposal of Assets

**General Assets with a historical cost over £100k** must be disposed in accordance with *FPN C.08 Tendering*

# Financial Direction F: Selling & Receiving Payments

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## Treasury Directs That:

### F 1. Objectives

- F 1.1. All Budget Holders and Delegated Officers must ensure that :
- our charges for goods & services are clear and easy to understand;
  - we charge for goods & services in line with any statutory requirements;
  - we are fair and consistent in the application of our fees and charges;
  - our fees and charges are set at an appropriate level to ensure services can be appropriately sustained;
  - we only offer credit facilities where there are sound business reasons for doing so;
  - 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;
  - when we take receipts 'as a service' (e.g. taxation/financial penalties) they are in line with the relevant statutory requirements;
  - we ensure that all monies owed to government are collected appropriately;
  - we record transactions appropriately to meet our statutory requirements.

### F 2. Setting Charges for Goods & Services

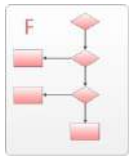
- F 2.1. Budget Holders must ensure that charges for all goods and services comply with any required legislation.

### 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](#).

### F 4. Selling/Disposal of Assets and Offering Opportunities to 3<sup>rd</sup> Parties

- 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).
- F 4.2. Prior to any disposal of assets Budget Holders must ensure that they have been valued and recorded in accordance with D 3.
- F 4.3. Following any sale or disposal of assets, all relevant records must be updated in accordance with F 1.



## ICT Assets

- F 4.4. All ICT assets must be disposed of in accordance with [FPN F.02 Disposal of ICT Assets](#).
- F 4.5. Exemption from Financial Direction F 4.4 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](#).

## 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 Executive Director - Financial Governance, providing that its valuation is less than £250,000 and it is in accordance with [FPN A.01: Obtaining Approval for Exemptions](#).

## General Assets with a historical cost below £100k

- 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](#).
- F 4.10. 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](#).

## General Assets with a historical cost over £100k

- 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](#).
- F 4.12. Exemption from Financial Direction F 4.11 may be approved:
- Where the amount is less than or equal to £150,000: by the Accountable Officer;
  - 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 Executive Director - Financial Governance;
  - Where the amount is over £250,000: by the Treasury;
- providing that it is in accordance with [FPN A.01: Obtaining Approval for Exemptions](#).
- 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.



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# FPN A.01 Obtaining Approval for Exemptions

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<i>Version Control</i>	
Date of Treasury Approval	<i>June 2023</i>
Issue Date	<i>June 2023</i>
Responsible Officer	Director of Audit Advisory
<i>Table of Amendments (to previous version)</i>	
<i>Ref.</i>	<i>Amendment</i>
	Clarification provided in footnote to account for transfer of responsibility from Audit & Advisory to Financial Governance
4.2	Clarification to allow rejection of exemption requests by those unauthorised to approve

## Summary

The Treasury Act 1985 states that one of Treasury’s primary aims is “to supervise and control all matters relating to the financial affairs of the Government”.

This Financial Practice Note (FPN) is issued by The Treasury in the furtherance of that aim.

It replaces all previously issued FPNs which have been issued with the prefix reference FPN A.01 which are hereby revoked.

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## 1. Financial Operating Policy Objectives & Associated Risks

This practice note has been developed to further the following core objectives outlined within Treasury’s [Financial Directions](#) and Financial Operating Policy:

- Empowerment with Accountability: To enable the core principle of ‘comply or explain’ i.e. where you have been empowered to decide not to comply with a requirement you need to document & explain what you’ve done and why.
- Propriety: To ensure that all financial decisions should be and be seen to be:
  - *Transparent* – clearly communicated, open to scrutiny and documented sufficiently to enable scrutiny.
  - *Accountable* – clearly taken by someone with appropriate delegated authority who, if required, has to account for their decisions to someone with appropriate powers to take sanctions against them.

In particular it has been developed to mitigate the following key risks arising from the delivery of those objectives:

- Failure to embed a positive compliance culture;
- Failure to challenge procedures when they are in conflict with core objectives and financial values.

This FPN outlines the requirements for all officers engaged within financial transactions.

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 Responsible Officer (detailed above) and/or other officers if nominated within the Financial Directions.

## **2. Responsibilities of All Officers**

### Use of Financial Waiver Form

- 2.1. Where an officer wishes to obtain an exemption (in whole or in part) from compliance with any Financial Direction or Financial Practice Note then they must use the electronic [Financial Waiver Form](#), which must be used and submitted electronically onto the central register maintained by Treasury<sup>2</sup>.
- 2.2. If there have been previous exemption requests that are relevant to the currently requested exemption, then the relevant Financial Waiver Form reference(s) must be included (or if prior to the use of Financial Waiver Forms then relevant documentation attached).
- 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.
- 2.4. All information included within the Financial Waiver Form must be clear, sufficient, accurate and relevant for the requested exemption.
- 2.5. Where additional information is requested to support an exemption approval, this must be submitted via the same form as used for the original exemption request.

### Submission for Required Approvals

- 2.6. In all cases, exemptions for approval must be submitted to the responsible Budget Holder in the first instance.
- 2.7. Financial commitments or transactions must not be made unless they are fully compliant with Financial Directions and Financial Practice Notes or in accordance with an authorised exemption via a Financial Waiver Form.

### Compliance with Exemption Conditions

- 2.8. Where any approval for exemption is authorised, all officers must either comply with all conditions made for that approval or revert in full to the original Financial Direction or Financial Practice Note requirements.

## **3. Responsibilities of Budget Holders<sup>3</sup>**

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

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<sup>2</sup> In the event that the electronic Financial Waiver Form or central register is not available advice should be sought from the Financial Governance Division of Treasury.

<sup>3</sup> Budget Holder: This must be the budget holder directly responsible for the relevant budget area or any other budget holder whose designated budget responsibility also incorporates the relevant 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.

#### **4. Responsibilities of Those Officers Approving Exemptions**

##### 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 Values & Objectives more than compliance with the requirements.

##### Rejection

4.2. If a person who is considering an exemption request is not satisfied that an exemption should be approved, they must:

- a) 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.

- b) 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<sup>2</sup>.

##### 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 or conditions 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.

3.4 A person approving an exemption must use the Financial Waiver Form and submit it electronically onto the central register maintained by Treasury<sup>4</sup>.

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In the event that the electronic Financial Waiver Form or central register is not available advice should be sought from the Financial Governance Division of Treasury.

# FPN A.02 Gifts and Rewards

<i>Version Control</i>	
Date of Treasury Approval	<i>June 2023</i>
Issue Date	<i>June 2023</i>
Responsible Officer	Accountable Officer
<i>Table of Amendments (to previous version)</i>	
<i>Ref.</i>	<i>Amendment</i>

## Summary

The Treasury Act 1985 states that one of Treasury’s primary aims is “to supervise and control all matters relating to the financial affairs of the Government”.

This Financial Practice Note (FPN) is issued by The Treasury in the furtherance of that aim.

It replaces all previously issued FPNs which have been issued with the prefix reference FPN A.02 which are hereby revoked.

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## 1. Financial Operating Policy Objectives & Associated Risks

This practice note has been developed to further the following core objectives outlined within Treasury’s [Financial Directions](#) and Financial Operating Policy to:

- Government’s core Financial Values, in particular in relation to regularity and propriety.

In particular it has been developed to mitigate the following key risks arising from the delivery of those objectives:

- non-compliance with the Bribery Act;
- improper facilitation payments;
- decisions being or being seen to be being inappropriately influenced.

The acceptance of gifts and hospitality is a sensitive area where actions can be easily 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, and if they are unavoidable they must be declared and appropriately managed.

## 2. Obtaining Exemptions from this Financial Practice Note

This FPN outlines the requirements for all Ministers, Members and Officers.

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 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](#).

### **3. Responsibilities of All Ministers, Members and Officers**

#### 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.
- 3.2. If refusal to accept a gift not falling within the above criteria may cause offence to the giver, or has been already inadvertently 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.
- 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.

#### 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.

#### Recording of Offers in an Official Register

- 3.5. The recipient of any offer of any gift, reward or 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.

#### Suspensions 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](#)<sup>5</sup> and also reported in accordance with [Financial Practice Note A.03 Financial Irregularities](#).

<sup>5</sup> [https://www.gov.im/lib/docs/hr/HR\\_Policies/antibriberypolicyfinal52016.pdf](https://www.gov.im/lib/docs/hr/HR_Policies/antibriberypolicyfinal52016.pdf)

## 4. Responsibilities of the Budget Holder

### Registers

- 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):
  - 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.
- 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.

**Appendix: Gift and Rewards Register template**

<b>Date of Offer</b>	<b>Offered to</b>	<b>Offered from</b>	<b>Description of Offer</b>	<b>Est./actual value of offer £</b>	<b>Details of contracts, commercial interests or potential conflicts of interests.</b>	<b>Action taken i.e. Accepted / Refused / Returned</b>	<b>Entered By</b>	<b>Entered Date</b>	<b>Name of Senior Officer notified of offer.</b>
24/02/2014	An Example	A Company	Lunch	Circa £25	None	Accepted	A Finance	24/02/2018	An Accountable Officer
9/12/2015	All Finance Officers	B Company	Round of Golf	Circa £25	None	Declined	A Officer	10/12/2018	A Finance Officer



# FPN A.03 Financial Irregularities

<i>Version Control</i>	
Date of Treasury Approval	<i>June 2023</i>
Issue Date	<i>June 2023</i>
Responsible Officer	Director of Audit Advisory
<i>Table of Amendments (to previous version)</i>	
<i>Ref.</i>	<i>Amendment</i>

## Summary

The Treasury Act 1985 states that one of Treasury’s primary aims is “to supervise and control all matters relating to the financial affairs of the Government”.

This Financial Practice Note (FPN) is issued by The Treasury in the furtherance of that aim.

It replaces all previously issued FPNs which have been issued with the prefix reference FPN A.03 which are hereby revoked.

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## 1. Financial Operating Policy Objectives & Associated Risks

This practice note has been developed to further the following core objectives outlined within Treasury’s [Financial Directions](#) and Financial Operating Policy to:

- Financial Irregularities

In particular it has been developed to mitigate the following key risks arising from the delivery of those objectives:

- Financial irregularities are not known
- Irregularities are not investigated
- Control weaknesses are not identified and improved
- Any potential disciplinary or criminal proceedings are jeopardised due to proper procedure not being followed;
- Fail to meet statutory obligations. E.g. Bribery Act 2013

## 2. Obtaining Exemptions from this Financial Practice Note

This FPN outlines the requirements for all Ministers, members and Officers.

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 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](#).

## 3. Additional Definitions Used within this Financial Practice Note

- 3.1. *Whistleblowing Officer* is any Officer appointed by the Accountable Officer under the Isle of Man Government Whistleblowing Policy

## 4. Responsibilities of All Officers

- 4.1. On becoming aware of any actual or suspected financial irregularity, an Officer:-
- a) must make a note of their concerns immediately, recording as many details as possible in relation to the actual/suspected irregularity e.g.
    - a) the nature of the suspected fraud or irregularity;
    - b) the names of those involved;
    - c) dates & times of any relevant incidents;
    - d) as much other detail available.
  - b) Must notify the Accountable Officer, Budget Holder, Designated Finance Officer (or alternatively the Whistleblowing Officer) immediately in writing using the S1 reporting form and include a copy of any other note and supporting information in relation to the irregularity. If the Financial Irregularity involves either the Accountable Officer, Budget Holder or the Designated Finance Officer or Whistleblowing Officer, then they should be omitted from the notification. If the Financial Irregularity involves the Accountable Officer then the Director of Audit Advisory must be notified.
  - c) Officers must not take any precipitate action unless the situation is such that no alternative exists. This includes:
    - a) contacting or interview the person(s) under suspicion to determine further facts or information;
    - b) discussing the case with anyone other than the Budget Holder, Accountable Officer, Designated Finance Officer, Whistleblowing Officer or a member of Audit Advisory Division (and providing they are not directly implicated in the irregularity).
    - c) removing or copying any documentation unless under the instruction of the Attorney General's Chambers, Police or Audit Advisory Division.
  - d) However, where it is evident that a crime has been committed with prima facie evidence present, e.g. straightforward theft, property damage, premises breaking etc., the police must be informed immediately and the scene of crime must not be compromised.

## 5. Responsibilities of the Accountable Officer

- 5.1. If the Accountable Officer believes that a criminal offence may have been committed with regard to public funds, not falling within 4.1d) above, or that there may be a possible future civil action for the recovery of any loss, then they must seek the early advice of the Attorney General before involving the police in any investigation.

5.2. The Accountable Officer must ensure all financial irregularities involving public monies are pursued to the full, without exception, in accordance with the law (see also Civil Service Regulations).

## **6. Responsibilities of the Designated Finance Officer**

6.1. The Designated Finance Officer must:

- a) act as a 'single point of contact' for the Department in respect of all matters relating to fraud;
- b) maintain a good level of fraud awareness across the organisation;
- c) ensure that they are informed/made aware of all incidents where fraud is suspected or detected.
- d) notify the Director of Audit Advisory of any Financial Irregularities.

## **7. Further Guidance**

7.1. Further guidance on Anti-Fraud and Whistleblowing is available on the [Isle of Man Government Anti-Fraud Intranet site](#).

# FPN A.04 Delegating Financial Authority

<i>Version Control</i>	
Date of Treasury Approval	<i>June 2023</i>
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Responsible Officer	Executive Director - Financial Governance
<i>Table of Amendments (to previous version)</i>	
<i>Ref.</i>	<i>Amendment</i>
6.2	Removal of option to use alternative form of delegation to that prescribed within financial regulations

## Summary

The Treasury Act 1985 states that one of Treasury’s primary aims is “to supervise and control all matters relating to the financial affairs of the Government”.

This Financial Practice Note (FPN) is issued by The Treasury in the furtherance of that aim.

It replaces all previously issued FPNs which have been issued with the prefix reference FPN A.04 which are hereby revoked.

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## 1. Financial Operating Policy Objectives & Associated Risks

This practice note has been developed to further the following core objectives outlined within Treasury’s [Financial Directions](#) and Financial Operating Policy to:

- Be, and be seen to be, doing things right.

In particular it has been developed to mitigate the following key risks arising from the delivery of those objectives:

- decisions are not made in accord with Treasury’s Financial Values (please see *Financial Direction A: Financial Values & Governance*);
- accountability – financial decisions are not made by someone with appropriate delegated authority who, if required, has to account for their decisions.

## 2. Obtaining Exemptions from this Financial Practice Note

This FPN outlines the financial delegation requirements for all officers engaged with financial transactions.

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 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](#).

## 3. Responsibilities of Delegated Officers

Delegated Officers must:

- 3.1. Provide the Designated Finance Officer or the Officer making the delegation of financial authority, with a copy of their legal signature and, if requested, any additional documents to satisfy any due diligence requirements to verify that signature.
- 3.2. Use their legal signature when authorising any financial transactions on behalf of their Designated Body.

## 4. Responsibilities of Budget Holders

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.

## 5. Responsibilities of the Designated Finance Officer

The Designated Finance Officer must:

- 5.1. maintain an up to date register of delegated financial authorities within their Designated Bodies;
- 5.2. obtain copies of specimen signatures in respect of Delegated Officers who may be required to provide a "wet" signature on documents and undertake appropriate due diligence procedures if/as required.

## **6. Responsibilities of the Accountable Officer**

The Accountable Officer must:

- 6.1. as Department Budget Holder, determine any overall scheme of financial delegation for the Designated Body;
- 6.2. use the form of Financial Delegation at Appendix 1 and Appendix 3, amended if/as appropriate, for delegations made personally by the Accountable Officer.
- 6.3. ensure that an appropriate culture of accountability exists within the Designated Body.

# APPENDIX 1: Template for Financial Delegations: Delegations by the Accountable Officer

[On the official letterhead for the Designated Body]

**[Name of Designated Body]**

## **Delegation of Financial Authority**

*In exercise of the authorities delegated to me by the Minister/Board<sup>6</sup> in accordance with Section 3(2) of the Government Departments Act 1987/Schedule 2 of the Statutory Boards Act 1987<sup>6</sup>] and the requirements of the Financial Regulations issued by Treasury, I hereby authorise the persons named in Schedules 1 – xx hereto to exercise the functions of the [Department<sup>6</sup>] specified in the said schedules, subject to any conditions set out therein.*

*Any previous delegation of Financial Authority is hereby revoked.*

*Signed: .....*

*Chief Officer/Accountable Officer*

*Date:.....*

---

<sup>6</sup> Delete or replace as appropriate to the constitution of the Designated Body.

## **APPENDIX 2: Template for Financial Delegations: Delegations by a Budget Holder**

[On the official letterhead for the Designated Body]

**[Name of Designated Body]**

### **Delegation of Financial Authority**

*In exercise of the authorities delegated to me and in accordance with the requirements of the Financial Regulations issued by Treasury, I hereby authorise the persons named in Schedules 1 – [xx] hereto to exercise the functions of the [Department]<sup>7</sup> specified in the said schedules, subject to any conditions set out therein.*

*Any previous delegation of Financial Authority is hereby revoked.*

*Signed:* .....

*[Job Title]*

*Date:*.....

---

<sup>7</sup> Delete or replace as appropriate to the constitution of the Designated Body.



# APPENDIX 3: Template Financial Authority Schedules

## Schedule 1: Appointment of a Budget Holder

### Schedule [X]

#### Delegation to [Job Title]

To facilitate the day to day operations of the designated Budget Area, in accordance with the approved annual budgets of the [Designated Body] and subject to the Financial Regulations issued by the Treasury:

#### [Officer Full Name]

is appointed as **Budget Holder** for the following cost centre codes<sup>8</sup> (the designated **Budget Area**):

Designated Budget Area		
From	To	Comments

and is a **Delegated Officer** authorised to undertake the financial functions within their designated **Budget Area** as outlined in column 1 of the table below, subject to the limitations in column 2. All amounts are exclusive of VAT (where applicable).

In undertaking these functions they must make all reasonable endeavours to comply with all Financial Directions, Financial Practice Notes and Regulations as issued by the Treasury from time to time under Section 3 of the Treasury Act 1985.

They are also permitted to further delegate their financial authorities subject to the limits/conditions detailed within column 3 (column 4 indicates whether the Officer is required to also be a Budget Holder to exercise the authority and hence it cannot be further delegated to any Officer who is not also a Budget Holder):

1 - Function	2 - Limits of Authority	3 - Further Delegations	4 - Budget Holder?
<b>Financial Direction A: Financial Values &amp; Governance</b>			
The authority to appoint additional Budget Holders	[is/is not <sup>9</sup> permitted within their Budget Area]	[is/is not <sup>9</sup> permitted to further delegate this authority]	✓
The authority to approve Budget Holder exemptions (where permitted by the Financial Regulations)	[is/is not <sup>9</sup> permitted for their Budget Area]	[is/is not <sup>9</sup> permitted to further delegate this authority]	✓
<b>Financial Direction B: Managing Resources</b>			
Approval of Business Cases	[Up to £]	[is/is not <sup>9</sup> permitted to further delegate this authority]	✓

<sup>8</sup> If appropriate, cost centre code numbers can be replaced with cost centre names.

<sup>9</sup> Delete as appropriate.

1 - Function	2 - Limits of Authority	3 - Further Delegations	4 - Budget Holder?
<b>Financial Direction C: Buying &amp; Making Payments</b>			
Issuing orders/ approving payment commitments	[Up to £]	Revenue: [Up to £] *Capital: [Up to £]	
Authorising Invoices - in relation to orders/commitments made within the Budget Area	[Up to £ (where the Delegated Officer has not authorised the order)]	Revenue: [Up to £] *Capital: [Up to £]	
Authorising Invoices/Payments – in relation to orders/commitments authorised external to the Budget Area	[Up to £]	Revenue: [Up to £] *Capital: [Up to £]	
Purchase Card Transaction Limit	[Up to £]		
Purchase Card Monthly Limit	[Up to £]		
<b>Financial Direction D: Safeguarding &amp; Optimising Assets</b>			
Approval of the Write-Off of assets, inventory or stock	[Up to £]	[Up to £]	✓
Authorisation of Imprest/Petty Cash Payments	[Up to £]	[Up to £]	
<b>Financial Direction E: Paying Staff</b>			
Approval of Off-Island Travel requests	Within the British Isles [Up to £]	[is/is not <sup>9</sup> permitted to further delegate this authority] [Up to £]	
Approval of overtime & enhanced payments	[Up to £]	[Up to £]	
Approval of mileage, travel & subsistence claims	[Up to £]	[Up to £]	
<b>Financial Direction F: Selling &amp; Receiving Payments</b>			
Approval of Credit Facilities to 3 <sup>rd</sup> Parties	[Up to £]	[Up to £]	
Approval to write-off individual debts	[Up to £]	[Up to £]	
<b>Other Financial Delegations</b>			

**\*All capital schemes under the named Designated Budget Area unless specified in the Capital Approval Comments overleaf.**

### Capital Approval Comments

Please use this space to indicate if capital limits of authority are restricted to specific schemes/increased limits for specific schemes, etc.

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*In undertaking these functions they must make all reasonable endeavours to comply with all Financial Directions, Financial Practice Notes and Regulations as issued by the Treasury from time to time under Section 3 of the Treasury Act 1985.*

Delegated Officer: (please print)	Line Manager (if not the authorising Budget Holder): (please print)
Signature:	Signature:
Date:	Date:

Authorising Budget Holder: (please print)
Signature:
Date:

## Schedule 2: Appointment of a Delegated Officer (who is not a Budget Holder)

Schedule [X]

Delegation to [Job Title]

To facilitate the day to day operations of the designated Budget Area, in accordance with the approved annual budgets of the [Designated Body] and subject to the Financial Regulations issued by the Treasury:

[Officer Full Name]

is appointed as a **Delegated Officer** for the following cost centre codes<sup>10</sup> (the designated **Budget Area**):

Designated Budget Area		
From	To	Comments

and is authorised to undertake the financial functions within their designated **Budget Area** as outlined in column 1 of the table below, subject to the limitations in column 2:

1 - Function	2 - Limits of Authority
Financial Direction C: Buying & Making Payments	
Issuing orders/ approving payment commitments	Revenue: [Up to £] *Capital: [Up to £]
Authorising Invoices - in relation to orders/commitments made within the Budget Area	Revenue: [Up to £] *Capital: [Up to £] (where the Delegated Officer has not authorised the order)]
Authorising Invoices/Payments – in relation to orders/commitments authorised external to the Budget Area	Revenue: [Up to £] *Capital: [Up to £]
Purchase Card Transaction Limit	[Up to £]
Purchase Card Monthly Limit	[Up to £]
Financial Direction D: Safeguarding & Optimising Assets	
Authorisation of Imprest/ Petty Cash Payments	[Up to £]
Financial Direction E: Paying Staff	
Approval of overtime & enhanced payments	[Up to £]
Approval of mileage, travel & subsistence claims	[Up to £]
Financial Direction F: Selling & Receiving Payments	
Approval of Credit Facilities to 3 <sup>rd</sup> Parties	[Up to £]
Approval to write-off individual debts	[Up to £]
Other Financial Delegations	

**\*All capital schemes under the named Designated Budget Area unless specified in the Capital Approval Comments overleaf.**

<sup>10</sup> If appropriate, cost centre code numbers can be replaced with cost centre names.

### Capital Approval Comments

Please use this space to indicate if capital limits of authority are restricted to specific schemes/increased limits for specific schemes, etc.

--

*In undertaking these functions they must make all reasonable endeavours to comply with all Financial Directions, Financial Practice Notes and Regulations as issued by the Treasury from time to time under Section 3 of the Treasury Act 1985.*

Delegated Officer: (please print)	Line Manager (if not the authorising Budget Holder): (please print)
Signature:	Signature:
Date:	Date:

Authorising Budget Holder: (please print)
Signature:
Date:

# FPN A.05 Financial Training

<i>Version Control</i>	
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Responsible Officer	Executive Director - Financial Governance
<i>Table of Amendments (to previous version)</i>	
<i>Ref.</i>	<i>Amendment</i>
Table 1	Foundation Course to be conducted every 3 years
	Budget Holders to undertake Tendering training

## Summary

The Treasury Act 1985 states that one of Treasury’s primary aims is “to supervise and control all matters relating to the financial affairs of the Government”.

This Financial Practice Note (FPN) is issued by The Treasury in the furtherance of that aim.

It replaces all previously issued FPNs which have been issued with the prefix reference FPN A05.0 which are hereby revoked.

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## 1. Financial Operating Policy Objectives & Associated Risks

This practice note has been developed to further the following core objectives outlined within Treasury’s [Financial Directions](#) and Financial Operating Policy to:

- Financial Training for all officers across Government

In particular it has been developed to mitigate the following key risks arising from the delivery of those objectives:

- Lack of understanding of Governments key financial objectives and of financial governance best practice;
- Undermining of financial compliance through lack of knowledge of mandatory requirements.

## 2. Obtaining Approval for Exemptions from this Financial Practice Note

This FPN outlines the requirements for all officers.

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 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](#).

### 3. Responsibilities of All Officers

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

<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 then every 3 years.</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 3 years.</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 then every 3 years.</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;</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.</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>Tendering;</i></li> <li>• <i>General Government Procurement.</i></li> </ul> <p>To be completed within 3 months of appointment and then every 3 years.</p>

<b>Table 1 (contd.) Mandatory Financial Training Requirements</b>	
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 (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	<i>Tendering</i> <i>(To be completed prior to undertaking any tender responsibilities.)</i>
Capital Projects	<i>Managing Capital Projects</i>
Agreement of Credit Terms and authorisation of write-offs	<i>Sales, Receipts and Managing Debt</i>
<b>Officers involved in handling receipt of monies</b>	
General receipt of monies	<i>Sales, Receipts and Managing Debt</i>

#### **4. Responsibilities of the Budget Holder**

- 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.

#### **5. Responsibilities of the Designated Finance Officer**

- 5.1. Designated Finance Officers must review training compliance across their designated body and issue a compliance report to their Accountable Officer in January each year.



# FPN B.01 Budget Planning

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<i>Version Control</i>	
Date of Treasury Approval	<i>June 2023</i>
Issue Date	<i>June 2023</i>
Responsible Officer	<ul style="list-style-type: none"> <li>• All parts except for the responsibilities of the Accountable Officer: the Accountable Officer;</li> <li>• The Responsibilities of the Accountable Officer: the Executive Director - Financial Governance</li> </ul>
<i>Table of Amendments (to previous version)</i>	
<i>Ref.</i>	<i>Amendment</i>

## Summary

The Treasury Act 1985 states that one of Treasury’s primary aims is “to supervise and control all matters relating to the financial affairs of the Government”.

This Financial Practice Note (FPN) is issued by The Treasury in the furtherance of that aim.

It replaces all previously issued FPNs which have been issued with the prefix reference FPN B.01 which are hereby revoked.

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## 1. Financial Operating Policy Objectives & Associated Risks

This practice note has been developed to further the following core objectives outlined within Treasury’s [Financial Directions](#) and Financial Operating Policy to:

- 1.1. Managing Resources.
- 1.2. It has been developed with the objective to manage the risks associated with ensuring that:
  - the required financial resourcing is in place to support the delivery of services;
  - that resources are allocated so as to maximise the value from those services;
  - that budgets are appropriately monitored and managed to ensure that targets are met and commitments are not made without sufficient resources to meet them.

## **2. Obtaining Exemptions from this Financial Practice Note**

This FPN outlines the requirements for all officers engaged within financial transactions.

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 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*.

## **3. Responsibilities of the Budget Holder**

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

## **4. Responsibilities of the Designated Finance Officer**

- 4.1. The Designated Finance Officer must issue appropriate instructions and procedures to Budget Holders to support and enable the Designated Body to meet its obligations in accordance with the Budget Instructions issued by the Executive Director - Financial Governance.

## **5. Responsibilities of the Accountable Officer**

The Accountable Officer must:

- 5.1. approve the budget submission on behalf of the Designated Body and ensure that it is submitted in accordance with the Budget Instructions issued by the Executive Director - Financial Governance;
- 5.2. ensure that final budgets are submitted for uploading into the Government's financial system in accordance with instructions issued by the Chief Accountant.

# FPN B.02 Budget Management

<i>Version Control</i>	
Date of Treasury Approval	<i>June 2023</i>
Issue Date	<i>June 2023</i>
Responsible Officer	<ul style="list-style-type: none"> <li>The Accountable Officer - Where overall net expenditure of the Designated Body remains within Tynwald approved budgets and not including Accountable Officer’s own responsibilities</li> <li>Executive Director - Financial Governance or Chief Financial Officer; - Other instances where overall net expenditure remains within Tynwald approved budgets:</li> <li>The Treasury Where overall net expenditure of the Designated Body exceeds the Tynwald approved budget:.</li> </ul>
<i>Table of Amendments (to previous version)</i>	
<i>Ref.</i>	<i>Amendment</i>

## Summary

The Treasury Act 1985 states that one of Treasury’s primary aims is “to supervise and control all matters relating to the financial affairs of the Government”.

This Financial Practice Note (FPN) is issued by The Treasury in the furtherance of that aim.

It replaces all previously issued FPNs which have been issued with the prefix reference FPN B.02 which are hereby revoked.

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## 1. Financial Operating Policy Objectives & Associated Risks

This practice note has been developed to further the following core objectives outlined within Treasury’s [Financial Directions](#) and Financial Operating Policy to:

- Manage Financial Resources

In particular it has been developed to mitigate the following key risks arising from the delivery of those objectives:

- decisions are not made in accord with Treasury’s Financial Values (please see *Financial Direction A: Financial Values & Governance*);
- financial resources are not in place to support the delivery of services;

- resources are not allocated so as to maximise the value from those services;
- that budgets are not appropriately monitored and managed to ensure that targets are met;
- commitments are made without sufficient resources to meet them.

## **2. Obtaining Exemptions from this Financial Practice Note**

This FPN outlines the requirements for all officers engaged with financial transactions.

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 in accordance with Financial Direction B3 and provided it is made in accordance with *FPN A.01: Obtaining Approval for Exemptions*.

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## **3. Responsibilities of Budget Holders**

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;

## **4. Responsibilities of the Designated Finance Officer**

The Designated Finance Officer must:

- 4.1. review and submit monthly reports of the Department's financial forecasted performance compared to budget, for approval, to their Accountable Officer. This should be based on consultation with the relevant budget holders and include an explanation of any forecast variances;
- 4.2. submit financial performance information and analysis to the Chief Accountant or Executive Director - Financial Governance, at such time and in such form as requested;
- 4.3. report to the Executive Director – Financial Governance should they believe that the Department will exceed their net expenditure target for the year (not applicable to non-revenue funded Statutory Boards/Companies);
- 4.4. inform the Executive Director – Financial Governance if the Designated Body exceeds its gross income and expenditure targets but remain within their net

expenditure vote (not applicable to non-revenue funded Statutory Boards/Companies);

- 4.5. Notify the Executive Director - Financial Governance should the Department receive any windfall income of over £500,000 (e.g. revenue income that they were not expecting to receive perhaps from a donation); (not applicable to non-revenue funded Statutory Boards/Companies);
- 4.6. ensure appropriate monitoring and management of Capital expenditure. This includes submitted requests for annual capital supplementary votes to Tynwald and addressing bids to the Capital Contingency Fund where required.

## **5. Responsibilities of the Accountable Officer**

Note, the following are not applicable to non-revenue funded Statutory Boards/Companies:

- 5.1. It is the responsibility of the Accountable Officer to ensure that the Net Expenditure Vote approved for their Designated Body by Tynwald is not exceeded.
- 5.2. 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;

This does not apply to excess expenditure proposed to be incurred as a consequence of decisions or awards of recognised negotiating bodies or arbitration tribunals concerning wages or salaries which Tynwald has authorised the Treasury to approve;

- 5.3. should it become apparent that the Designated Body will exceed their vote, the Accountable Officer must inform the Treasury at the earliest possible opportunity explaining the reason for the overspend/under achievement of income and what actions have been implemented to mitigate it. If approved by Treasury, the Designated Body must prepare and submit a motion for a Supplementary Vote, to Tynwald for approval.

# FPN B.03 Business Cases

<i>Version Control</i>	
Date of Treasury Approval	<i>June 2023</i>
Issue Date	<i>June 2023</i>
Responsible Officer	<p><u>Total Project Costs (one-off costs + ongoing costs over the life of the project):</u></p> <ul style="list-style-type: none"> <li>• is less than £10,000 and costs can be met from within their existing revenue budgets - by the Budget Holder;</li> <li>• Up to and including £150,000 (and costs can be met from within existing revenue budgets): Accountable Officer;</li> <li>• Up to and including £150,000 (where costs cannot be met from within existing revenue budgets), or over £150,000: Accountable Officer and the Executive Director - Financial Governance/Chief Financial Officer;</li> </ul>
<i>Table of Amendments (to previous version)</i>	
<i>Ref.</i>	<i>Amendment</i>

## Summary

The Treasury Act 1985 states that one of Treasury’s primary aims is “to supervise and control all matters relating to the financial affairs of the Government”.

This Financial Practice Note (FPN) is issued by The Treasury in the furtherance of that aim.

It replaces all previously issued FPNs which have been issued with the prefix reference FPN B.03 which are hereby revoked.

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## 1. Financial Operating Policy Objectives & Associated Risks

This practice note has been developed to further the following core objectives outlined within Treasury’s [Financial Directions](#) and Financial Operating Policy to:

### Business Cases.

It has been developed with the objective to:

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

## **2. Obtaining Exemptions from this Financial Practice Note**

This FPN outlines the requirements for all officers engaged within financial transactions.

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 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*.

## **3. Responsibilities of the Budget Holder**

- 1.1. 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/initiative) is expected to be:

- a) £150,000 or less, then either in accordance with:
  - *Appendix 1: Short Form Business Case Template*, or
  - *Appendix 2: Full Business Case Template*;
- b) over £150,000, then in accordance with *Appendix 2: Full Business Case Template*;

- 1.2. Completed Business Cases must be submitted to the Designated Finance Officer.

## **4. Responsibilities of the Designated Finance Officer**

- 1.3. All completed Business Cases must be reviewed (and evidenced as such) by the Designated Finance Officer prior to being submitted to the Accountable Officer for approval.

## **5. Responsibilities of the Accountable Officer**

The Accountable Officer must:

- 1.4. approve all Business Cases before submission to the Designated Body for final approval;
- 1.5. ensure that all approved Business Cases that are unable to be funded from the Designated Body's existing resources are submitted to Treasury in accordance with the annual Budget Instructions issued by the Treasury (see FPN B.01 Budget Planning).

**APPENDIX 1: SHORT FORM BUSINESS CASE TEMPLATE**



**Isle of Man**  
Government  
*Reiltsys Ellan Vannin*

**DEPARTMENT:** \_\_\_\_\_

**BUSINESS CASE FOR:** \_\_\_\_\_

<b>Service Area</b>	
<b>Date</b>	
<b>Monies Requested</b>  One-off Project Costs: Ongoing Revenue Costs:	
<b>Funding Source</b> <b>(Capital/Revenue/Fund)</b>	

<b>Author:</b>	
<b>Owner:</b>	

**Contents**      This Business Case contains the following topics:

<b>Topic</b>	<b>See Page</b>
Background	
Options	
Funding Mechanism	
Benefits expected	
Risks	
Impact on the Environment	
Equality Act implications assessment	
Data Protection Impact Assessment	
Costs and personnel implications	
Impact on Stakeholders and any consultation	
Cross-Departmental implications	
Timescales	



Investment appraisal (If relevant)	
Detailed breakdown and analysis of costs	
Plan for review	
Recommendations	

<b>Background</b>	
<b>Options and implications</b>	
<b>Funding Mechanism</b> <i>*including how this proposal meets its Terms of Reference</i>	Capital Revenue Other Fund *
<b>Benefits expected (if identifiable and tangible)</b>	
<b>Risks</b>	
<b>Impact on the environment (including climate change implications) and planned mitigation</b>	
<b>Are there Equality Act implications?</b>	Yes/No [If the answer is Yes then please include a copy of the screening/impact assessment with the business case, if the answer is No then provide a brief rationale for the decision.]
<b>Is a Data Protection Impact Assessment Required?</b>	Yes/No [If the answer is Yes then please include a copy with the business case, if the answer is No then provide a brief rationale for the decision.]
<b>Impact on Stakeholders and any consultation</b>	
<b>Inter-departmental or Cross Departmental implications</b>	

<b>Timescales</b>	
<b>Investment appraisal – expected payback period</b>	
<b>Costs (including analysis between on-going and one-off costs and costs related to environmental considerations) and Personnel implications</b>	
<b>How will success be measured? (include plan for review)</b>	
<b>Recommendation</b>	

## APPROVALS

### DESIGNATED FINANCE OFFICER (for all business cases):

Name:	
Title:	
Comments:	
Date:	
Signature:	

### ACCOUNTABLE OFFICER (for all business cases):

Name:	
Title:	
Comments:	
Date:	
Signature:	

**APPENDIX 2: FULL BUSINESS CASE TEMPLATE**



**Isle of Man  
Government**

*Reiltys Ellan Vannin*

**Business Case for [INSERT] .....**

<b>Monies Requested</b>	
One-Off Project Costs	<b>£XXXXXXXX</b>
Ongoing Revenue Costs	<b>£XXXXXXXX</b>
<b>Source of Funding (Capital/Revenue/Funds)</b>	<b>Capital: £XXX Revenue: £XXX Other: £XXX</b>

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## 1 This Document

**DEPARTMENT:** \_\_\_\_\_

**BUSINESS CASE FOR:** \_\_\_\_\_

<b>Service Area</b>	
<b>Date</b>	

<b>Author:</b>	
<b>Owner:</b>	

This document describes the Business Case for the *[INSERT MAIN THRUST OF THE SCHEME]*.

It has the following sections:

- Section 2 describes the specific initiatives
- Section 3 provides a summary of the benefits
- Section 4 details the business case
- Section 5 presents the costs
- Section 6 presents the savings
- Section 7 presents the approvals

## 2 Specific Initiatives

### Set the strategic context – reference to the Programme for Government

The Business Case for the ..... has the following objectives:

Identify the purpose of the request and specific problems to be addressed

“Statement of need”

Insert desired outcomes

Any cross-Departmental impacts

### 3 Summary of the Range of Benefits

In the following table, the headings have these meanings:

Tangible Benefits	<b>Red</b> Benefits	Hard £ Benefits	(these broadly equate to 'Cheaper')
	<b>Orange</b> Benefits	Productivity Improvements	(includes 'Faster')
Expected Intangible Benefits	<b>Green</b> Benefits	Qualitative Factors	(these broadly equate to 'Better')

### Specific Benefits

<b>Initiatives</b>	<b>Red Benefits</b>	<b>Orange Benefits</b>	<b>Green Benefits</b>
<b>Achievement 1</b>			
<b>Achievement 2</b>			
<b>Etc.</b>			



## 4 Detailed Business Case

Legal Framework

Stakeholders and any Consultation

Options Appraisal

*[Identify the various Options available e.g. including the Do Nothing Option and appraise the Options]*

Option 1 – [INSERT and appraise]

Option 2 – [INSERT and appraise]

etc.

Recommended Option – [INSERT]

### Management/delivery of the Project including risks associated with this

Consideration of external/environmental impacts and sustainability of the project  
(including climate change mitigation)

Assessment of requirements of the Equality Act.

Document the decision as to whether a Data Protection Impact Assessment is required. If so then include a copy with the business case, if not then provide a brief rationale for the decision.

Key risks and dependencies - indicate magnitude of risk: harm c.f. likelihood

### Cost of the Project: Capital/Revenue

*(Remember to consult with DOI re ongoing revenue maintenance implications (centrally maintained property, plant and vehicles) and include a note in the business case and approval if relevant).*

### Funding the Project

### Programme/Timescales

## **Summary - linked to Programme for Government and Departmental Objectives**

### **Tangible Benefits**

Successful delivery of the stated initiatives will provide tangible benefits in the following areas:

### **Expected Intangible Benefits**

Successful delivery of the stated initiatives will provide intangible benefits in the following areas:

## 5 Projected Costs

<b>Scheme Name</b>	<b>One-off Total Cost</b>	<b>Bid Yr 1 20XX-XX</b>	<b>Bid Yr 2 20XX-XX</b>	<b>Bid Yr 3 20XX-XX</b>	<b>Long Term Adjustment to base</b>
<i>Insert element 1</i>					
<i>Insert element 2</i>					
<i>Specific costs identified to minimise environmental impacts</i>					
<b>Total Department Bids</b>					

*Describe nature of spend for each year – programme and cash flow*

2017-18 £ - narrative

2018-19 £ - narrative

2019-20 £ - narrative

Ongoing revenue implications:

Ongoing personnel implications:

## 6 Projected Savings

The Business Case has identified a number of potential savings as follows:

### Annual Savings and Operational Recovery Costs Identified in the Business Case

#### Annual Savings Table

Section Reference	Description	£
		<b>TOTAL £</b>

#### Annual Operational Costs Recovered

Section Reference	Description	£
		<b>TOTAL £</b>

## 7 Approvals

### DESIGNATED FINANCE OFFICER (for all business cases):

Name:	
Title:	
Comments:	
Date:	
Signature:	

### ACCOUNTABLE OFFICER (for all business cases):

Name:	
Title:	
Comments:	
Date:	
Signature:	

# FPN B.04 Internal Funds

<i>Version Control</i>	
Date of Treasury Approval	<i>June 2023</i>
Issue Date	<i>June 2023</i>
Responsible Officer	The Treasury
<i>Table of Amendments (to previous version)</i>	
<i>Ref.</i>	<i>Amendment</i>
3.2	All business cases must be submitted in accordance with FPN B.03 Business Cases
3.3	Designated Body responsible for seeking Council of Ministers approval
Appendices	All Terms of Reference revised, internal funds updated and removed where appropriate

## Summary

The Treasury Act 1985 states that one of Treasury’s primary aims is “to supervise and control all matters relating to the financial affairs of the Government”.

This Financial Practice Note (FPN) is issued by The Treasury in the furtherance of that aim.

It replaces all previously issued FPNs which have been issued with the prefix reference FPN B.04 which are hereby revoked.

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## 1. Financial Operating Policy Objectives & Associated Risks

This practice note has been developed to further the following core objectives outlined within Treasury’s Financial Directions and Financial Operating Policy to:

Managing Resources.

- It has been developed with the objective to manage the risks associated with ensuring that:
  - the required financial resourcing is in place to support the delivery of services;
  - that resources are allocated so as to maximise the value from those services;
  - that budgets are appropriately monitored and managed to ensure that targets are met and commitments are not made without sufficient resources to meet them.

## 2. Obtaining Exemptions from this Financial Practice Note

This FPN outlines the requirements for all officers engaged within financial transactions.

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 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*.

### 3. Applicability

- 3.1. This Financial Practice Note applies to the Internal Funds listed in the Table below. The required Terms of Reference for each fund is included in the Appendix.
- 3.2. All business cases submitted must be in accordance with FPN B.03 Business Cases.
- 3.3. The Designated Body is responsible for either notifying or seeking approval from the Council of Ministers where applicable.

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#### **4. Responsibilities of the Delegated Officer**

- 4.1. Delegated Officers must ensure that all payments, transfers or other transactions in relation to the Internal Funds are undertaken in accordance with, and have obtained the approvals required in, the required Terms of Reference included in the Appendix.

#### **5. Responsibilities of the Budget Holder**

- 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, and have been approved by both the Designated Finance Officer and Accountable Officer.



## 6. APPENDIX: Funds Terms of Reference

<p><b>ACADEMIC BUSINESS PLANNING FUND (ABPF)</b></p> <p><b>Terms of Reference</b></p>
<p><b>OVERVIEW</b></p>
<ol style="list-style-type: none"> <li>1. The purpose of the fund is to help the Department of Education, Sport and Culture in meeting budgetary pressures arising from the timing differences between the academic year and the financial year. The fund is to be used for one off specific projects that do not require continuous/permanent funding.</li> <li>2. The Department of Education, Sport and Culture may seek Treasury’s agreement to allocate up to £1,000,000 of any year end underspend against its revenue budget in order to be utilised for specific planned business purposes within the first six months of the new financial year. In this way, additional budgetary flexibility can be provided to provide some overlap between the closure of the financial year and the start of the new academic year.</li> <li>3. The Fund is not intended as a means for the Department to avoid compliance with year - end cut off accounting standards or to retain access to general and unallocated underspent revenue funds.</li> <li>4. The Academic Business Planning Fund was established by Tynwald with effect from 31 March 2017.</li> </ol>
<p><b>GOVERNANCE</b></p>
<ol style="list-style-type: none"> <li>5. The Department will be required before the commencement of the new financial year to submit a request to Treasury outlining the amount of unused budget to be transferred into the Fund, and the specific intended purpose or purposes that those funds would be utilised in the first six months of the new financial year.</li> <li>6. All bids will require a business case that has been completed in line with FPN B.03 Business Cases. All bids should have signed approval from relevant Designated Finance Officer, Accountable Officer and Minister (Minister approval requirement subject to a de-minimus level of £100,000). Year-end transfer requests up to £50,000 are subject to sign off by the Chief Financial Officer or Executive Director - Financial Governance. Treasury must be informed of all approvals.</li> <li>7. Transfer requests above £50,000 and up to £100,000 require sign off by both the Executive Director - Financial Governance and Chief Financial Officer. In the event that agreement is not reached, or if the application is either politically sensitive or contentious, then the application requires approval by the Treasury. Treasury must be informed of all approvals.</li> <li>8. Transfer requests above £100,000 and up to £250,000 are considered and approved by the Treasury.</li> <li>9. Transfer requests above £250,000 and up to £500,000 are considered and approved by the Treasury with the Council of Ministers then informed of the decision.</li> </ol>

10. Any Treasury approved transfer requests above £500,000 also require the approval of the Council of Ministers.
11. The Department cannot request transfers into the Fund at year end that exceed a total of £1,000,000.
12. Any funds remaining after completion of the month end close and reconciliation of accounts for 30 September in any financial year that are not matched by items of expenditure incurred by the Department by 14 October, in line with the intentions as indicated in the original allocation request, will be subject to Treasury reallocation out of this Fund. If required, the Department may seek prior Treasury approval for an extension to this deadline.

**ABPF - ELIGIBILITY CRITERIA**

13. All eligible transfers into this Fund must be for the purpose of expending monies against specific items or activities that support the overall objectives of the Department of Education, Sport and Culture.
14. Planned expenditure items requested for drawdown should not include VAT, inter-departmental or contingency costs.
15. Departmental transfers into the Fund will only be made available after it has been confirmed that the Department has sufficient remaining revenue funds at the end of the financial year.
16. All bids will be time-limited and extensions will require formal approval in line with the governance framework outlined above. It is the responsibility of the Department to ensure this.
17. Year-end transfers into the Fund should not be used for the funding of items that are due and should be accounted for in the correct financial year through the year-end accruals or creditors processes.
18. Approvals are not transferrable between projects.

**Last Updated:**

**June 2023**

## **AGRICULTURE & FORESTRY FUND (AFF)**

### **Terms of Reference**

#### **OVERVIEW**

1. The Fund assists the Department of Environment, Food & Agriculture in providing funding to support initiatives designed to provide sustainable benefits for the Agriculture and Forestry sectors in the longer term.
2. Bids are invited and considered where costs and any economic benefits are clearly defined and measurable.
3. The Agriculture and Forestry Fund was established by Tynwald with effect from 1 April 2007.

#### **GOVERNANCE**

4. All bids will require a business case detailing total set-up cost, ongoing revenue implications and a robust savings profile if appropriate. The business case template should be used to support all submissions.
5. All bids will require a business case that has been completed in line with FPN B.03 Business Cases. All bids should have signed approval from the Designated Finance Officer, Accountable Officer and Minister (Minister approval requirement subject to a de-minimus level of £100,000).
6. Bids up to £50,000 are subject to sign off by the Chief Financial Officer or Executive Director - Financial Governance. Treasury must be informed of all approvals.
7. Bids above £50,000 and up to £100,000 require sign off by both the Executive Director - Financial Governance and Chief Financial Officer. In the event that agreement is not reached, or if the application is either politically sensitive or contentious, then the application requires approval by the Treasury. Treasury must be informed of all approvals.
8. Bids between £100,000 and up to £250,000 are considered and approved by the Treasury.
9. Any bids between £250,000 and £500,000 are considered and approved by the Treasury with the Council of Ministers then informed of the decision.
10. Any Treasury approved bids over £500,000 also require formal approval from the Council of Ministers.

#### **AFF - ELIGIBILITY CRITERIA**

11. All eligible projects must support the overall objectives of the Agriculture and Forestry Fund specifically:
  - a) It must be of a temporary nature or is self-sustainable from ongoing savings generated. Recurring expenditure is not eligible;
  - b) Savings may be applied to departmental revenue targets;
  - c) A business case must be produced and signed off by the Designated Finance Officer which will include:
    - i. Financial Benefits – including a consideration of income and cost savings
    - ii. Social and Environmental Benefits – Outcomes, intelligence, interventions and long term strategy including climate change
    - iii. Economic Benefits – Productivity and competitiveness, including alignment with Economic Strategy
  - d) Contributes to the overall objectives of the fund and the benefits agreed must be committed within the following five years) VAT, interdepartmental and contingency costs should not be included.
12. Should the intention be for some or all of the funds to be paid to a third party supplier, it is essential that this expenditure complies with both Financial Regulations and the open and fair principles that underpin public sector procurement. Where third-party expenditure is being considered, Procurement Services must be engaged at the very earliest opportunity and certainly in advance of any formal request for funds.
13. Departmental drawdowns from the Fund will only be made available after the Department has demonstrated that it will not produce an underspend within the current financial year.
14. All bids will be time-limited and extensions will require formal approval in line with the governance framework outlined above. It is the responsibility of the Department to ensure this.
15. Approvals are not transferrable between projects and a new business case will be required for each new initiative.

**Last Updated:**

**April 2023**

## CLIMATE CHANGE FUND

### Terms of Reference

#### OVERVIEW

1. The primary aim of this fund is to provide funding for initiatives in the Isle of Man that support the objectives of achieving net zero carbon emissions by 2050 or any interim target. Commitment to the fund was given by the Council of Ministers in the Phase One Climate Change action plan.
2. The Funds will be available to Designated Bodies through the Climate Change Transformation Team and Board.
3. Bids are invited and considered where the costs and potential carbon emissions reductions are clearly defined (where possible), and where the key deliverables underpin the delivery of the Council of Ministers Climate Change Plan by reducing greenhouse gas emissions and increasing sequestration.
4. Bids for Capital funding should be directed to the Climate Change Mitigation Initiatives Fund, which has a separate Terms of Reference.

#### GOVERNANCE

5. A business case is required to support all submissions. The business case should outline the total set-up cost, revenue implications, carbon reduction impact and any co-benefits for the environment, economy or island community. VAT and contingency costs should not be included.
6. The business case must identify the specific relevant initiatives in the Climate Change Plan or alignment to the Climate Change Act and demonstrate the application's contribution to that initiative/requirement.
7. All bids from should have approval from the Designated Finance Officer, Accountable Officer and Minister/Chair of Board (Ministerial/Board approval is subject to a de-minimis level of £100,000).
8. Bids up to £25,000 are considered and approved by the Accountable Officer of the Department of Environment, Food and Agriculture, subject to cumulative approvals of up to £250,000 within the 12 month period preceding approval date. These bids must be notified to Treasury and the Climate Change Transformation Board.
9. Bids above £25,000 and up to £50,000 are additionally considered and approved by the Climate Change Transformation Board, subject to cumulative approvals of up to £500,000 within the 12 month period preceding approval date. These bids must be notified to Treasury.
10. Bids between £50,000 and £100,000 are considered and approved by the Climate Change Transformation Board and signed off by either the Executive Director – Financial Governance or Chief Financial Officer. All approvals must be notified to Treasury.

11. Any bids between £100,000 and £250,000 are to be considered and approved by the Climate Transformation Board and approved by the Treasury Board.
12. Bids between £250,000 - £500,000 should be considered and approved by the Climate Change Transformation Board and the Treasury Board. They also require notification to the Council of Ministers.
13. Any bids over £500,000 are to be supported by the Climate Transformation Board and approved by the Treasury Board. They also require formal approval from the Council of Ministers.
14. Bids from Treasury will require support from the Climate Change Transformation Board.
15. Bids from Treasury up to £250,000 will be approved in accordance with the governance process above with Council of Ministers being informed of the decision.
16. Bids from Treasury over £250,000 will be endorsed by the Treasury Board in accordance with the governance process above but will require approval from the Council of Ministers.

#### **ELIGIBILITY CRITERIA**

17. All eligible projects must support the overall objective of the Climate Change Transformation Programme, *namely / specifically*;
  - a. To achieve Net Zero *Carbon* Emissions by 2050 or the interim targets; either through the reduction of Carbon (and other Greenhouse Gas) Emissions within one of the key emissions sectors, or through providing a significant contribution to carbon sequestration
  - b. To implement the actions which fall out of the Climate Change Act and associated legislation; an enabler to achieving net zero carbon emissions by 2050
  - c. To deliver actions identified in the Council of Ministers Climate Change Plan
18. Should the intention be for some or all of the funds to be paid to a third party supplier, it is essential that this expenditure complies with both Financial Regulations and the open and fair principles that underpin public sector procurement. Where third-party expenditure is being considered, Procurement Services must be engaged at the very earliest opportunity and certainly in advance of any formal request for funds.
19. The fund cannot be used to support projects that encourage the use of fossil fuels.
20. Drawdowns from the Fund will only be made available after it has been demonstrated that the Designated Body will not produce an underspend within the current financial year.
21. All bids will be time-limited and extensions will require formal in line with the decision thresholds identified above. It is the responsibility of the Department to ensure this.
22. Bids that involve ongoing revenue expenditure are not eligible for funding.
23. Approvals are not transferrable between projects and a new business case will be required for each new initiative.

**CLIMATE CHANGE– MITIGATION INITIATIVES FUND (CAPITAL) (CCMIF)**

**Terms of Reference**

**OVERVIEW**

1. The primary aim of this Fund is to provide Capital scheme funding for initiatives in the Isle of Man that support the objectives and any interim target of achieving net zero carbon emissions by 2050.
2. The Funds will be available to Designated Bodies through the Climate Change Transformation Board in order to decarbonise the Government estate.
3. Bids are invited and considered where the costs and potential carbon emissions reductions are clearly defined, and where the key deliverables underpin the delivery of achieving net zero emissions by 2050.
4. Bids for one off Revenue Funding should be directed to the Climate Change Fund, which has separate Terms of Reference.
5. All bids must clearly identify any revenue implications. Bids with ongoing revenue implications must be clearly identified and subject to Treasury approval regardless of bid amount. Each bid must clearly identify the proposed source of funding for any revenue change.

**GOVERNANCE**

6. A business case is required to support all submissions. The business case should outline the total set-up cost, revenue implications, carbon reduction impact and any co-benefits for the environment, economy or island community. VAT and contingency costs should not be included.
7. The business case must identify the specific relevant initiatives in the Climate Change Plan or alignment to the Climate Change Act and demonstrate the application’s contribution to that initiative/requirement.
8. All bids should have approval from the relevant Designated Finance Officer, Accountable Officer and Minister/Chair of Board (Minister/Chair approval is subject to a de-minimis level of £100,000).
9. Bids up to £25,000 are considered and approved by the Accountable Officer of the Department of Environment, Food and Agriculture, subject to cumulative approvals of up to £250,000 within the 12 month period preceding approval date. These bids must be notified to Treasury and the Climate Change Transformation.
10. Bids above £25,000 and up to £50,000 are additionally considered and approved by the Climate Change Transformation Board, subject to cumulative approvals of up to £500,000 within the 12 month period preceding approval date. These bids must be notified to Treasury.
11. Bids between £50,000 and £100,000 are considered and approved by the Climate Change Transformation Board and signed off by either the Executive Director – Financial Governance or Chief Financial Officer. These bids must be notified to Treasury.

12. Any bids between £100,000 and £250,000 are to be considered and approved by the Climate Transformation Board and approved by the Treasury Board.
13. Bids between £250,000 - £500,000 should be considered and approved by the Climate Change Transformation Board and the Treasury Board. They also require notification to the Council of Ministers.
14. Any bids over £500,000 are to be supported by the Climate Transformation Board and approved by the Treasury Board. They also require formal approval from the Council of Ministers.
15. Bids from Treasury will require support from the Climate Change Transformation Board.
16. Bids from Treasury up to £250,000 will be approved in accordance with the governance process above with Council of Ministers being informed of the decision.
17. Bids from Treasury over £250,000 will be endorsed by the Treasury Board in accordance with the governance process above but will require approval from the Council of Ministers.

**ELIGIBILITY CRITERIA**

18. All eligible projects must support the overall objective of the Climate Change Transformation Programme, *namely / specifically*,
  - a. To achieve Net Zero *Carbon* Emissions by 2050 or the interim targets; either through the reduction of Carbon (and other Greenhouse Gas) Emissions within one of the key emissions sectors, or through providing a significant contribution to carbon sequestration
  - b. To implement the actions which fall out of the Climate Change Act and associated legislation; an enabler to achieving net zero carbon emissions by 2050
  - c. To deliver actions identified in the Council of Ministers Climate Change Plan
19. Should the intention be for some or all of the funds to be paid to a third party supplier, it is essential that this expenditure complies with both Financial Regulations and the open and fair principles that underpin public sector procurement. Where third-party expenditure is being considered, Procurement Services must be engaged at the very earliest opportunity and certainly in advance of any formal request for funds.
20. The fund cannot be used to support projects that encourage the use of fossil fuels.
21. Drawdowns from the Fund will only be made available after it has been demonstrated that the Designated Body will not produce an underspend within the current financial year.
22. All bids will be time-limited and extensions will require formal in line with the decision thresholds identified above. It is the responsibility of the Designated Body to ensure this.
23. Bids that involve ongoing revenue expenditure are not eligible for funding.
24. Approvals are not transferrable between projects and a new business case will be required for each new initiative.

**Last Updated**

**June 2023**



**CONTINGENCY FUND (CF)**

**Terms of Reference**

**OVERVIEW**

1. The Fund aims to ensure that funding is provided to meet any unexpected or unplanned occurrences that are not included in the Departmental Revenue targets.
2. Bids are invited and considered where costs and any economic benefits are clearly defined and measurable.
3. The Contingency Fund was established by Tynwald with effect from 1 April 2016.

**GOVERNANCE**

4. All bids will require a business case that has been completed in line with FPN B.03 Business Cases. All bids should have signed approval from the Designated Finance Officer, Accountable Officer and Minister/Chair of Board (Minister/Board approval requirement subject to a de-minimus level of £100,000).
5. Bids up to £50,000 are subject to sign off by the Chief Financial Officer or Executive Director - Financial Governance. All approvals must be notified to Treasury.
6. Bids above £50,000 and up to £100,000 require sign off by both the Executive Director - Financial Governance and Chief Financial Officer. In the event that agreement is not reached, or if the application is either politically sensitive or contentious, then the application requires approval by the Treasury. All approvals must be notified to Treasury.
7. Bids above £100,000 and up to £250,000 are considered and approved by the Treasury.
8. Any bids above £250,000 and up to £500,000 are considered and approved by the Treasury with the Council of Ministers then informed of the decision.
9. Any Treasury approved bids over £500,000 also require formal approval from the Council of Ministers.
10. Bids from Treasury up to £250,000 will be approved in accordance with the governance process above with Council of Ministers being informed of the decision.
11. Bids from Treasury over £250,000 will be endorsed by the Treasury Board in accordance with the governance process above but will require approval from the Council of Ministers.

**CONTINGENCY FUND - ELIGIBILITY CRITERIA**

12. All eligible projects must support the overall objectives of the Contingency Fund specifically:
  - a) It must be of a temporary nature or is self-sustainable from ongoing savings generated. Recurring expenditure is not eligible
  - b) Savings may be applied to departmental revenue targets
  - c) A business case must be produced which will include:
    - i. Financial Benefits – including a consideration of income and cost savings
    - ii. Social and Environmental Benefits – Outcomes, intelligence, interventions and long term strategy including climate change
    - iii. Economic Benefits – Productivity and competitiveness, including alignment with Economic Strategy
    - iv. VAT and interdepartmental costs should not be included.
13. Should the intention be for some or all of the funds to be paid to a third party supplier, it is essential that this expenditure complies with both Financial Regulations and the open and fair principles that underpin public sector procurement. Where third-party expenditure is being considered, Procurement Services must be engaged at the very earliest opportunity and certainly in advance of any formal request for funds.
14. Departmental drawdowns from the Fund will only be made available after the Department has demonstrated that it will not produce an under-spend within the relevant financial year.
15. All bids will be time-limited and extensions will require formal approval in line with the governance framework outlined above. It is the responsibility of the Designated Body to ensure this.
16. Approvals are not transferrable between projects and a new business case will be required for each new initiative.

**Last Updated:**

**June 2023**

<p><b>ECONOMIC STRATEGY FUND</b> <b>Terms of Reference</b></p>
<p><b>OVERVIEW</b></p>
<ol style="list-style-type: none"> <li>1. The purpose of this fund is to support initiatives that achieve the ambitions and objectives of the Economic Strategy, with a particular focus on leveraging private sector investment.</li> <li>2. Bids will be considered that clearly and demonstrably contribute to the ambitions and objectives of the Economic Strategy, and that are in alignment with the prioritisation thereof. Projects can cover short, medium, and long-term economic objectives within the strategy.</li> </ol>
<p><b>GOVERNANCE</b></p>
<ol style="list-style-type: none"> <li>3. All bids will require a business case outlining total set up cost, ongoing revenue implications, and any savings profile if appropriate. The business case should also include the total expected costs and benefits from the project including any wider economic benefits and impacts.</li> <li>4. All bids must align to the Economics Ambitions and Objectives of the Economic Strategy and Island Plan.</li> <li>5. Bids previously approved but undrawn in respect of the Economic Development Fund, Enterprise Development Fund, Marketing Initiative Fund, or Town and Village Regeneration Fund may be funded from the Economic Strategy Fund, however these must be submitted for approval in line with the Bid process set out below with an explanation for why the approval remains appropriate.</li> <li>6. The business case template should be used to support all submissions. All bids should have signed approval from the relevant Designated Finance Officer, Accountable Officer and Minister / Chair of Board (Minister/Board approval requirement subject to a de-minimus level of £100,000).</li> <li>7. All Bids must be submitted to Treasury for Officer consideration before onward submission to the Economic Strategy Board (ESB) by Treasury.</li> <li>8. Bids will then be considered by the ESB who must determine whether the Bid is an effective use of funding to achieve the aims of the Economic Strategy.</li> <li>9. Bids of up to £1,000,000 require approval from ESB, and are provided to Treasury for noting.</li> <li>10. Bids of between £1,000,000 and £5,000,000 require endorsement from ESB, and subsequently require approval by Treasury. Approved bids must be provided to Council of Ministers for noting.</li> <li>11. Bids of over £5,000,000 require endorsement from ESB, and subsequently require approval by Treasury and the Council of Ministers.</li> <li>12. Bids from Treasury require endorsement from ESB, but will require approval from the Council of Ministers regardless of value.</li> </ol>
<p><b>ELIGIBILITY CRITERIA</b></p>

13. Bids to this fund may be made by Designated Bodies.
14. All eligible projects must support the objectives and priorities of the Economic Strategy, specifically:
  - a. The project must be of a transformational nature or be self-sustainable from ongoing fiscal benefits. Recurring or revenue expenditure is not eligible.
  - b. A business case must be produced and signed off by the Designated Finance Officer, Accountable Officer and Minister (if applicable) which will include:
    - i. Social and Environmental Benefits – Measurable outcomes, intelligence, interventions, and long-term strategy, including consideration of climate change
    - ii. Financial Benefits – including a consideration of income and cost savings
    - iii. VAT, contingency and interdepartmental costs should not be included
    - iv. Economic Benefits – considered in line with the measurement criteria of the Economic Strategy: The contribution the project is expected to make towards the aims and objectives of the Economic Strategy must be clearly demonstrated. This must include the expected quantifiable contributions toward one or more of the economic ambitions within the strategy.
      - a. Shape of the Economy: Creation of new jobs, GDP growth, productivity growth, earnings and personal income growth
      - b. Infrastructure and Services: Support for population growth
      - c. Public Finances: Government income streams, financial health, and diversity
      - d. Sustainability: Decarbonisation of services economy and energy security
    - v. Calculation methodologies for economic impacts and benefits must be approved by the Treasury.
15. Should the intention be for some or all of the funds to be paid to a third party supplier, it is essential that this expenditure complies with both Financial Regulations and the open and fair principles that underpin public sector procurement. Where third-party expenditure is being considered, Procurement Services must be engaged at the very earliest opportunity and certainly in advance of any formal request for funds.
16. Drawdowns from the Fund will only be made available after it has been demonstrated that the Designated Body will not produce an underspend within the relevant financial year.
17. All bids will be time-limited. Any requests for extensions to timeframes will require formal approval in line with the governance framework outlined. Approvals are not transferable between projects and a new business case will be required for each new initiative.

<b>Last Updated:</b>	<b>June 2023</b>
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## HEALTHCARE TRANSFORMATION FUND (HTF)

### Terms of Reference

#### OVERVIEW

1. The Fund arises from the need to support the controlled implementation of transformational changes, which are necessary for the delivery of the Department of Health and Social Care's Strategy. This will include initiatives to realise ongoing revenue savings. Bids can be made in respect of schemes which fall within the ambit of section 1 of the National Health Service Act 2001. Where appropriate, reference should be made to how the bid fits within the recommendations of the Sir Jonathan Michael report.
2. Bids are invited and considered where the costs / potential revenue savings are clearly defined and measurable, and where the key deliverables underpin the delivery of the Department's Strategy, which is built upon five pillars:
  - Prevention – enabling people to take greater responsibility for their own health
  - Community Care – helping people stay well in their own home / community
  - Acute Care – improving services for people that really need care in hospital
  - Protecting the vulnerable – provision of safeguards for people who cannot protect themselves
  - Provision of good value Health and Social Care
3. Bids will be considered that clearly contribute to at least one of these. It is expected that applications will provide payback savings within 2-3 years, although longer periods may be considered in exceptional circumstances.
4. The Healthcare Transformation Fund was established by Tynwald with effect from 1 April 2017, replacing the Health Inspection Fund.

#### GOVERNANCE

5. All bids should have signed approval from relevant Designated Finance Officer, Accountable Officer and Minister/Chair of Board (Ministerial/Board approval requirement subject to a de-minimus level of £100,000).
6. Bids up to £50,000 are subject to sign off by the Chief Financial Officer or Executive Director - Financial Governance. All approvals must be notified to Treasury.
7. Bids between £50,000 and up to £100,000 require sign off by both the Executive Director - Financial Governance and Chief Financial Officer. In the event that agreement is not reached, or if the application is either politically sensitive or contentious, then the application requires approval by the Treasury. All approvals must be notified to Treasury.
8. Bids between £100,000 and up to £250,000 are considered and approved by the Treasury.
9. Any bids between £250,000 and £500,000 are considered and approved by the Treasury with the Council of Ministers then informed of the decision.
10. Any Treasury approved bids over £500,000 also require formal approval from the Council of Ministers.

11. Bids from Treasury up to £250,000 will be approved in accordance with the governance process above with Council of Ministers being informed of the decision.
12. Bids from Treasury over £250,000 will be endorsed by the Treasury Board in accordance with the governance process above but will require approval from the Council of Ministers.

### **ELIGIBILITY CRITERIA**

13. All eligible projects must support the overall objectives of the Health Care Transformation Fund specifically;
  - a) It must be of a transformational or temporary nature or is self-sustainable from ongoing savings generated. Recurring or revenue expenditure is not eligible.
  - b) Savings may be applied to departmental revenue targets.
  - c) A business case must be produced and signed off by the Designated Finance Officer which will include;
    - i. Financial Benefits – including a consideration of income and cost savings
    - ii. Social and Environmental Benefits – Outcomes, intelligence, interventions and long term strategy including climate change
    - iii. Economic Benefits – Productivity and competitiveness, including alignment with Economic Strategy
  - d) Contributes to the overall objectives of the fund and the benefits agreed must be committed within the 3 financial years following approval.
  - e) VAT, inter-departmental and contingency costs should not be included.
14. Should the intention be for some or all of the funds to be paid to a third party supplier, it is essential that this expenditure complies with both Financial Regulations and the open and fair principles that underpin public sector procurement. Where third-party expenditure is being considered, Procurement Services must be engaged at the very earliest opportunity and certainly in advance of any formal request for funds.
15. Drawdowns from the Fund will only be made available after it has been demonstrated that the Designated Body will not produce an under-spend within the current financial year.
16. All bids will be time-limited and extensions will require formal approval in line with the governance framework outlined above. It is the responsibility of the Designated Body to ensure this.
17. Approvals are not transferrable between projects and a new business case will be required for each new initiative.

**Last Updated:**

**June 2023**

## Housing and Communities Fund (HCF)

### Terms of Reference

#### OVERVIEW

Established in 2022, the purpose of the Fund is to support our Island in legislative, financial and practical interventions to ensure private and public sector housing is accessible, secure and affordable.

Bids are invited and considered where costs and any economic and social benefits are clearly identifiable.

#### GOVERNANCE

1. All bids will require a business case outlining total set-up cost, ongoing revenue implications and a robust savings profile. The business case template should be used to support all submissions.
2. Bids may or may not result in additional costs for the applicant or other designated bodies. No financial commitment is to be made by the Housing and Communities Board where there is a resulting additional cost to an applicant or other designated body without confirmation from the impacted designated body that it can be met from its existing budget. If the impacted designated body is unable to provide this confirmation the bid and the additional cost implications must be considered and approved by Treasury.
3. All bids should have signed approval from the relevant departmental Finance Officer, Accountable Officer and Minister/Chair of Board (Ministerial/Board approval requirement subject to a de-minimus level of £100,000).
4. Following Designated Body approval, applications must be submitted to the Housing and Communities Board. The Housing and Communities Board will provide advice to Treasury on all applications to the Fund that require Treasury concurrence in accordance with these Terms of Reference. Treasury is to be notified of all approvals from the fund.
5. Bids up to £25,000 are considered and approved by the Housing and Communities Board, with the exception of any bid which has been identified as requiring Treasury consideration and approved in line with paragraph 2. For clarification, the aggregate principle as considered within financial regulations applies to all bids from the fund.
6. Bids above £25,000 and up to £50,000 are subject to sign off by the Chief Financial Officer or Executive Director - Financial Governance. All approvals must be notified to Treasury.
7. Bids above £50,000 and up to £100,000 require sign off by both the Executive Director - Financial Governance and Chief Financial Officer. In the event that agreement is not reached, or if the application is either politically sensitive or contentious, then the application requires approval by the Treasury. All approvals must be notified to Treasury.
8. Bids above £100,000 and up to £250,000 are considered and approved by the Treasury.
9. Any bids above £250,000 and up to £500,000 are considered and approved by the Treasury with the Council of Ministers then informed of the decision.
10. Any Treasury approved bids over £500,000 also require formal approval from the Council of Ministers.

11. Bids from Treasury up to £250,000 will be approved in accordance with the governance process above with Council of Ministers being informed of the decision.
12. Bids from Treasury over £250,000 will be endorsed by the Treasury Board in accordance with the governance process above but will require approval from the Council of Ministers.

### **ELIGIBILITY CRITERIA**

13. All eligible initiatives must support the overall objectives of the Housing and Communities Board.
14. Expenditure must be of a transformational or temporary nature or is self-sustainable from ongoing savings generated. Recurring or revenue expenditure is not eligible;
15. The fund will support the operating cost of the Housing and Communities Board and initiatives that:
  - a. Allow people to access housing in an emergency and to enable a Housing First support service
  - b. Enable all Island residents to own or rent a suitable and affordable home, appropriate to their needs
  - c. Ensure that brownfield sites and empty and derelict properties are developed appropriately & sensitively
  - d. Consolidate and modernise housing, tenancy and associated legislation
  - e. Ensure the Island’s housing stock meets the needs of the population now and into the future
  - f. Coordinate policy centrally, to optimise the allocation of housing functions and establish arms-length operations and depoliticised regulation
16. Should the intention be for some or all of the funds to be paid to a third party supplier, it is essential that this expenditure complies with both Financial Regulations and the open and fair principles that underpin public sector procurement. Where third-party expenditure is being considered, Procurement Services must be engaged at the very earliest opportunity and certainly in advance of any formal request for funds.
17. Approvals are not transferrable between projects and a new business case will be required for each new initiative.
18. All bids will be time-limited and extensions will require formal approval in line with the governance framework outlined above. It is the responsibility of the Designated Body to ensure this.
19. Drawdowns from the Fund will only be made available after it has been demonstrated that the Designated Body will not produce an underspend within the current financial year.

<b>Last Updated:</b>	<b>June 2023</b>
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**HOUSING RESERVE FUND (HRF)**

**Terms of Reference**

**OVERVIEW**

1. The loan charge costs of Government Housing schemes that have been approved by Tynwald and also the loan charge costs of planned maintenance schemes are met by an annual transfer from the Fund into the Capital Account.
2. The Fund is also used to finance Government commitments under the First Time Buyers House Purchase Assistance Scheme, for which Scheme repayments are used to supplement the balance of the Fund.
3. The Housing Reserve Fund was established by Tynwald with effect from 1 April 2002. The Fund arises from a need to ensure that funding is available to finance housing related projects, in particular Government’s capital housing programme.

**GOVERNANCE**

4. Treasury concurrence to drawdown from the Fund is given at the same time as concurrence for building projects, or for the repurchase of House Purchase Assistance Scheme properties, is given.
5. Applications or scheme approval requests which have implications for this Fund are received from the Department of Infrastructure Housing Division and must be initially considered by the Strategic Asset Capital Investments Committee (SACIC) for recommendation to and concurrence from Treasury.
6. SACIC has delegated responsibility for the approval of the disposal of residential dwellings under the approved First Time Buyer’s legislation.

<b>Last Updated:</b>	<b>June 2023</b>
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## **LAND AND PROPERTY ACQUISITION RESERVE (LPAR)**

### **Terms of Reference**

#### **OVERVIEW**

1. The purpose of the Reserve is to provide additional funding to meet the cost of acquiring land for the land bank and buildings for Government's property asset portfolio.
2. The Reserve is intended for the financing of expenditure on unplanned ad-hoc land and building property transactions that do not form part of Government's approved Capital Programme.
3. Purchase transactions are financed through the Capital Account, with a corresponding transfer from the Land and Property Acquisition Reserve to the Capital Account by way of offset.
4. The Land and Property Acquisition Reserve was established by Tynwald with effect from 1 April 2000.

#### **GOVERNANCE**

5. All bids must demonstrate compliance with current Financial Regulations for land acquisition and disposal.
6. Before considering submitting a bid for funding from the Reserve, Designated Bodies must in the first instance consult with the Director of Asset Management and Valuation.
7. All bids should have signed approval from relevant Designated Finance Officer, Accountable Officer and Minister/Chair of Board (Ministerial/Board approval requirement subject to a de-minimus level of £100,000).
8. Bids up to £500,000 are subject to approval by the Strategic Assets and Capital Investments Committee (SACIC), with Treasury then informed of the decision.
9. Bids above £500,000 and up to £1,000,000 are first considered by SACIC before formal approval by Treasury.
10. Any Treasury approved bids over £1,000,000 also require formal approval from the Council of Ministers.

11. Any capital receipts subsequently received from the sale of property originally acquired with funds from the Land and Property Acquisition Reserve are credited to the Capital Transactions Account as opposed to the Fund itself. Capital receipts arising from the sale of any Government assets are not retained and ring-fenced by Designated Bodies for their own future use. As the Reserve has no source of income of its own (other than the year end allocation of interest on balances held), it may need topping up from time to time with transfers from other reserves or from the operating balance.

**ELIGIBILITY CRITERIA**

12. All eligible projects must support the overall objectives of the Land and Property Acquisition Reserve specifically:
- a. A business case must be produced and signed off by the Designated Finance Officer which will include:
    - i. Economic Benefits – productivity and competitiveness including alignment with Economic Strategy
    - ii. Financial Benefits – including a consideration of income and cost savings
    - iii. Social and Environmental Benefits – outcomes, and long term strategy including climate change
  - b. VAT, inter-departmental and contingency costs should not be included.
13. All bids must be of a sufficiently urgent nature so as to prevent funding otherwise being granted through the normal Capital Programme approval process.
14. Approvals are not transferrable between projects and a new business case will be required for each new initiative.

**Last Updated**

**June 2023**

## LEGAL COSTS RESERVE (LCR)

### Terms of Reference

#### OVERVIEW

1. The Fund ensures that funding is available to meet the cost of large and complex legal cases, and other extraordinary legal costs, which would otherwise place undue strain on the resources provided for prosecutions by the Attorney General's Chambers, and other areas of Government.
2. The Legal Costs Reserve was established by Tynwald in 2005.

#### GOVERNANCE

3. All new bids will require a business case outlining the estimated cost profile excluding VAT by financial year, together with any ongoing revenue implications. They should demonstrate the exceptional and ad-hoc nature of the expense incurred. All bids should have signed approval from the relevant Designated Finance Officer and Accountable Officer.
4. Bids up to £50,000 are subject to sign off by the Chief Financial Officer or Executive Director - Financial Governance. All approvals must be notified to Treasury.
5. Bids above £50,000 and up to £100,000 require sign off by both the Executive Director - Financial Governance and Chief Financial Officer. In the event that agreement is not reached, or if the application is either politically sensitive or contentious, then the application requires approval by the Treasury. All approvals must be notified to Treasury.
6. Bids above £100,000 and up to £250,000 are considered and approved by the Treasury.
7. Any bids above £250,000 and up to £500,000 are considered and approved by the Treasury with the Council of Ministers then informed of the decision.
8. Any Treasury approved bids over £500,000 also require formal approval from the Council of Ministers.
9. It is recognised that in practice, due to the nature of claims against this fund, there are urgent circumstances whereby it will not be practical for the Attorney General to secure funding approval or the opportunity to prepare a business case in advance of the commitment to incur expenditure being given in Court. In such cases then the subsequent sign off by the Chief Executive Officer, the Chief Financial Officer or the Executive Director - Financial Governance is required. It is also recognised that the full extent of funding requirement may not always be known in advance, in which case an approval in principle will be required.

**LCR ELIGIBILITY CRITERIA**

- 10. All new claims for drawdown from the Legal Costs Reserve will be required to demonstrate that they are of a one-off or exceptional nature and not intended to fund an ongoing revenue deficit situation.
- 11. Departmental drawdowns from the Fund will only be made available once the Department has demonstrated that it will not produce an under-spend within the current financial year.

**Last Updated**

**June 2023**

**MEDICAL INDEMNITY FUND (MED)**

**Terms of Reference**

**OVERVIEW**

1. The primary purpose of the Fund is to act as a cash-limited self-insurance fund to meet the cost of valid claims for damages on behalf of service users against Department of Health and Social Care, Public Health and Manx Care staff.
2. With effect from 1 April 2019, the Fund also makes provision for GPs and their teams to be indemnified, for valid claims made by their patients for damages.
3. The Fund is not intended to cover liabilities arising from the operations at dentist primary care surgeries, for which it is expected that those practices put in place their own medical indemnity arrangements.
4. The Medical Indemnity Fund was established by Tynwald in 1994.

**GOVERNANCE**

5. The likelihood of claims resulting in payments and the timing of such payments is difficult to predict. The Department of Health and Social Care must monitor the status of outstanding claims and assess the probability risk of those claims and the estimated liability risk arising. The Department must notify Treasury of these figures on an annual basis for the Government Accounts, and provide an update at the time of budget preparation. Treasury will assess the need for topping up the Fund and these will be published in the Pink Book, along with the estimated spend for the year.
6. All settlements must be made under the advice of the Attorney General, or other suitable legal counsel agreed by the Attorney General.
7. Where the total costs incurred for the year are less than or equal to the figures published in the Pink Book the Department does not need to seek Treasury or Council of Ministers approval in advance of incurring costs.
8. At year-end the Department must submit a bid to Treasury seeking reimbursement of the actual costs incurred from the Fund.
9. All bids will require sign off by the Chief Financial Officer or Executive Director - Financial Governance.
10. Bids over £1 million will be submitted to the Treasury for information.
11. Bids over £3 million then require onward referral to the Council of Ministers for information.

12. Where the total costs incurred for the year are forecast to be in excess of the estimated spend figure published in the Pink Book the Department must seek Treasury approval in advance of exceeding the figure to ensure that there are adequate funds available to top-up the Fund and reimburse the Department. The approval process will follow steps 9-11 above, but Treasury and Council of Ministers will be required to approve the figures, rather than noting them.

**ELIGIBILITY CRITERIA**

13. Departmental drawdowns from the Medical Indemnity Fund will only be made available after it has been demonstrated that the Department will not produce an under-spend within the current financial year.

14. The Department must be in a position to demonstrate that any drawdown against the Fund relates to actual costs incurred excluding VAT in relation to uninsured indemnity claims.

<b>Last Updated:</b>	<b>June 2023</b>
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## PROJECT DEVELOPMENT FUND (PDF)

### Terms of Reference

#### OVERVIEW

1. Designated Bodies are able to make bids for funding to complete initial feasibility and development work in relation to capital projects before detailed business cases are submitted. This allows Designated Bodies to present accurate costing and timeline information to Treasury to assist with the consideration of capital project business cases
2. It is anticipated that this will allow Designated Bodies to fully develop a scheme through investigation, design, planning consents and procurement prior to a full business case being submitted. Ultimately, this should allow accurate costs and timeline data to be presented within a fully developed business case for budget consideration by Treasury.
3. Bids are invited and considered where costs and any potential economic or other benefits of the capital scheme are clearly defined and measurable.
4. The Project Development Fund was established by Tynwald with effect from 1 April 2022 as part of the 2022/23 Budget.

#### GOVERNANCE

5. All bids will require a business case that has been completed in line with Financial Regulations FPN B.03 Business Cases.
6. All bids should have signed approval from the relevant Designated Finance Officer, Accountable Officer and the Minister/Chair of Board (Minister/Board approval is subject to a de-minimus level of £50,000).
7. Bids up to £100,000 are considered and approved by the Strategic Asset Capital Investment Committee (SACIC), subject to cumulative approvals of up to £1 million per annum. All approvals must be notified to Treasury.
8. Bids above £100,000 and up to £250,000 are considered and endorsed by SACIC. They are then considered and approved by the Treasury.
9. Any bids above £250,000 and up to £500,000 are to be first considered and endorsed by SACIC before being considered and approved by the Treasury with the Council of Ministers being informed of the decision.
10. Any SACIC endorsed and Treasury approved bids over £500,000 also require formal approval from the Council of Ministers.
11. Bids from Treasury up to £250,000 will be approved in accordance with the governance process above with Council of Ministers being informed of the decision.
12. Bids from Treasury over £250,000 will be endorsed by the Treasury Board in accordance with the governance process above but will require approval from the Council of Ministers.



**PROJECT DEVELOPMENT FUND - ELIGIBILITY CRITERIA**

13. All eligible projects should support the overall objectives of the Project Development Fund specifically:
  - a) It must be for the development of a capital project. Ongoing revenue and recurring expenditure is not eligible.
  - b) Costs must be directly attributable to capital project development activities (for example design, feasibility, site investigation and planning).
  - c) A business case must be produced which will include:
    - i. Financial Benefits – including a consideration of income and cost savings
    - ii. Social and Environmental Benefits – Outcomes, intelligence, interventions and long term strategy including climate change
    - iii. Economic Benefits – Productivity and competitiveness, including alignment with the Economic Strategy
    - iv. VAT, contingency and interdepartmental costs should not be included
14. Should the intention be for some or all of the funds to be paid to a third party supplier, it is essential that this expenditure complies with both Financial Regulations and the open and fair principles that underpin public sector procurement. To this end where third-party expenditure is being considered, Procurement Services must be engaged at the very earliest opportunity and certainly in advance of any formal request for funds.
15. All bids will be time-limited and extensions will require formal approval in line with the governance framework outlined above. It is the responsibility of the Designated Body to ensure this.
16. Approvals are not transferrable between projects and a new business case will be required for each new initiative.
17. Following the completion of any development and feasibility activities, if a full capital project business case is to be submitted, the consideration and approval will form part of the capital budget process and follow the applicable timetable for consideration.
18. Designated Body drawdowns from the Fund will only be made available after it has been demonstrated that the Designated Body will not produce an underspend within the current financial year.
19. Where funds approved from the Fund result in a capital scheme being commenced, any costs incurred that have been funded through the Fund should be recognised as a cost of that scheme and the Fund will be reimbursed by an equal amount from the Capital Financing Reserve.
20. Where funds approved from the Fund do not result in a capital scheme being commenced, the Designated Body should provide a report to SACIC at the earliest opportunity detailing the work undertaken, the results of any feasibility studies and the reasons that the capital scheme will not be taken forward.
21. Designated Bodies must provide a report to SACIC on at least a quarterly basis regarding the progress of any capital projects that have received approved funding.

<b>Last Updated:</b>	<b>June 2023</b>
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**SEIZED ASSETS FUND (SAF)**

**Terms of Reference**

**OVERVIEW**

1. The Seized Assets Fund was originally established by Tynwald in 1994. In 2009, the Fund was reviewed by the Standing Committee on Public Accounts who recommended that Government should consider the underutilisation of the Fund and determine how this issue could be addressed. On 1 November 2017, the Fund became a statutory Fund by virtue of The Statute Law Revision Act 2017, which inserted Section 222 ZA to the Proceeds of Crime Act 2008.
2. The Fund is under the care and management of the Board of the Financial Intelligence Unit (the Board) which is established under the Financial Intelligence Unit Act 2016 (see Schedule 1). Treasury concurrence is required on single items of certain expenditure in excess of £25,000.
3. The manner in which the Fund must be applied is described in sub section 3 of Section 222 ZA as follows:-
  - (a) first, in reimbursing persons who have suffered loss as a result of the criminal activity which gave rise to the offending in connection with which the assets were seized;
  - (b) second, in meeting the costs and expenses of the management of the fund; and
  - (c) third, in meeting such other public expenditure as the Board thinks fit, being expenditure which would otherwise be payable out of the General Revenue of the Island.
4. The Board of the FIU considers applications to the Fund for projects and items of one-off expenditure under paragraph 3 (c) above.

Applications for funding amounts of £25,001 or greater must generally have exhausted all other means of funding before making an application to the Fund.

Where the application shows that there will be ongoing revenue costs, the applicant must either, already have secured an approved revenue bid, or, if a revenue bid is in progress or not yet applied for, the applicant must confirm that in the event the revenue bid is unsuccessful, the applicant will support the ongoing costs from their existing budget.

Applications may also be considered where the applicant can demonstrate that any funds approved by the Board and used by the applicant, will still have been worthwhile, in the event that a revenue bid is unsuccessful and the applicant cannot support the ongoing costs from their existing budget and therefore, the project has to cease.

The Board has discretion to consider and approve or refuse applications as it sees fit, noting that applications can only be made in respect of expenditure which would otherwise fall for payment out of the General Revenue of the Island.

Generally, the Board considers that applications must clearly demonstrate how the funding will meet at least one of the following criteria:-

1. Counter criminal activities, in particular the damage caused to people and communities by serious and organised crime.
2. Protect the public through the promotion and implementation of community safety initiatives.
3. Support the Law Enforcement Authorities' preparation, research or development which is designed to proactively understand, prepare for and counter emerging threats to community and public safety.
4. Counter the undesirable effects of drugs and alcohol.
5. Ensure that Law Enforcement Authorities can explore, design and implement efficiency savings, effectiveness strategies and tactical or operational equipment improvements.

## **GOVERNANCE**

5. The Board of the Financial Intelligence Unit meets at two monthly intervals to consider general business and applications for bids from the Seized Assets fund. The Board is made up of Her Majesty's Attorney General, The Chief Constable and the Collector of Customs and Excise. Secretariat services are currently provided by the Attorney General's Chambers.
6. All bids will require a business case outlining total set-up cost, ongoing revenue implications and a robust savings and/or benefits profile. The business case template should be used to support all submissions. All bids should have signed approval from the relevant departmental Finance Officer, Accountable Officer and Minister (Ministerial approval requirement subject to a de-minimus level of £100,000).
7. Should the intention be for some or all of the funds to be paid to a third party supplier, it is essential that this expenditure complies with both Financial Regulations and the open and fair principles that underpin public sector procurement. To this end where third-party expenditure is being considered, Procurement Services must be engaged at the very earliest opportunity and certainly in advance of any formal request for funds.
8. Following Departmental approval, applications are submitted to the Attorney General's Chambers for initial consideration by the Board of the Financial Intelligence Unit. Where the Board approves the application, the AGC secretariat will coordinate with Treasury where Treasury concurrence is required.
9. Treasury Concurrence for Bids will be considered as follows:-  
  
£25,001 up to £50,000 - Chief Financial Officer or Executive Director.

	<p>£50,001 up to £100,000 - Both the Executive Director - Financial Governance and Chief Financial Officer</p> <p>£100,001 up to £250,000 - are considered and approved by the Treasury.</p> <p>£250,001 up to £500,000 - require Treasury approval, Council of Ministers to be informed.</p> <p>£500,001 or more - Treasury and ratification by the Council of Ministers.</p>
10.	Bids from Treasury will be considered by the Board of the FIU as normal. Any such bid requiring Treasury concurrence will be considered as detailed in paragraph 10 above. All concurrence approvals made at Officer level will be notified to the Treasury Board without undue delay.
11.	<p>Where the detailed rationale or technical information within an application is classified, such that if compromised it could -</p> <ul style="list-style-type: none"> <li>• be against the interests of national security;</li> <li>• prejudice the prevention or detection of crime or the apprehension or prosecution of offenders;</li> <li>• could jeopardise the safety of any person; or</li> <li>• breach an obligation of confidence imposed by statute or otherwise,</li> </ul> <p>the Board Secretariat will liaise with the Applicant and the Chief Financial Officer to discuss the appropriate procedure to be adopted in order to prevent the risks specified above.</p>
12.	Departmental drawdowns from the Fund are made annually at the year-end and will only be made available after it has been demonstrated that the Department will not produce an underspend within the current financial year.
13.	Where appropriate, approvals will generally be time-limited to certain financial years and extensions will require formal approval in line with the governance framework outlined above. It is the responsibility of the Department to ensure that re-claims and extensions are obtained.
14.	Approvals are not transferrable between projects and a new business case will be required for each new initiative.
<p>Further advice is available from the Secretariat of the Board of the Financial Intelligence Unit at the Attorney General's Chambers. Please contact 685585 to discuss applications and submissions to be made to future Board Meetings.</p>	

<b>Last Updated</b>	<b>June 2023</b>
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## **TRANSFORMATION FUND**

### **Terms of Reference**

#### **OVERVIEW**

1. The objective of the Transformation Fund is the provision of funding to enable the implementation of upfront investment into projects to finance initiatives aimed at digitising and automating processes in order to achieve efficiencies and cost savings. This Fund is designed to support the Five Year Financial Plan through the delivery of projects that capture ongoing revenue savings and efficiencies.
2. Designated Bodies will be permitted to retain all of the annual savings generated as a result of the transformational work.
3. Businesses cases should identify the expected use of any savings. The nature of savings will be a mix of short/long term and financial, social and economic. Bids may be considered that contribute to one of these categories. It is expected that applications will provide payback savings within the Five Year Financial Plan, although longer periods may be considered in exceptional circumstances. Ongoing savings benefits after the payback period are expected.
4. Previously approved bids to the Invest to Save Fund and Digital Strategy Fund automatically roll to the Transformation Fund and retain existing payback structure.
5. The Transformation Fund was originally established by Tynwald with effect from the 1st April 2023 and replaces both the Invest to Save Fund and Digital Strategy Fund.

#### **GOVERNANCE**

6. All bids should have signed approval from relevant Designated Finance Officer, Accountable Officers and Minister/Chair of Board (Minister/Board approval requirement subject to a de-minimus level of £100,000).
7. All bids that relate to Digital Transformation must be endorsed by the Digital Strategy Transformation Programme Board.
8. Bids up to £50,000 are subject to sign off by the Chief Financial Officer or Executive Director - Financial Governance. Treasury must be informed of all approvals.
9. Bids above £50,000 and up to £100,000 require sign off by both the Executive Director - Financial Governance and Chief Financial Officer. In the event that agreement is not reached, or if the application is either politically sensitive or contentious, then the application requires approval by the Treasury. Treasury must be informed of all approvals.
10. Bids above £100,000 and up to £250,000 are considered and approved by the Treasury.
11. Any bids above £250,000 and up to £500,000 are considered and approved by the Treasury with the Council of Ministers then informed of the decision.
12. Bids from Treasury up to £250,000 will be approved in accordance with the governance process above with Council of Ministers being informed of the decision.

13. Bids from Treasury over £250,000 will be endorsed by the Treasury Board in accordance with the governance process above but will require approval from the Council of Ministers.

**ELIGIBILITY CRITERIA**

14. All eligible projects should support the overall objectives of the Transformation Fund specifically:
- a. It must be of a transformational nature. Recurring or revenue expenditure is not eligible;
  - b. It must deliver tangible and pre-agreed, evidenced benefits (e.g. Digitisation projects, Government premises restructuring, staffing reorganisations, Mutually Agreed Resignation Scheme payments etc.). Savings will be applied to departmental revenue targets;
  - c. A business case must be produced and signed off by the sponsoring Designated Body's Designated Finance Officer which will include:
    - i. financial benefits – including a consideration of income and cost savings
    - ii. social and environmental benefits – Outcomes, intelligence, interventions and long term strategy including climate change
    - iii. economic benefits – Productivity and competitiveness and alignment with Economic Strategy
  - d. It contributes to the overall objectives of the Transformation Fund and the benefits agreed must be committed in in line with the Five Year Financial Plan;
  - e. VAT, inter-departmental and contingency costs should not be included.
15. Savings should be in line with opportunities identified within the Designated Body's cost improvement plan.
16. Should the intention be for some or all of the funds to be paid to a third party supplier, it is essential that this expenditure complies with both Financial Regulations and the open and fair principles that underpin public sector procurement. Where third-party expenditure is being considered, Procurement Services must be engaged at the very earliest opportunity and certainly in advance of any formal request for funds.
17. Departmental drawdowns from the Fund will only be made available after it has been demonstrated that the Designated Body will not produce an under-spend within the current financial year.
18. All bids will be time-limited and extensions will require formal approval from the Treasury. It is the responsibility of the Department to ensure this.
19. Approvals are not transferrable between projects and a new business case will be required for each new initiative.

**Last Updated**

**June 2023**

# FPN C.01 Determining Supplier Financial Relationships

<i>Version Control</i>	
Date of Treasury Approval	<i>June 2023</i>
Issue Date	<i>June 2023</i>
Responsible Officer	Executive Director - Financial Governance
<i>Table of Amendments (to previous version)</i>	
<i>Ref.</i>	<i>Amendment</i>
3.2	Removal of "last 3 years" in requirement for aggregate value of contract

## Summary

The Treasury Act 1985 states that one of Treasury’s primary aims is “to supervise and control all matters relating to the financial affairs of the Government”.

This Financial Practice Note (FPN) is issued by The Treasury in the furtherance of that aim.

It replaces all previously issued FPNs which have been issued with the prefix reference FPN C.01 which are hereby revoked.

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## 1. Financial Operating Policy Objectives & Associated Risks

This practice note has been developed to further the following core objectives outlined within Treasury’s [Financial Directions](#) and Financial Operating Policy to:

- Determine Supplier Relationships and the Applicable Financial Thresholds.

In particular it has been developed to mitigate the following key risks arising from the delivery of those objectives:

- decisions are not made in accord with Treasury’s Financial Values (please see *Financial Direction A: Financial Values & Governance*);
- the sub-division of a procurement opportunity for the purpose of reducing the total value of the contract;

- spend on similar and regular contracts are not aggregated for the purpose of calculating total value of the contract.

## 2. Obtaining Exemptions from this Financial Practice Note

This FPN outlines the requirements for all officers engaged with financial transactions.

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 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](#).

## 3. Responsibilities of Budget Holders

### Exemption Authorities

Where no competitive action has been undertaken (and documented) when offering opportunities to third 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 its 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 which have not been subjected to competitive action 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 non-competitive action purchases are added together, using the greater actual non-competitive spend or the estimated next 3 years non-competitive spend and, if the total value exceeds the thresholds, the Financial Directions apply to all non-competitive spend 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 when based on the greater of the actual non-competitive spend or the estimated next 3 years non-competitive spend.
- 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.

# FPN C.02 Capital Procedure Notes

<i>Version Control</i>	
Date of Treasury Approval	<i>June 2023</i>
Issue Date	<i>June 2023</i>
Responsible Officer	Total project value: <ul style="list-style-type: none"> <li>Up to and including £250,000: the Executive Director - Financial Governance;</li> <li>Over £250,000: The Treasury.</li> </ul>
<i>Table of Amendments (to previous version)</i>	
<i>Ref.</i>	<i>Amendment</i>
3.1	Update to replace accredited list with that of Construction Isle of Man

## Summary

The Treasury Act 1985 states that one of Treasury’s primary aims is “to supervise and control all matters relating to the financial affairs of the Government”.

This Financial Practice Note (FPN) is issued by The Treasury in the furtherance of that aim.

It replaces all previously issued FPNs which have been issued with the prefix reference FPN C.02 which are hereby revoked.

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3. Responsibilities of All Officers .....	131

### 1. Financial Operating Policy Objectives & Associated Risks

This practice note has been developed to further the following core objectives outlined within Treasury’s [Financial Directions](#) and Financial Operating Policy to ensure that:

- Designated Bodies comply with the Isle of Man Government’s Procurement Policy;
- we only buy the things we really need for the delivery of our services;
- we sufficiently understand why we need them;
- we appropriately communicate to suppliers what we need;
- an appropriate level of fair and open competition is undertaken to ensure impartiality and best value is achieved;
- we consider the local economic benefits, social value and environmental and sustainability considerations when making contract award decisions;
- goods, services and assets that are delivered by our suppliers actually meet our needs;

In particular it has been developed to mitigate the following key risks arising from the delivery of those objectives:

- decisions are not made in accord with Treasury's Financial Values (please see Financial Direction A: Financial Values & Governance);
- contracting on unfavourable Terms;
- failure to operate an open, fair and transparent procurement process;
- anti-competitive behaviour by the market.

## **2. Obtaining Exemptions from this Financial Practice Note**

This FPN outlines the requirements for all officers engaged with financial transactions.

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 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*.

## **3. Responsibilities of All Officers**

- 3.1. For all construction work (falling under the Construction Contracts Act 2004), designated bodies must use Accredited Contractors as found on the website of Construction Isle of Man <https://www.constructioniom.im/find-an-accredited-professional>.
- 3.2. 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.

# FPN C.03 Vehicle & Plant Procurement

<i>Version Control</i>	
Date of Treasury Approval	<i>June 2023</i>
Issue Date	<i>June 2023</i>
Responsible Officer	Total contract value: <ul style="list-style-type: none"> <li>• Up to and including £150,000: Accountable Officer;</li> <li>• Over £150,000 and up to and including £250,000: Accountable Officer and the Executive Director - Financial Governance/Chief Financial Officer;</li> <li>• Over £250,000: The Treasury.</li> </ul>
<i>Table of Amendments (to previous version)</i>	
<i>Ref.</i>	<i>Amendment</i>

## Summary

The Treasury Act 1985 states that one of Treasury’s primary aims is “to supervise and control all matters relating to the financial affairs of the Government”.

This Financial Practice Note (FPN) is issued by The Treasury in the furtherance of that aim.

It replaces all previously issued FPNs which have been issued with the prefix reference FPN C.03 which are hereby revoked.

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### 1. Financial Operating Policy Objectives & Associated Risks

This practice note has been developed to further the following core objectives outlined within Treasury’s [Financial Directions](#) and Financial Operating Policy to ensure that:

- Designated Bodies comply with the Isle of Man Government’s Procurement Policy;

- we only buy the things we really need for the delivery of our services;
- we sufficiently understand why we need them;
- we appropriately communicate to suppliers what we need;
- an appropriate level of fair and open competition is undertaken to ensure impartiality and best value is achieved;
- we consider the local economic benefits, social value and environmental and sustainability considerations when making contract award decisions;
- goods, services and assets that are delivered by our suppliers actually meet our needs;

In particular it has been developed to mitigate the following key risks arising from the delivery of those objectives:

- decisions are not made in accord with Treasury's Financial Values (please see Financial Direction A: Financial Values & Governance);
- contracting on unfavourable Terms;
- buying goods or services that we do not need or want;
- failure to operate an open, fair and transparent procurement process;
- anti-competitive behaviour by the market.

## **2. Obtaining Exemptions from this Financial Practice Note**

This FPN outlines the requirements for all officers engaged with financial transactions.

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 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](#).

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## **3. Background**

- 3.1. The Department of Infrastructure is responsible for the procurement of the majority of Government vehicles, plant and equipment, through Shared Fleet Services (SFS). This document sets out a staged approval process for Vehicle and Plant Procurement, consisting of four stages as follows:
  - a) Business case to include asset in replacement schedule.
  - b) Specification fully developed, ready to issue.
  - c) Tender action.
  - d) Tender approval.
- 3.2. More details of this proposal and the approval levels envisaged are contained in the Stage Approval Table (Appendix 2.) and the Tender Evaluation Matrix (Appendix 3.)
- 3.3. For procurement purposes vehicles and plant can be divided into five categories as outlined below.

## **4. Category 1: Vehicles under 3.5 tonnes**

*(Cars, Car Derived Vans and Light Commercial Vehicles)*

- 4.1. In this category there is a wide choice of manufacturers available many of which offer similar specification vehicles and product ranges. Whilst this is advantageous from a buyers perspective ad hoc purchasing based on 'deals of the day' has led to an over diversification of the fleet.

- 4.2. It is evident from the existing fleet profile that many vehicles have been purchased based on initial price rather than giving due consideration to the whole life costs that are likely to be incurred from operating the vehicle on the Isle of Man. With the formation of SFS in 2014 the fleet can be viewed as a whole and with ever improving vehicle information being captured (Fleet Wave Vehicle Tracking user feedback etc.) it is now becoming possible to estimate 'real' whole life costs of ownership on the Isle of Man for the main vehicle categories.
- 4.3. Appendix 1 provides examples of whole life costings based on standard vehicles achieving 10,000 miles per annum however care must be taken when applying these costings particularly for vehicles which are expected to achieve higher than average mileages or where considerable investment is made in fitting out the vehicle (for example Police custody vans). In these cases individual cost models need to be applied and consideration given to 'premium' brand vehicles to ensure best value is achieved. Comparisons are also provided with Electric Vehicles.
- 4.4. It is proposed to limit the number of manufacturers to 'mainstream' suppliers in this category, standardising the fleet to allow real 'Isle of Man' whole life costings to be further developed from realistic numbers of each vehicle type. This information can then be built into the decision making process for any future purchases.

### Procurement Process:

- Annually renewed discount structure agreed in advance with each manufacturer or supplier.
- Standard specification produced dependent on vehicle type with quotations sought from three suppliers only to standardise fleet as far as practicable with respect to parts and servicing.
- Tender selection process by applying Vehicle and Plant Replacement Matrix (Appendix 3)
- If competition is not possible:
  - For individual purchases >£100k and <=£150k approval of DOI Accountable Officer;
  - For individual purchases >£150k and <=£250k approval of DOI Accountable Officer and, either the Executive Director - Financial Governance or the Chief Financial Officer;
  - For individual purchases >£250k Treasury approval as a single consolidated request in advance of the financial year during which the purchase is to be made.
- Orders placed either direct with the manufacturer or the local dealer as considered appropriate.
- All vehicles prepared by local dealer who receives a handling fee direct from the manufacturer or supplier

### 5. Category 2 Vehicles between 3.5 and 7.5 tonnes

*(Large Vans, Minibuses, Light Goods Vehicles)*

- 5.1. Vehicles in this category are frequently more specialised dependent on their individual application. Careful consideration of each vehicle's proposed use is necessary to develop a specification which is capable of being met by more than one supplier however in principle the same procurement process can be applied as with Category 1 vehicles.

### Procurement Process:

- Standard specification produced dependent on vehicle type with quotations sought from three suppliers only to standardise fleet as far as practicable with respect to parts and servicing.
- Tender selection process by applying Vehicle and Plant Replacement Matrix (Appendix 3)
- If competition is not possible:
  - For individual purchases >£100k and <=£150k approval of DOI Accountable Officer;
  - For individual purchases >£150k and <=£250k approval of DOI Accountable Officer and, either the Executive Director - Financial Governance or the Chief Financial Officer;
  - For individual purchases >£250k Treasury approval as a single consolidated request in advance of the financial year during which the purchase is to be made
- Orders placed either direct with the manufacturer or the main dealer as considered appropriate.

## 6. Category 3 Vehicles between 7.5 and 18 tonnes

*(HGV Trucks, Sweepers, Jetters etc.)*

6.1. The procurement of Heavy Goods Vehicles (HGVs) is by necessity a complex process, each individual vehicle requires a detailed specification to be produced for the base vehicle (chassis cab) and also for the type of body to be fitted (Jetter, Tanker, Gritter etc.).

### Procurement Process:

- Standard specification produced dependent on vehicle type with quotations sought from three suppliers where possible.
- Tender selection process by applying Vehicle and Plant Replacement Matrix (Appendix 3)
- If competition is not possible:
  - For individual purchases >£100k and <=£150k approval of DOI Accountable Officer;
  - For individual purchases >£150k and <=£250k approval of DOI Accountable Officer and, either the Executive Director - Financial Governance or the Chief Financial Officer;
  - For individual purchases >£250k Treasury approval as a single consolidated request in advance of the financial year during which the purchase is to be made.
- Orders placed either direct with the manufacturer or the main dealer as considered appropriate.

## 7. Category 4 Vehicles exceeding 18 tonnes and up to 32 tonnes

*(Large Tankers, Tippers, Hook Loader etc.)*

### Procurement Process:

- Standard specification produced dependent on vehicle type with quotations sought from three suppliers where possible.
- Tender selection process by applying Vehicle and Plant Replacement Matrix (Appendix 3)
- If competition is not possible:
  - For individual purchases >£100k and <=£150k approval of DOI Accountable Officer;
  - For individual purchases >£150k and <=£250k approval of DOI Accountable Officer and, either the Executive Director - Financial Governance or the Chief Financial Officer;
  - For individual purchases >£250k Treasury approval as a single consolidated request in advance of the financial year during which the purchase is to be made
- Orders placed either direct with the manufacturer or the main dealer as considered appropriate.

## 8. Category 5 Plant and Equipment

8.1. This category contains numerous items of specialist plant and equipment such as excavators, rollers, road planers and pavers etc. Similar to purchasing HGV vehicles a detailed specification is developed often with the assistance of the specialised suppliers in that particular niche market.

### Procurement Process:

- Standard specification produced dependent on vehicle type with quotations sought from three suppliers where possible.
- Tender selection process by applying Vehicle and Plant Replacement Matrix (Appendix 3)
- If competition is not possible:
  - For individual purchases >£100k and <=£150k approval of DOI Accountable Officer;
  - For individual purchases >£150k and <=£250k approval of DOI Accountable Officer and, either the Executive Director - Financial Governance or the Chief Financial Officer;
  - For individual purchases >£250k Treasury approval as a single consolidated request in advance of the financial year during which the purchase is to be made.
- Orders placed either direct with the manufacturer or specialist dealer as considered appropriate.

## Appendix 1 Whole Life Costings

<b>WHOLE LIFE COSTINGS FOR 2014-2015</b>				
<b>Small cars</b>				
Service/repairs costs taken from average costs from 5 recent service/repair events on vehicles aged between 1-4 years.				
Fuel costs taken from average costs from 12 months usage. The average distance covered in sample was Note 4942 miles; Fiesta 6381 miles; Corsa 6033 miles; C3 4932 miles.				
Depreciation value from Glass's guide, using Trade value against new full price cost				
Pence per mile value assuming 10000 miles per year over 4 years. Actual mileages from fuel costs calculation may not be represent 10000 miles per year.				
	Citroen C3 VT 1.4Hdi	Nissan Note 1.5dCi	Ford Fiesta D	Vauxhall Corsa 1.3D
Cost to DOI	£7,800.00	£8,700.00	£8,925.00	£8,450.00
Service/repairs	£155.00	£250.00	£375.00	£200.00
Fuel costs	£395.00	£395.00	£632.00	£490.00
Road tax	£0.00	£0.00	£0.00	£0.00
Depreciation	£5,200.00	£4,500.00	£5,300.00	£5,600.00
Running costs	£5,750.00	£5,145.00	£6,307.00	£6,290.00
Lifetime costs	£13,550.00	£13,845.00	£15,232.00	£14,740.00
Pence per mile	£0.34	£0.35	£0.38	£0.37
<b>Car derived van</b>				
Service/repairs costs taken from average costs from 5 recent service/repair events on vehicles aged between 1-4 years.				
Fuel costs taken from average costs from 12 months usage. The average distance covered in sample was 10671 miles				
Depreciation value from Glass's guide, using Trade value against new full price cost				
Pence per mile value assuming 10000 miles per year over 4 years. Actual mileages from fuel costs calculation may not be represent 10000 miles per year.				
	Citroen Berlingo 1.6Hdi	Ford Transit Connect		
Cost to DOI	£8,800.00	£9,900.00		
Service/repairs	£395.00	£667.00		
Fuel costs	£1,058.00	£727.00		
Road tax	£0.00	£0.00		
Depreciation	£8,000.00	£8,000.00		
Running costs	£9,453.00	£9,394.00		
Lifetime costs	£18,253.00	£19,294.00		
Pence per mile	£0.46	£0.48		
<b>1 tonne panel van</b>				
Service/repairs costs taken from average costs from 5 recent service/repair events on vehicles aged between 1-4 years.				
Fuel costs taken from average costs from 12 months usage. The average distance covered in sample was Vivaro 7706 miles; Transit 5912 miles; Boxer 5919 miles				
Depreciation value from Glass's guide, using Trade value against new full price cost				
Pence per mile value assuming 10000 miles per year over 4 years. Actual mileages from fuel costs calculation may not be represent 10000 miles per year.				
	Vauxhall Vivaro	Ford Transit	Peugeot Boxer	Mercedes Benz Vito 110
Cost to DOI	£12,000.00	£12,500.00	£14,250.00	£15,750.00 Estimate
Service/repairs	£413.00	£688.00	£318.00	£350.00 Estimate
Fuel costs	£1,165.00	£880.00	£965.00	£1,100.00 Estimate
Road tax	£0.00	£0.00	£0.00	£0.00
Depreciation	£11,000.00	£11,000.00	£11,000.00	£11,000.00 Estimate
Running costs	£12,578.00	£12,568.00	£12,283.00	£12,450.00
Lifetime costs	£24,578.00	£25,068.00	£26,533.00	£28,200.00
Pence per mile	£0.61	£0.63	£0.66	£0.71



## Example comparison with Electric Vehicles

Example comparison of Electric Vehicle whole life costs over 5 years – Delivery Vehicles

Manufacturer & Model	Purchase Price (ex VAT)	Servicing, Repairs & Tyres (1,2,3,4)	Road Fund Licence (5)	Fuel (6)	Estimated Residual Value (7)	Total Life Cost (Over 5 years)
Ford Transit Connect	£11,470	£5,960	£720	£5,462	(£2,000)	£21,612
Vauxhall Combovan	£13,814	£5,174	£720	£4,580	(£2,000)	£22,288
Mercedes Citan	£14,228	£5,935	£330	£4,498	(£3,000)	£21,991
Nissan eNV200	£17,550	£4,460	£75	£2,690	(£3,500)	£21,275

### Assumptions

1. Servicing costs are based on 50,000 miles per vehicle over 5 years, published service intervals per vehicle (being Ford - 10,000m; Vauxhall – 21,000m; Mercedes – 25,000m), and an estimated service cost as per the manufacturer.
2. Repair costs are based on similar parts & labour costs for Ford/Vauxhall, with a 25% increase for Mercedes (based on available data).
3. Tyre costs are based on 16 tyres per vehicle over 5 years.
4. Nissan eNV200 assumptions based on same mileage per year, repair & tyre costs as per Ford. All other data (i.e. fuel, estimated residual value, servicing costs etc.) based on data provided by the local Nissan dealer and reasonable estimates where appropriate.
5. Road fund licence costs for 5 years based on CO2 emissions of each vehicle.
6. Fuel costs based on published mileage per gallon figures for each vehicle and a cost of £5.50 a gallon (£1.21 a litre).
7. Estimated residual value is an estimate based on local and UK research (including Parkers used vehicle guide) and amended for an IOM marketplace.

**Appendix 2 Stage Approvals Table**

Vehicle and Plant Procurement Stage Approvals								
Stage	Category 1 Vehicles	Category 2 Vehicles	Category 3 Vehicles	Category 3 Vehicles <3 quotes	Category 4 Vehicles	Category 4 Vehicles <3 quotes	Category 5 Plant and Equipment	Category 5 Plant and Equipment <3 quotes
Decision to include asset in replacement schedule	SFS in liaison with Client Department Representative	SFS in liaison with Client Department Representative	SFS/Client Department SEO/D600 or above	SFS/Client Department SEO/D600 or above	SFS/Client Department SEO/D600 or above	SFS/Client Department SEO/D600 or above	SFS/Client Department SEO/D600 or above	SFS/Client Department SEO/D600 or above
Business case approval**	N/A	SFS D600 or above	SFS D600 or above	Director of Public Transport, >£250K Treasury	SFS D600 or above	Director of Public Transport, >£250K Treasury	SFS D600 or above	Director of Transport Services, >£250K Treasury
Specification Development	SFS/Client Department Representative	SFS/Client Department Representative	SFS/Client Department Representative	SFS/Client Department Representative	SFS/Client Department Representative	SFS/Client Department Representative	SFS/Client Department Representative	SFS/Client Department Representative
Specification agreed, formal sign off **	SFS/Client Department Representative	SFS/Client Department Representative	SFS/Client Department SEO or above	SFS/Client Department SEO or above	SFS/Client Department SEO or above	SFS/Client Department SEO or above	SFS/Client Department SEO or above	SFS/Client Department SEO or above
Tender Process	SFS	SFS	SFS	SFS	SFS	SFS	SFS	SFS
Tender approval**	SFS	SFS D600 or above	Director of Public Transport	Accountable Officer, >£250K Treasury	Director of Public Transport	Accountable Officer, >£250K Treasury	Director of Public Transport	Accountable Officer, >£250K Treasury
Place Order	SFS	SFS	SFS	SFS	SFS	SFS	SFS	SFS
Build Process	N/A	SFS	SFS	SFS	SFS	SFS	SFS	SFS
Commissioning	N/A	SFS/Client Department Representative	SFS/Client Department Representative	SFS/Client Department Representative	SFS/Client Department Representative	SFS/Client Department Representative	SFS/Client Department Representative	SFS/Client Department Representative
Delivery	SFS	SFS	SFS	SFS	SFS	SFS	SFS	SFS
Pre service checks	Dealer/SFS	Dealer/SFS	SFS/Supplier	SFS/Supplier	SFS/Supplier	SFS/Supplier	SFS/Supplier	SFS/Supplier
Introduction to service/swap out	SFS/Client Department Representative	SFS/Client Department Representative	SFS/Client Department Representative	SFS/Client Department Representative	SFS/Client Department Representative	SFS/Client Department Representative	SFS/Client Department Representative	SFS/Client Department Representative

*\*\*Denotes Key Stage Approval*

### Appendix 3 Vehicle and Plant Replacement Matrix (Worked Example)

VEHICLE AND PLANT REPLACEMENT MATRIX																
Award Criteria			Vauxhall		Mercedes		Ford		Citroen		Nissan					
Price	Max Score		Value (£)	Total %	Value (£)	Total %	Value (£)	Total %	Value (£)	Total %	Value (£)	Total %				
Vehicle Cost			15,000.00		16,000.00		14,000.00		13,000.00		17,000.00					
Lowest value submission is awarded 10%, remaining submissions are expressed as a % of the lowest bid = ((value of lowest bid/value of other bid)*30)	10%			9		8		9		10		8				
IOM Whole Life Cost ppm or Industry Standard Whole Life Costs as applicable			0.34		0.35				0.32							
Total whole life cost based on .....miles and replacement at.....years	20%		20,000.00		21,000.00				18000.00							
Lowest value submission is awarded 50%, remaining submissions are expressed as a % of the lowest bid = ((value of lowest bid/value of other bid)*50)	50%			43		41		46		50		38				
<b>Total (Price)</b>	<b>80%</b>			<b>52</b>		<b>49</b>		<b>55</b>		<b>60</b>		<b>46</b>				
Quality	Weighting	Max Weighted Score	score	weighted total	score	weighted total	score	weighted total	score	weighted total	score	weighted total				
Compliance with Specification	3	20	4	12	3	9	3	9	4	12	3	9				
Tender submission compliance	3	10	3	9	3	9	3	9	3	9	3	9				
Availability	1	2	2	2	2	2	1	1	2	2	1	1				
Training	1	3	3	3	2	3	1	1	1	1	1	1				
Warranty	1	5	4	4	3	4	1	1	1	1	1	1				
<b>Total (Quality)</b>		<b>40</b>		<b>30</b>		<b>27</b>		<b>21</b>		<b>25</b>		<b>21</b>				
Highest quality score is awarded 20%, remaining scores are expressed as a % of the highest score = ((score of other bid/highest score)*20)	20%			20.0		13.0		15.0		16.0		12.0				
<b>Total %</b>	<b>100%</b>			<b>72</b>		<b>62</b>		<b>70</b>		<b>76</b>		<b>58</b>				
Criteria for awarding score		Score														
Completely fails to meet required standard or does not provide a proposal.		0														
Proposal significantly fails to meet the standards required, contains significant shortcomings and/or is inconsistent with other proposals.		1														
Proposal falls short of achieving expected standard in a number of identifiable respects.		2														
Proposal meets the required standard in most material respects, but is lacking or inconsistent in others.		3														
Proposal meets the required standard in all material respects.		4														
Proposal meets the required standard in all material respects and exceeds some or all of the major requirements.		5														

# FPN C.04 ICT Hardware & Software Procurement

<i>Version Control</i>	
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Responsible Officer	Total contract value: <ul style="list-style-type: none"> <li>• Up to and including £150,000: Executive Director GTS;</li> <li>• Over £150,000: Executive Director - Financial Governance.</li> </ul>
<i>Table of Amendments (to previous version)</i>	
<i>Ref.</i>	<i>Amendment</i>
	Amended throughout to comply with current policies of GTS

## Summary

The Treasury Act 1985 states that one of Treasury’s primary aims is “to supervise and control all matters relating to the financial affairs of the Government”.

This Financial Practice Note (FPN) is issued by The Treasury in the furtherance of that aim.

It replaces all previously issued FPNs which have been issued with the prefix reference FPN C.04 which are hereby revoked.

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### 1. Financial Operating Policy Objectives & Associated Risks

This practice note has been developed with the objective to:

- Ensure value for money from ICT
- Mitigate against risk to the corporate technology infrastructure
- Ensure effective planning within the Department and across the shared services

### 2. Obtaining Exemptions from this Financial Practice Note

This FPN outlines the requirements for Accounting Officers to ensure that any project, (inclusive of capital projects) complies with this FPN.

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 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](#).

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### **3. Applicability**

3.1. This Financial Practice Note applies for any project where ANY of the following apply:

- a) there is any element of delivery of services via channels enabled by technology;
- b) the project involves external suppliers or consultancy in the delivery of ICT;
- c) the project cost is greater than £10,000 (hardware, software, subscriptions, development, etc.) when considered over a 3 year period;
- d) the ICT component resides on the corporate network or via a cloud hosted service.
- e) the ICT component stores or allows access to corporate data and services regardless of where it is hosted.

### **4. Responsibilities of the Delegated Officer**

The Delegated Officer must ensure that:

- 4.1. all ICT hardware and software procurement is undertaken, or facilitated, by GTS in conjunction with the Government's Procurement, Installation, Support & Maintenance (PISAM) contracts;
- 4.2. the maximum length of any contract or partnering arrangement for ICT goods and services with a total cost over £100,000 is 10 years subject to the prior written approval of the Director of GTS.
- 4.3. [all ICT solutions comply with the Digital Strategy or associated GTS strategies](#).
- 4.4. the ICT component meets the business requirements and business specifications;
- 4.5. ICT projects complete a technical implementation review on a frequency agreed between GTS and the designated body;
- 4.6. no ICT equipment will be modified or connected to the IOMG network without the express approval of GTS.

### **5. Responsibilities of the Budget Holder**

The Budget Holder must ensure, within their designated Budget Area, that:

- 5.1. all ICT solutions comply with the Digital Strategy or associated GTS strategies;
- 5.2. Any ICT equipment which does not fall within the scope of the PISAM has been reviewed and approved by GTS on behalf of the designated body.
- 5.3. all ICT projects complete a post implementation review as part of project or programme delivery;
- 5.4. all ICT enabled projects are registered and logged through Business Change Services – Cabinet Office, in their standard request format;
- 5.5. no ICT equipment will be modified or connected to the IOMG network without the express approval of GTS;
- 5.6. All ICT requests for existing ICT services are logged to GTS through their provisioned methodology.
- 5.7. All requests for new ICT services, systems and outcomes must signed off by the GTS Design team and/or other officers nominated by them.

- 5.8. all ICT projects have sufficient budgetary approval in place in accordance with Financial Direction B: Managing Resources.

## 6. Responsibilities of the Accountable Officer

The Accountable Officer must ensure that:

- 6.1. the responsibilities of service managers include the development and maintenance of the designated body's strategic ICT programme to support, enhance and transform core processes and services which will match to the IOMG Digital Strategy.

## 7. Responsibilities of GTS

GTS must ensure that:

- 7.1. All ICT solutions comply with the Digital Strategy or associated GTS strategies.
- 7.2. Assistance and subject matter knowledge is provided in the planning and guidance of the designated body's strategic ICT programme with the ultimate responsibility remaining with the Accounting Officer;
- 7.3. application procurement, development and support is managed and driven through GTS and Procurement Services;
- 7.4. procurements will be based on GTS preferred framework agreements except where specialist suppliers are required;
- 7.5. accountability for providing the ICT components or systems design and delivery and ongoing support remains the responsibility of GTS;
- 7.6. all IT solutions use the most appropriate technology in accordance with the Technical Code of Practice (TCoP);
- 7.7. All ICT solutions will either be hosted within the Government data centres or within GTS approved externally hosted cloud service providers, taking into consideration business risk.
- 7.8. All ICT enabled projects are registered and logged through Business Change Services – Cabinet Office, in their standard request format.
- 7.9. All ICT requests for existing ICT services are logged to GTS through their provisioned methodology.
- 7.10. All requests for new ICT services, systems and outcomes must signed off by the GTS Design team and/or other officers nominated by them.
- 7.11. all requests to GTS for ICT design, delivery and support must contain:
- a) Reference to the risk, profile levels and the impact of failure. This will form the basis of the level of ICT Governance required, as determined by the Director of GTS;
  - b) a clear business case in support of the project;
  - c) Clear Business requirements identifying what the outcomes of the ICT delivery will achieve
  - d) the identification of any potential cost savings arising from the project, which are notified to GTS and Treasury
  - e) reference to compliance with the Digital Strategy, TCoP and any technology principles and data standards as published by GTS.
- 7.12. Where potential cost savings are identified within the SIR the Director of GTS (or other officers nominated by them) will notify the Executive Director - Financial Governance (or other officers nominated by them).

# FPN C.05 Land & Building Acquisitions

<i>Version Control</i>	
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<i>Table of Amendments (to previous version)</i>	
<i>Ref.</i>	<i>Amendment</i>

## Summary

The Treasury Act 1985 states that one of Treasury’s primary aims is “to supervise and control all matters relating to the financial affairs of the Government”.

This Financial Practice Note (FPN) is issued by The Treasury in the furtherance of that aim.

It replaces all previously issued FPNs which have been issued with the prefix reference FPN C.05 which are hereby revoked.

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## 1. Financial Operating Policy Objectives & Associated Risks

This practice note has been developed to further the following core objectives outlined within Treasury’s [Financial Directions](#) and Financial Operating Policy to:

- Ensuring appropriate flexibility within written procedures to ensure core objectives and financial values can always be met.
- The acquisition of interests in built and property based assets will include (but are not limited to):
  - Purchases
  - Leases
  - Option arrangements
  - Shared equity schemes
  - Licences
  - Wayleaves and easements.

In particular it has been developed to mitigate the following key risks arising from the delivery of those objectives:

- failure to embed a positive compliance culture;
- failure to challenge procedures when they are in conflict with core objectives and financial values;
- values or interests of Government not properly considered or appropriately dealt with.

## **2. Obtaining Exemptions from this Financial Practice Note**

This FPN outlines the requirements for all officers engaged within financial transactions.

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 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*.

## **3. Additional Definitions Used within this Financial Practice Note**

- 3.1. The *Director of Strategic Asset Management and Valuations* is a Treasury Officer appointed by the Executive Director - Financial Governance;
- 3.2. The *Strategic Asset and Capital Investment Committee* is a sub-Committee of the Treasury.

## **4. Legislative background**

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

## **5. Responsibilities of All Delegated Officers**

All Delegated Officers must ensure that:

- 5.1. subject to paragraph 5.3 below, any acquisitions are discussed with the *Director of Strategic Asset Management and Valuations* prior to commencing negotiations;
- 5.2. all freehold and leasehold acquisitions of land and buildings except for internal Government transactions and below are at Market Value (MV) or Market Rent (MR), defined in the RICS Valuation Standards as:
  - a) Market Value: The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion;
  - b) Market Rent: The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion;



- 5.3. The requirements of 5.1 & 5.2 above:
  - a) will be subject to any onerous conditions imposed by the acquiring Department or Statutory Board or other designated body.
  - b) do not apply to compulsory or voluntary acquisition of land subject to compulsory purchase (including wayleaves and easements).
- 5.4. if there are exceptional circumstances, it must be formally recorded that the Board or Minister has authorised acquisition at above Market Value or Market Rent and prior written approval from Treasury's Strategic Asset and Capital Investment Committee must be sought for such a course of action. Where the acquisition (or lease value aggregated over 3 years) exceeds £250,000, the prior written approval of the Treasury and the Council of Ministers must be obtained;
- 5.5. when entering into lease arrangements for land and property either as lessee or lessor, the advice of both the *Director of Strategic Asset Management & Valuations* and the *Attorney General's Chambers* is obtained and followed;
- 5.6. the designated land and building asset register on which the asset is recorded is updated with the details of its acquisition or lease;
- 5.7. as appropriate, the Government's insurance policies are updated to reflect the acquisition upon completion;
- 5.8. acquisitions are reported to the *Director of Strategic Asset Management & Valuations* at point of completion.

## **6. Responsibilities of the Budget Holder**

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 1 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*.

## **7. Responsibilities of the Designated Finance Officer**

The Designated Finance Officer must ensure that:

- 7.1. Budget Holders are notified of the designated Land & Buildings Register for their Budget Areas;
- 7.2. following the required update by the relevant Budget Holders, Land and building registers for the Designated Body are forwarded annually to the *Director of Strategic Asset Management & Valuations* by the 1<sup>st</sup> June;
- 7.3. land and buildings registers within their control are retained for 6 years plus the current year.

## **8. Responsibilities of the Accountable Officer**

The Accountable Officer must ensure:

- 8.1. The Accountable Officer must ensure that the appropriate delegations are in place to assign the responsibilities set out within this practice note.

# FPN C.06 General Procurement

<b>Version Control</b>	
Date of Treasury Approval	June 2023
Issue Date	June 2023
Responsible Officer	<p><u>Total contract value:</u></p> <ul style="list-style-type: none"> <li>£10,000 or less: the Budget Holder (subject to their delegated authority);</li> <li>Over £10,000 and up to and including £100,000: Accountable Officer</li> </ul> <p>N.B. contract values over £100,000 are covered under Financial Direction FD C9. Construction projects funded by Treasury’s capital programme where the level of expenditure is likely to be less than (or equal to) £250,000 may opt to procure in accordance with FPN C.06 General Procurement. In such cases all suppliers that are unsuccessful must be provided with a means of appeal approved by the Executive Director – Financial Governance.</p>
<b>Table of Amendments (to previous version)</b>	
<b>Ref.</b>	<b>Amendment</b>
Responsible Officer	Inclusion of construction projects eligibility
	Update to account for transfer of procurement from Attorney General’s Chambers to Treasury
Appendix 2	Clarification that Accountable Officer may allow split between price and quality other than 50/50

## Summary

The Treasury Act 1985 states that one of Treasury’s primary aims is “to supervise and control all matters relating to the financial affairs of the Government”.

This Financial Practice Note (FPN) is issued by The Treasury in the furtherance of that aim.

It replaces all previously issued FPNs which have been issued with the prefix reference FPN C.06 which are hereby revoked.

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## 1. Financial Operating Policy Objectives & Associated Risks

This practice note has been developed to further the following core objectives outlined within Treasury’s [Financial Directions](#) and Financial Operating Policy to:

- General Procurement and the implementation of the Isle of Man Government's Procurement Policy.

In particular it has been developed to mitigate the following key risks arising from the delivery of those objectives:

- failure to allocate resources so as to maximise the value from those services;
- collusive practices between supplier and purchasing officer;
- failure to operate an open, fair and transparent procurement process;
- anti-competitive behaviour by the market.

## 2. Obtaining Exemptions from this Financial Practice Note

This FPN outlines the requirements for all officers engaged within financial transactions.

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 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](#).

## 3. Responsibilities of the Delegated Officer

Where the procurement of goods and services is not covered by broader Central or other Framework Agreements (in which case the procurement must be in accordance with those agreements), the Delegated Officer must use their best endeavours to seek value for money and appropriate competition for **all** goods and/or services purchased:

For Orders/Contracts with a cost of £2,000 or less:

3.1. The Delegated Officer must be able to demonstrate that value for money has been considered when procuring goods and/or services.

For Orders/Contracts with a cost of over £2,000 and less than or equal to £10,000:

3.2. Either:

- obtain a minimum of 2 quotes or estimates (verbal, internet or written) and retain a record of these before procuring the goods or services; when a verbal quote is obtained, a written record should be produced and retained with the order for audit purposes; or

Or, alternatively, where similar goods and/or services are being regularly purchased within the Budget Area:

- ensure that periodic market testing, in a manner approved by the Budget Holder, is undertaken for a representative sample of those products & services that are likely to be procured during the year.

Such market testing **must** then be repeated after either:

- 1 year; or
- at a point **within the year** when the accumulated value of goods and/or services purchased (and covered under the existing market testing) reaches £10,000.

For Orders/Contracts with a cost of over £10,000 and less than or equal to £100,000:

3.3. ensure that the opportunity is advertised on Government's Procurement Portal managed by the Treasury;

- 3.4. except for those categories of expenditure within the table at FD C8.1 or alternatively when FPN C.08 Tendering applies, Delegated Officers must ensure the quick quote request template is used as provided at Appendix (2) below;
- 3.5. ensure that orders/contracts are only awarded when more than one supplier has submitted an actionable offering (where only one actionable bid has been received then an exemption from this Financial Practice Note must be approved prior to progression);

Where the contract may involve the transfer of Personal Data to the supplier:

- 3.6. ensure that the Information Security due diligence requirements set out in FPN C.10 Tender Evaluation/Appendix 1 are met.

Evaluation of Suppliers & Records Retention

- 3.7. In evaluating the available offerings from all suppliers, ensure that the Value for Money requirements set out under A 2 Financial Values are adhered to;
- 3.8. ensure, where the resultant order/contract is not being placed with the supplier who has offered the lowest price, that the reasons are documented and retained.
- 3.9. retain the record of market testing undertaken, prices, quotations or estimates obtained (for goods/services over £2,000), and their evaluation, for a period of 6 years following the end of the financial year to which they apply.

#### **4. Responsibilities of the Budget Holder**

- 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.

## **APPENDIX 1: Advertising Contract Opportunities**

### **Introduction**

It is a stated aim of the Procurement Policy to encourage competition and to promote transparency. This will be achieved in part by ensuring that any customers to Government have access to a single resource where all opportunities to provide goods or services to Government are listed, and where Department plans for the tendering of opportunities over the coming year are shown to allow customers to plan for these tenders.

### **Advertisements for Contract Opportunities**

Where a Department, Board or Office requires an advert to be placed on the Portal, the following will apply:

1. The Department, Board or Office shall provide details of the information needed to be included in the advertisement to appear on the Portal. Procurement Services will provide a pro forma setting out the necessary information and this pro forma can be provided if required.
2. The Department, Board or Office shall indicate to Procurement Services the date from which the advertisement should appear and how long it should remain on the Portal.
3. All advertisement requests for the Portal shall be sent by email to: [procurement@gov.im](mailto:procurement@gov.im)
4. The advertising period for matters to which paragraph 3.4 of this practice note applies should be the minimum of five (5) working days and should allow for a minimum of two (2) working days for customers to provide a quick quote response.

### **Large Numbers of Advertisements**

5. If a Department, Board or other Office (or a Division or Team within a Department, Board or Office) is likely to have a considerable number of advertisements that will be required to be advertised on the Portal, the Department, via its Chief Officer, can seek approval from the Head of Procurement ([procurement@gov.im](mailto:procurement@gov.im)) to place its own advertisements on the Portal directly.
6. If such approval is given the officers who are to be permitted to upload directly to the Portal will be required to complete additional training on the use of the Portal, which will be provided by Procurement Services. The Department, Board or Office will also be required to provide details of the financial delegations of the officers concerned as this will be relevant to the authorities given in the use of the Portal.

**Any problems**

7. If there are any issues regarding the placing of advertisements on the Portal, please contact Procurement Services via email: [procurement@gov.im](mailto:procurement@gov.im)

## APPENDIX 2: Quick Quote Template:

[INSERT DATE]

Dear Sir/Madam

### QUICK QUOTE REQUEST [INSERT PROJECT NAME] – [INSERT REF]

[INSERT ONE OR TWO PARAGRAPHS TO PROVIDE A BRIEF INTRO OR BACKGROUND INFORMATION. THIS MAY INVOLVE DESCRIBING THE DEPARTMENT'S GOALS OR FUNCTIONS WHICH RELATE TO THE SERVICES/GOODS TO BE REQUIRED]

#### *(A) Service Requirement/Specification*

[INSERT FULL DETAILED SPECIFICATION HERE OR IF THE SPECIFICATION IS A SUBSTANTIAL DOCUMENT MAKE REFERENCE TO THE ATTACHED SPECIFICATION DOCUMENT]

[THE SPECIFICATION SHOULD INCLUDE AS A MINIMUM THE FOLLOWING INFORMATION:-

- (a) SERVICES/GOODS: Set out a full description of the Services/Goods to be provided.
- (b) ADDITIONAL REQUIREMENTS: Set out in full any additional services required for example attendance at meetings, providing training, provision of regular updates and supplying of manuals or other documentation.
- (c) DELIVERABLES: These should be taken from the description of the Services and Additional Requirements and should set out, (in bullet point form) the actual and specific obligations that the contractor must deliver.
- (d) DEPARTMENT RETAINED RESPONSIBILITIES: This should include anything that the Department has to provide or supply in order for the contractor to provide the Services/Goods, for example, access to buildings, provision of information, access to staff etc...
- (e) TIMETABLE: This should be the dates or timescales during or over which the contractor has to provide the Goods or Services. If there are any essential dates or timescales that must be achieved these should be highlighted.
- (f) SERVICE LEVELS: This should include any quality or levels of service expected and would include for example quality marks, response times, membership of professional bodies, standards or guarantees etc...
- (g) KEY PERFORMANCE INDICATORS (KPI's): Where appropriate these should be linked to the Service Levels and provide metrics for the service levels that should be achieved.]

**(B) Evaluation Criteria**

The Quick Quote Response will be evaluated by an approach that takes into account both price and quality. This approach is referred to as the "most economically advantageous tender". The weighting split used when evaluating Quick Quote Responses will be:

- Price [50]%\*
- Quality [50]%\*\* (of which "Local Economic Factors" will comprise 10% of the total % for quality)

**[\* The weighting split is at the discretion of the responsible Budget Holder, however unless the prior approval of the Accountable Officer has been obtained, the minimum price weighting used must be 50%]**

**[\*\* Where quality is 30% or above, or where pass/fail criteria will be used in evaluating bids then then Section (C2) below should also be included within the Quick Quote.]**

**(C1) Pricing**

Tenderers shall [insert the fixed sum that comprises their Tender Price using the tables below/complete the attached pricing schedule/schedule of rates].<sup>3</sup>

**Please note: All prices quoted are to be exclusive of VAT.**

Requirement <sup>4</sup>	Total charge for provision of services (per day)
	£
	£
<b>Total</b>	£

Offers shall remain valid for a period of 60 days from the closing date of the request.

The above price should include all costs of providing the services and no additional costs may be charged to the Department for this service.

**Note: The Department does not bind itself to accept the lowest or any Quick Quote Response and reserves the right to accept part only of any one or more Quick Quote Response.**

**Site Visit<sup>5</sup>** [only include if applicable]

*A Site Visit will be available to all Tenderers on a mutually convenient date and time.*

*Should you wish to attend, please contact the project officer through the 'Correspondence' tab by [DATE].*



***(C2) Quality [See Section B above to see if this is required]***

The quality element will be assessed through a series of delivery questions, some of which will be mandatory to provide the Services under this contract. The service delivery questions are detailed below with mandatory questions indicated:

**Scoring**

In order to ensure the evaluation of quality is applied consistently, requirements are marked using a scoring system of zero (0) to five (5).

Score	Criteria for awarding Score
0	Completely fails to meet required standard or does not provide a proposal.
1	Proposal significantly fails to meet the standards required, contains significant shortcomings and/or is inconsistent with other proposals.
2	Proposal falls short of achieving expected standard in a number of identifiable respects.
3	Proposal meets the required standard in most material respects, but is lacking or inconsistent in others.
4	Proposal meets the required standard in all material respects.
5	Proposal meets the required standard in all material respects and exceeds some or all of the major requirements.

**Minimum Score/Pass Fail**

A number of requirements have been identified that are fundamental to the delivery of the Service, these requirements are annotated "Minimum score applies". Only Tender Responses that score a minimum of three (3) will be considered for contract award.

A number of requirements have been identified as Pass/Fail and are deemed to be a core requirement. Tenderers responding 'No' to any of these questions will not be considered for contract award.

Service Requirements		
Req. No.	Minimum Score or Pass/Fail Question	Scope
1.0		Describe any experience of xxxxxxxxxxxx.

Service Requirements		
Req. No.	Minimum Score or Pass/Fail Question	Scope
2.0		Provide a brief outline of xxxxxxxxxxxxxxxx
3.0		Provide copies of your certification for xxxxxxxxxxxxxxxx
4.0		Provide a brief outline of xxxxxxxxxxxxxxxx

Environmental and Sustainability <sup>7</sup>		
5.0		<p><i>The Isle of Man Government is committed to the reduction of single use plastic. <a href="https://www.gov.im/about-the-government/departments/environment-food-and-agriculture/ecosystem-policy-and-energy/plastics/">https://www.gov.im/about-the-government/departments/environment-food-and-agriculture/ecosystem-policy-and-energy/plastics/</a></i></p> <p><i>In no more than [●] words, please identify how your Tender Response supports this policy and provide details of your organisation's wider policies on environmental and sustainability issues.</i></p>

Local Economic Factors		
6.0		<p><i>In no more than 400 words, please identify what benefits your company would bring to the Isle of Man economy as a direct result of undertaking this contract. This may include economic contribution such as personnel, income tax, travel, bed nights or social contribution such as training and development to the wider community.<sup>8</sup></i></p>

**Each question will be score evaluated.**

***(D) Contract Documents***

**The contract documents between the Department and contractor shall include the Quick Quote, the Quick Quote Response, a Department purchase order and shall also include and be subject to (where appropriate) Isle of Man Government [Standard Terms and Conditions for the Purchase of Goods and/or Services](#)<sup>9</sup> or such other documentation as may be agreed between the parties and has been approved by the Head of Procurement.**

- 1 Consideration should be given as to whether Local Economic Factors would be applicable to the project. If not remove this section.
- 2 Insert the number of the question below which applies to the Local Economic Factors. If LEF are not to be included, delete sentence.
- 3 Delete the non-applicable wording.
- 4 If a Pricing Schedule/Schedule of Rates is to be used this table can be deleted.
- 5 If a site visit is not applicable, this section can be deleted.
- 6 Mark this column with PASS/FAIL or Minimum Score if applicable.
- 7 In order to comply with Procurement Policy and support the IoMG policy on reduction of single use plastic, departments are required to give consideration to environmental issues when procuring goods and services.  
  
These issues should be considered as part of the procurement and delivery strategy.
- 8 If not applicable remove this section.
- 9 If the IoM Government standard T&C's are not appropriate (e.g if the Quick Quote relates to a construction matter an NEC/JCT contract should be used) the Department should contact the Head of Procurement BEFORE the Quick Quote is issued.

***(E) Quick Quote Response***

**Bidder:** \_\_\_\_\_

(Please insert your full company name)

I/We, having fully acquainted myself/ourselves with all the documents, appendices, instructions and conditions referred to herein, do hereby offer to supply the services requested in accordance with the submitted Rates set out in the Pricing Schedule.

Signed:

Name in block  
letters:

Position:

For and on behalf  
of:

Date:

In responding to this formal Quick Quote competition request, I give the **[insert Dept name]** permission to share my information with the Isle of Man Government Treasury Income Tax Division for the purpose of identifying any potential tax liabilities.

Signed:

Name in block  
letters:

.....  
.....

Position:

Date:

.....  
.....

Your response must be submitted on this form and returned by **noon (12.00hrs) on XXXXday XX XXXXXXXX 20XX** through the online Procurement Portal.

Yours faithfully,

**[Insert name]**

**[Insert job title]**

# FPN C.07 Ordering, Receiving & Paying for Goods and Services (<£100k)

<i>Version Control</i>	
Date of Treasury Approval	<i>June 2023</i>
Issue Date	<i>June 2023</i>
Responsible Officer	Chief Accountant
<i>Table of Amendments (to previous version)</i>	
<i>Ref.</i>	<i>Amendment</i>
	Financial Operations Manager changed to Head of Financial Operations
9.1(p)	Confirmation that purchase cards may be removed if logs are not submitted

## Summary

The Treasury Act 1985 states that one of Treasury’s primary aims is “to supervise and control all matters relating to the financial affairs of the Government”.

This Financial Practice Note (FPN) is issued by The Treasury in the furtherance of that aim.

It replaces all previously issued FPNs which have been issued with the prefix reference FPN C.07 which are hereby revoked.

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## 1. Financial Operating Policy Objectives & Associated Risks

This practice note has been developed to further the following core objectives outlined within Treasury's [Financial Directions](#) and Financial Operating Policy to:

- Ordering, Receiving & Paying for Goods and Services.

In particular it has been developed to mitigate the following key risks arising from the delivery of those objectives:

- unauthorised use of the system in order to misappropriate goods or use services for personal gain;
- short deliveries accepted as a result of collusion;
- acceptance of unsolicited goods or expanded orders as a result of fraudulent acceptance of gifts;
- specification briefs based on submission by supplier;
- collusive practices between supplier and purchasing officer;
- purchase of goods for personal use;
- misuse of purchase card resulting in inappropriate transactions.

## 2. Obtaining Exemptions from this Financial Practice Note

This FPN outlines the requirements for all officers engaged with ordering, receiving or paying for goods and services.

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 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](#).

## 3. Responsibilities of the Delegated Officer

Delegated Officers must ensure that:

- 3.1. all goods and services, regardless of contracting or payment method, have been procured in accordance with *Financial Direction C: Buying & Making Payments*;
- 3.2. all goods and services that are required to be contracted in accordance with this Financial Practice Note are contracted in accordance with either *Part 1: Using Requisitions & Orders*, or *Part 2: Using Purchase Cards*;
- 3.3. expenditure is not incurred for goods and services unless the cost is covered by an approved annual (or supplementary vote) estimate or other special financial provision;
- 3.4. expenditure is authorised by an officer with the required delegated financial authority;
- 3.5. orders are not split or otherwise placed in a manner devised so as to circumvent financial thresholds;

## Part 1: Using Requisitions & Orders

### 4. Responsibilities of the Delegated Officer

Delegated Officers must:

- 4.1. ensure that a purchase order is issued in advance in all cases for the supply of goods or services except where the use of a purchase card has been authorised (see Part 2) or where by the nature of the transactions (e.g. utility bill or toner costs etc.) it is either unnecessary or impracticable;
- 4.2. When goods or services are contracted by way of a purchase order, the purchase order must also state that it is subject to the Isle of Man Government's [Standard Terms and Conditions for the Purchase of Goods and/or Services](#), unless prior written approval not to do so has been received from:
  - a) where the cost is less than or equal to £10,000: the Budget Holder;
  - b) where the cost is greater than £10,000 (and less than £100,000): the Accountable Officer.

#### e-Requisitioning/Ordering System

- 4.3. where an e-Requisitioning/Ordering system is in operation within the Budget Area that has been approved by the Chief Accountant, Delegated Officers must use that system for requisitioning and ordering, to the extent directed by the Chief Accountant;

#### Manual Purchase Orders

- 4.4. ensure that, in all cases where an eRequisitioning/Ordering system or Purchase Card has not been used, a manual purchase order is issued and:
  - a) completed using consecutively numbered stationery and in a format approved by the Chief Accountant;
  - b) are completed in a manner to ensure they are clear and easy to understand to any third party inspection. They must be completed in ink or type and include the value of the purchase, the quantity ordered, detailed description of the goods or service and if relevant a note of the contract, quotation or discount reference;
  - c) completed in triplicate as a minimum with the top copy provided to the supplier, the second copy attached to the invoice when sent for payment and the third copy retained in the order book;
- 4.5. ensure that order books are held securely;

#### Approval of Invoices for Payment

- 4.6. not authorise invoices for payment where they have been the Delegated Officer approving the order;
- 4.7. ensure that when authorising an invoice for payment that:
  - a) the invoice is supported by an Government Official Order, except in those circumstances where an Official Order is not required and corresponds to price, quantity and specification;
  - b) the goods and services invoiced have been received or delivered or payment has, by necessity to be made in advance (e.g. booking fees or deposits on account);
  - c) the account is arithmetically accurate;
  - d) chargeable VAT is levied on a proper tax invoice;
  - e) the goods or services invoiced have not already been paid for;
- 4.8. not approve advance payments, including deposits, unless such provision exists within the contract or with prior written approval of Chief Accountant;
- 4.9. ensure that the appropriate financial codes are included with/on the payment authorisation.



## 5. Responsibilities of the Budget Holder

Budget Holders must:

- 5.1. ensure that there are appropriate security measures in place for order books within their Budget Area;
- 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;
- 5.3. must ensure financial records are maintained for 6 years plus the current year.

## 6. Responsibilities of the Designated Finance Officer

The Designated Finance Officer must ensure that:

- 6.1. Budget Holders are notified of the designated Contract Register for their Budget Areas.

# Part 2: Purchase Cards & Credit Cards

## 7. Business Objectives

- 7.1. The objective of the use of purchase cards by Designated Bodies is to complement the existing purchasing processes with the specific objectives of:
  - a) reducing the amount of time and money spent processing low value transactions;
  - b) simplifying the end-user purchasing process for low value transactions; and
  - c) providing an opportunity to obtain better value for money through increased purchasing alternatives.

## 8. Use of Purchase Cards

- 8.1. Purchase cards are intended to be used for the following types of transactions:
  - a) low value purchases;
  - b) necessary purchases made when the normal purchasing procedures are not available or impracticable, e.g. by employees making purchases at remote locations or carrying out repair and maintenance work at weekends;
  - c) those transactions which, their nature, are normally purchased by card e.g. on-line purchases such as organising and paying for travel over the internet;
  - d) purchase cards must not be used to obtain cash or to make personal transactions.

## 9. Responsibilities of the Delegated Officer as 'Purchase Cardholder'

- 9.1. The responsibilities of the Purchase Cardholder are:
  - a) only the named Cardholder must use the card;
  - b) to be solely responsible for the purchase card and for any transactions that are made with it;
  - c) must ensure that the card and card details are kept secure at all times and the card is only used in accordance with the expenditure guidelines;
  - d) must report a lost or stolen card immediately to the card issuer and the Purchase Card Manager;

- e) must contact the Purchase Card Manager should a card become damaged or no longer work;
- f) must not exceed the single transaction limit assigned to the purchase card;
- g) must not split a more expensive item into multiple card transactions in order to use the card;
- h) must not exceed the monthly credit limit assigned to the purchase card;
- i) must not use the card to withdraw cash;
- j) must never use the card for personal expenses;
- k) must obtain a VAT receipt or invoice for each transaction made;
- l) must detail every transaction on the transaction log (*Appendix 2: Form C8*) in the format prescribed in this practice note, including the value and description of the goods and the Job or Cost Code the goods will be charged against;
- m) must reconcile the transaction log with the monthly purchase card statement provided by Finance, confirming:
  - a) goods detailed were received
  - b) quantities are correct
  - c) values match till receipts, invoices etc.
  - d) there are no erroneous entries
  - e) expenditure code (job code / cost centre code etc.) is included.
- n) must pass the signed and completed transaction log together with purchase card statement and the supporting delivery notes, till receipts, VAT receipts or invoices to the budget holder for checking;
- o) must ensure that the transaction log and supporting documentation is provided for approval on a monthly basis.
- p) Be aware that if logs are not received that the purchase card will be frozen / removed

## 10. Responsibilities of the Delegated Officer as 'Purchase Card Manager'

10.1. The responsibilities of the Purchase Card Manager are:

- a) must be responsible for the management and administration of purchase cards;
- b) must authorise the issue of a card, set the cardholder credit and transaction limits and any other restrictions that apply to each cardholder (*see Appendix 1: Form C6*). The spending profile of the cardholder must reflect the card limit that is set and be aligned to delegated financial authorities. Any cards that have not been used for a substantial period must be cancelled, destroyed and the bank notified accordingly;
- c) must notify the Bank of any cards that are withdrawn, and to promptly destroy such withdrawn cards;
- d) must assign Budget Holders to review and authorise card transactions that take place;
- e) must maintain a register of all card holders containing details of:
  - a) name and post of the card holder;
  - b) the date the card was issued and recording returned cards for cancellation and destruction;

- c) the card number and transaction limits and any transaction restrictions applied to that card;
- d) the name of the individual authorised to approve expenditure on the card.
- f) must submit annually the cardholder register to the Head of Financial Operations, Treasury in order that cardholder data is checked and reconciled against the records held at the Bank;
- g) must ensure a regular review is carried out, at least quarterly, of each cardholder and transaction limits, and to confirm that cardholder limits are appropriate, continuing to match the spending profile of the cardholder;
- h) must be responsible for the proper completion of documentation to the bank for the issue and cancellation of cards:
  - a) Bank Form (new cards issued) and Form (cancelled and amended cards);
  - b) Bank Form will also need to be submitted if a cardholder details change e.g. card name in the event of marriage;
  - c) copies of the relevant bank documentation can be obtained from the Head of Financial Operations, Treasury.
- i) must ensure that each cardholder has completed the internal form - C.6 Form of Acceptance on receipt of the card and before using the card;
- j) must ensure that transaction logs are properly coded, authorised, and forward to Finance Shared Services for the journal to be processed. The journal transaction must normally take place in the month that the cardholder statement is received;
- k) must liaise with the Chief Accountant prior to any changes to the Designated Body's authorised signatories;
- l) must ensure that the limits on purchase cards issued do not exceed the Designated Body's business credit limit that has been approved by Chief Accountant. It is the PCM's responsibility to ensure that transaction and credit limits do not exceed the cardholder's delegated financial authority;
- m) must ensure that the VAT element of the expenditure is charged to VAT and the net cost of the transaction is charged to an appropriate Designated Body's expense code. The Purchase Card Control Account must be reconciled monthly by the Department's PCM;
- n) must ensure that the correct amount of VAT is allocated to the VAT general ledger code and the correct category of VAT (e.g. standard, exempt, zero, outside the scope) is selected;
- o) must not change the Designated Body's business credit limit that has been agreed by the Chief Accountant. Designated Body's limits can only be changed by the Chief Accountant;
- p) if an individual officer assumes more than one role, must ensure appropriate segregation of responsibilities is maintained. Generally this would be:
  - a) where a Budget Holder is also a Cardholder – a suitable alternative officer (e.g. another Budget Holder or Finance Officer) countersigns the authorisation of expenditure.
  - b) where a PCM is also a Cardholder – a suitable alternative officer (e.g. another PCM or Finance Officer) countersigns any forms pertaining to the PCM's card.

## **11. Responsibilities of the Delegated Officer: Purchase Card Approver**

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.

## **12. Responsibilities of the Accountable Officer**

12.1. Designated Bodies whose banking arrangements are managed by the Treasury and who wish to utilise purchasing cards and/or credit cards must obtain the prior approval of the Chief Accountant. This requirement includes all statutory boards.

12.2. The responsibilities of the Accountable Officer is to appoint:

- a) Purchase Card Manager;
- b) Purchase Cardholders.

## **13. Responsibilities of the Chief Accountant**

13.1. The Chief Accountant is responsible for:

- a) authorising the use of purchase cards by Designated Bodies and approve any additional guidelines for their use;
- b) authorising requests for permanent credit limit increases/decreases for Designated Bodies;
- c) withdrawal of purchase cards from a Designated Body if purchase card guidelines are not adhered to;
- d) overall management oversight of purchase cards within Isle of Man Government.

## **14. Responsibilities of the Head of Financial Operations**

14.1. The Head of Financial Operations is responsible for:

- a) managing the Government's relationship with the Bank;

- b) receiving and processing new applications from Designated Bodies to use purchase cards;
- c) opening the Designated Bodies purchase card account at the Bank once approval has been granted by the Chief Accountant;
- d) the maintenance and update of the Purchase Card Management Guidelines;
- e) liaising annually with Designated Bodies to ensure that card and transaction limits have been reviewed by the Designated Body and are considered to be appropriate and to ensure that data held by the Bank agrees with the Designated Body's records;
- f) in the absence of the Chief Accountant, the Head of Financial Operations may authorise a temporary Designated Body limit increase if this becomes necessary;
- g) ensuring that the monthly cash settlement in respect of card transactions is maintained and the reconciliation of the Purchase Card Control Account is reviewed.

**APPENDIX 1 - Form of Acceptance (Form C6)**

**CARDHOLDER NUMBER:-----**

**FORM OF ACCEPTANCE**

I (Name) ..... have read and understood the document entitled "User Guide for Purchase Card Holders" and agree to follow all procedures.

I understand that failure to comply with the procedures as laid out in the document could lead to the immediate confiscation of the Purchase Card and potential disciplinary action.

Upon termination of my employment (including retirement) I agree to return the Purchase Card to my Purchase Card Manager immediately.

Should there be any organisational change or changes to my employee status which cause my purchasing requirements to change, I agree to return my Purchase Card to my Purchase Card Manager and arrange for a new one, if appropriate.

I hereby accept the Purchase Card and agree to be bound by the terms and conditions set out in the "Purchase Card Holders - User Guide"

Signed \_\_\_\_\_

Department /Division \_\_\_\_\_

Date ...../...../.....

Individual Transaction Limit £ \_\_\_\_\_ Monthly Cumulative Limit £ \_\_\_\_\_

Authorised by

Purchase Card Manager / Accountable Officer Signature \_\_\_\_\_

(Print in capitals) Print name \_\_\_\_\_

Date ...../...../.....

**MERCHANT CATEGORY BLOCKS APPLICABLE:** *(for completion by PCM)*

**APPENDIX 2: Purchase Card Transaction Log (Form C8)**

Individual Transaction Limit £ \_\_\_\_\_

Monthly Cumulative Limit £ \_\_\_\_\_

Name: \_\_\_\_\_

Dept/ Section \_\_\_\_\_

Contact Number: \_\_\_\_\_

Transaction Start Date: ...../...../.....

Transaction Finish Date: ...../...../.....

Transactions for the Month of:

Ref No.	Order Date	Supplier	Item Description	Date Received	Amount inc VAT	VAT Category E – Exempt Z – Zero S – Standard R - Reduced O/S – Outside scope	Monthly Cumulative	Additional coding information (if this transaction should not go to your default cost centre)		
								E.g. Cost Centre	E.g. Job Number	E.g. Capital Project
1										
2										
3										
4										
5										
6										
7										
8										
9										
10										

Cardholder name (print name) \_\_\_\_\_

Checked and signed by cardholder \_\_\_\_\_

Checked and Authorised by (print name): \_\_\_\_\_

Signature: \_\_\_\_\_

Date: ...../...../.....

Page ..... of .....

# FPN C.08 Tendering

<i>Version Control</i>	
Date of Treasury Approval	<i>June 2023</i>
Issue Date	<i>June 2023</i>
Responsible Officer	Total contract value: <ul style="list-style-type: none"> <li>• Up to and including £250,000: Accountable Officer;</li> <li>• Over £250,000 and up to and including £500,000: Accountable Officer and the Executive Director - Financial Governance/Chief Financial Officer;</li> <li>• Over £500,000: The Treasury.</li> <li>• In respect of tender process and stages the Head of Procurement</li> </ul>
<i>Table of Amendments (to previous version)</i>	
<i>Ref.</i>	<i>Amendment</i>
	Director of Commercial Law replaced by Head of Procurement

## Summary

The Treasury Act 1985 states that one of Treasury’s primary aims is “to supervise and control all matters relating to the financial affairs of the Government”.

This Financial Practice Note (FPN) is issued by The Treasury in the furtherance of that aim.

It replaces all previously issued FPNs which have been issued with the prefix reference FPN C.08 which are hereby revoked.

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## 1. Financial Operating Policy Objectives & Associated Risks

This practice note has been developed to further the following core objectives outlined within Treasury’s [Financial Directions](#) and Financial Operating Policy to ensure that:

- Designated Bodies comply with the Isle of Man Government’s Procurement Policy;
- we only buy the things we really need for the delivery of our services;
- we sufficiently understand why we need them;
- we appropriately communicate to suppliers what we need;
- an appropriate level of fair and open competition is undertaken to ensure impartiality and best value is achieved;
- we consider the local economic benefits, social value and environmental and sustainability considerations when making contract award decisions;
- goods, services and assets that are delivered by our suppliers actually meet our needs;



In particular it has been developed to mitigate the following key risks arising from the delivery of those objectives:

- decisions are not made in accord with Treasury’s Financial Values (please see Financial Direction A: Financial Values & Governance);
- contracting on unfavourable Terms;
- buying goods or services that we do not need or want;
- failure to operate an open, fair and transparent procurement process;
- anti-competitive behaviour by the market.

## **2. Obtaining Exemptions from this Financial Practice Note**

This FPN outlines the requirements for all officers engaged with financial transactions.

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 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](#).

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## **3. Responsibilities of the Budget Holder**

- 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.

## **4. Responsibilities of the Accountable Officer**

- 4.1. Accountable Officers must plan and prioritise all tender activity: informing Procurement Services in advance of their complete tender plans for each financial year.

## **5. Responsibilities of the Tender Evaluation Panel**

The Tender Evaluation Panel must ensure that all tenders are undertaken as follows:

## **6. Tender Process and Stages**

- 6.1. The tender process must adhere to the procedure outlined below unless the Head of Procurement has given prior written approval to vary or amend the procedure.
- 6.2. The tender process will not start and expressions of interest will not be sought until written approval to proceed has been given by the Head of Procurement.
- 6.3. Officers involved in the tender process (a ‘Tender Evaluation Panel Member’) must act impartially and must not be influenced by personal relationships. Officers must comply with Financial Direction A2, and must also declare to their Accountable Officer and the Head of Procurement, any personal or business interests or those of immediate family, which will be recorded. Personal or business interests include (but are not limited to):
  - a) a senior position or directorship;
  - b) post of Company Secretary;
  - c) beneficial interest in 5% or more of the issued share capital of a company.

Further guidance on conflict of interest and subsequent actions can be found at: [Code of Conduct for Public Servants 2009](#) and [Conflicts of Interest – Staff Guidance Notes](#).

If an exemption has been obtained from the requirements of FD C.9.4 any person or entity who is involved in the tender process and who has personal or business interest or those of their immediate family in the tender process as set out in paragraphs (a) to (c) above cannot be a member of the Tender Evaluation Panel unless they have obtained the prior written approval of the Head of Procurement to do so.

- 6.4. Officers involved in the tender process must ensure that they have complied with the financial training requirements within the Financial Regulations.
- 6.5. The tender process will consist of a number of stages:
- a) Planning: The first step for the process is for the Designated Body to instruct Procurement Services of their requirement:
    - i) from this stage onwards, Designated Bodies are made aware of the confidentiality requirements and instructed not to discuss the project with potential suppliers. Where an existing and continuing business relationship exists, Designated Bodies may continue with appropriate interaction with suppliers in respect of that business relationship, but must not discuss the procurement project with said suppliers. If necessary, the stipulation should be formally minuted.
    - ii) project initiation meeting at which the Designated Body explain their requirements and provide background to the project and Procurement Services explain the project methodology, responsibilities and requirements.
    - iii) project documentation is drafted and agreed (it is a requirement that this is complete prior to proceeding to the next stage).
    - iv) Procurement documentation is drafted and agreed (it is a requirement that this is complete together with the drafting of the Agreement prior to proceeding to the next stage);
  - b) Expression of Interest: This is the first point at which the tender is released to the market. It is a period of public notice and may be advertised:
    - i) in the press (local, national or specialist media) and may include printed and on-line media as appropriate;
    - ii) on-line (gov.im and the Procurement Portal referred to as "the Portal"), social media etc.;
    - iii) by direct mailing to identified potential suppliers, trade organisations etc.

The minimum level of advertising is on-line via gov.im and the Portal. Procurement of different types of goods or services will be advertised as appropriate and will consider whether:

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.

Procurement Services will provide appropriate advice at the time.

Expressions of Interest will be advertised for a minimum of ten working days; for exceptions see FDC 9.6.

When expressing their interest, suppliers will be required to confirm their compliance with and acceptance of the Procurement Process.

Expressions of Interest shall not be advertised until all tender documents are complete and ready for release (see 6.1 and 6.4(b) above).

- c) Pre-Qualification Questionnaire (PQQ): The inclusion of this stage of the Procurement Process is optional, dependent upon the level of interest received. Procurement Services are able to provide advice as to whether or not to include the PQQ. It is not necessary to prepare PQQ documentation in advance unless it is identified at the Planning stage that a PQQ round will definitely be held.

Bidders are allowed ten working days to return PQQ responses.

PQQs are evaluated, and appropriate due diligence is undertaken in accordance with *FPN C.10 Tender Evaluation*, and bidders then ranked in order of suitability. It is usual to select the top five or six to invite to tender. Unsuccessful suppliers at this stage may request feedback and lodge an appeal against the decision in accordance with the Tender Appeals procedure. Note, there is no standstill period following the notification of the outcome of the PQQ stage.

- d) Invitation to Tender:

Shortlisted suppliers are provided with the Invitation to Tender Pack.

- i) The documentation at this stage is detailed below in 3. *Tender Documentation*:
  - ii) Bidders are allowed a minimum of twenty working days to submit their Tender Responses. Longer periods may be allowed for more complex tenders.
- e) Appraisal, Award, Standstill and Appeal:
- i) Tender Responses are evaluated on price, quality/technical compliance and Local Economic Benefit factors in order to find the most economically advantageous submission and ensure that appropriate due diligence is undertaken in accordance with *FPN C.10 Tender Evaluation*. Evaluation may also take Social, Sustainability or Environmental Values into consideration.
  - ii) Once the evaluation panel have agreed the preferred bidder, an Appraisal Report is produced and signed-off by the Head of Procurement and the Department's Chief Officer (or delegated signatory).
  - iii) When an exemption from the requirements of FD C9.4 has been obtained, the appraisal report shall be produced by the person or entity that has undertaken the tender and shall be signed by that person or entity and the Department's Chief Executive (or delegated signatory).
  - iv) Bidders are informed of the outcome of the appraisal. At this stage, a ten (working) day standstill period commences during which time the unsuccessful bidders can obtain feedback and if they so wish can challenge the decision. The standstill period commences the working day after the award is made, this day will be counted as day 1, and the standstill period closes at midnight on the 10<sup>th</sup> working day thereafter. An extension of 1 further day will be allowed for each Bank Holiday falling within the standstill period.
  - v) Feedback, where provided, consists of:
    - an anonymised copy of the scoring matrix to allow bidders to see how they were scored and how their scores compared against other responses; and,

- specific feedback to show where the bidder's response fell short, especially in comparison with the successful bid;
  - vi) Unsuccessful bidders may, if they so wish, challenge the decision. Appeals against the Procurement process must be on one of the following grounds: Equity; Fairness or Reasonableness. Appeals will be considered by the Audit Advisory Division of Treasury within ten working days. The right of appeal in this paragraph shall also apply to any tender to which an exemption from the requirements of FD C.9.4 has been obtained.
  - vii) If an appeal is rejected and the unsuccessful bidder is still dissatisfied with the outcome, they could complain to the Department and finally, if still dissatisfied, serve notice of dolence on the Department (i.e. initiate legal proceedings). Further advice on such a situation should be sought from the Attorney General's Chambers.
  - viii) the Agreement may be signed once the standstill period has expired (or following a rejection of any appeal).
- 6.6. Withdrawn suppliers: Suppliers may decide to withdraw from the Procurement process at various stages. They may either advise Procurement Services of their decision or simply not submit a response to a given stage. Wherever possible, suppliers should be contacted to ascertain their reasons for not proceeding with the process.
- 6.7. In circumstances where a supplier or customer of the designated body has breached an agreement, this may be taken into account (as a 'discretionary exclusion') when considering the inclusion of that supplier or customer in the selection of applicants for a supply of goods and services. Further details on Mandatory and Discretionary Exclusion can be found in FPN C.10 Clause 5 (DUE DILIGENCE).
- 6.8. If the tender process requires a site visit to be undertaken by any potential supplier, the designated body shall notify Procurement of the need for such a site visit. Site visits shall usually be attended by a procurement officer.

## 7. Tender Documentation

The main document set which is required for the Tender Project must include:

### 7.1. Specification:

- a) Designated Bodies must develop a specification which will be of sufficient detail to enable a competitive tender to be undertaken. It is permissible to use the services of a consultant to develop the specification;
- b) the specification must not be produced by a person or organisation likely to be tendering for the goods or services;
- c) detailed guidance notes for development of Specifications are available from Procurement Services.

### 7.2. Advert:

There are two forms of advert:

- a) **web advert** - required for all projects;
- b) **press advert** - if advertising in local or specialist press.

### 7.3. Pre-Qualification Questionnaire:

- i) Standard Pre-Qualification Questionnaire<sup>11</sup>; this will either be issued at the PQQ stage, or may be combined with the ITT stage;
- ii) Tender Specific Pre-Qualification Questionnaire (where a separate Pre-Qualification stage is used).

7.4. Invitation To Tender (ITT)

The ITT includes the following:

- a) Document 1 – Form of Tender;
- b) Document 2 - Evaluation Criteria (see 3.5 below);
- c) Document 3 – Certificate of Non-Collusion;
- d) Document 4 - Financial Regulations Declaration;
- e) Document 5 - Schedule of Confidential Information

7.5. Evaluation Criteria:

- a) These must be developed in accordance with FPN C.10 Tender Evaluation.
- b) The quality to cost ratio and the quality criteria being used to assess the tender bid should be clearly and unequivocally disclosed in the tender documents. Each of the main criteria should ideally be broken down to set out what it is that the designated body is looking for to ensure consistent scoring is applied. The quality to cost ratio and the quality criteria must not be altered once they have been disclosed.

7.6. Form of Agreement (or contract):

- a) shall be drawn-up by Attorney General’s Chambers upon instruction by the Designated Body which shall be included with an Invitation To Tender (ITT) in a form intended to apply to any subsequent contract award;
- b) the Form of Agreement shall be substantially non-negotiable. Any clauses considered negotiable shall be identified by the Attorney General’s Chambers and the Designated Body and will be notified to Procurement Services for inclusion in the ITT document;
- c) in order to ensure that the actual services, goods or works are provided in accordance with the agreed standards and prices Designated Bodies must establish appropriate performance management processes (usually by way of Key Performance Indicators (KPIs) and/or Service Level Agreements (SLAs). All contracts must include performance management clauses relating to KPIs and/or SLAs;
- d) prior approval of the Director of Commercial Law is required to use a supplier’s terms and conditions. In a situation where the only compliant bidder or the preferred supplier stipulates use of their terms, Treasury approval must be also be sought prior to contract award;
- e) unless prior approval has been given to outsource the entire tender exercise prior approval shall be obtained from the Director of Commercial Law where a Designated Body wishes to outsource the drafting of the Form of Agreement to an appropriately qualified professional.

7.7. Other documentation specific to the project which bidders may require to inform their bid, such as various policies.

7.8. Award (Appraisal) Matrix: Based upon the agreed evaluation criteria.

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<sup>11</sup> Pre-Qualification stages may not be required.

# FPN C.09 Contract Management (>£100k)

<i>Version Control</i>	
Date of Treasury Approval	<i>June 2023</i>
Issue Date	<i>June 2023</i>
Responsible Officer	Director of Commercial Law
<i>Table of Amendments (to previous version)</i>	
<i>Ref.</i>	<i>Amendment</i>
	Director of Commercial Law replaced by Head of Procurement
	Attorney General’s Chambers replaced by Procurement Services
3.5/3.6/3.7	ICT contract management updated in accordance with GTS policy

## Summary

The Treasury Act 1985 states that one of Treasury’s primary aims is “to supervise and control all matters relating to the financial affairs of the Government”.

This Financial Practice Note (FPN) is issued by The Treasury in the furtherance of that aim.

It replaces all previously issued FPNs which have been issued with the prefix reference FPN C11 which are hereby revoked.

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## 1. Financial Operating Policy Objectives & Associated Risks

This practice note has been developed to further the following core objectives outlined within Treasury’s [Financial Directions](#) and Financial Operating Policy to ensure:

- Designated Bodies comply with the Isle of Man Government’s Procurement Policy;
- we appropriately communicate to suppliers what we need;
- goods, services and assets that are delivered by our suppliers actually meet our needs;
- we only have to pay for those things that meet our needs;
- we make payments in a timely manner in line with agreed Terms, obtaining discounts whilst considering Government’s cashflow requirements.

In particular it has been developed to mitigate the following key risks arising from the delivery of those objectives:

- suppliers are not clear of their obligations to Government;
- supplier’s obligations to Government are not enforceable;
- Government is unnecessarily exposed to risk and liabilities;

This FPN outlines the requirements for all officers engaged within financial transactions.

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 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](#).

## 2. ICT Contracts

- 2.1. All ICT contracts should be Tripartite unless approval in writing is given by Executive Director GTS or Chief Executive Officer.
- 2.2. ICT contracts must be strategically reviewed by the Designated Body at least one year before expiry and at least two years for enterprise level or critical service solutions and advise GTS of future intentions. Consideration for project and replacement funding is the responsibility of the Designated Body.
- 2.3. To ensure compliance with FPN C.09 and the procurement policy, GTS will advise the Designated Body regularly during the life of the ICT contract to advise of key milestones and to support in re-procurement, terminations or extensions subject to procurement regulations.

## 3. Responsibilities of the Delegated Officer

Delegated Officers must:

### Due Diligence

Prior to authorising/executing any contracts/agreements or associated variations:

- 3.1. ensure that appropriate due diligence has been undertaken in accordance with *FPN C.10 Tender Evaluation* (Appendix 1) in a manner proportionate to the value of the overall supply and the associated risks;
- 3.2. Suppliers must not be awarded contracts where they are not meeting their tax or social security obligations or where they (or a member of their governing body) have been convicted by final judgement of one of the following criminal offences:
  - a) Participation in a criminal organisation;
  - b) Bribery or Corruption;
  - c) Fraud;
  - d) Terrorist offences or offences linked to terrorist activities;
  - e) Money laundering or terrorist financing;
  - f) Child labour and other forms of trafficking in human beings;
- 3.3. Where the services of Consultants are used, their payment arrangements must be in accordance with FPN C.01: Determining Supplier Financial Relationships.

### Contracting for Goods & Services

- a) not accept a supplier's terms and conditions (except for utilities) unless the prior written approval of the Director of Commercial Law has been given;
- b) ensure that all contracts/agreements include appropriate performance management clauses established with the assistance of Procurement Services;
- c) ensure that all contracts and legal agreements have been approved by the Attorney General's Chambers;

### Managing Contracts

- d) ensure that suppliers are meeting their contractual requirements prior to approving contract payments;
- e) escalate any contract performance issues to the relevant Budget Holder for consideration.

## **4. Responsibilities of the Budget Holder**

Budget Holders must:

- 4.1. ensure that all contracts within their designated Budget Area are recorded on a contracts register designated by the Designated Finance Officer for the purpose;
- 4.2. 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.
- 4.3. ensure that no later than 1<sup>st</sup> January in each year any contracts requiring tender in the next financial year, or other action dependent upon Procurement Services, are included on the Designated Body's annual Tender Plan;
- 4.4. ensure that their tender plans remain up to date and must notify the Designated Finance Officer of changes to the agreed plan.
- 4.5. ensure appropriate action is taken to address any issues arising from sub-standard supplier performance.

## **5. Responsibilities of the Designated Finance Officer**

The Designated Finance Officer must ensure that:

- 5.1. Budget Holders are notified of the designated Contract Register for their Budget Areas;
- 5.2. the Designated Body's annual Tender Plan is forwarded to Procurement Services no later than 1st March each year, and submit any subsequently updated plans during the financial year.



# FPN C.10 Tender Evaluation

<i>Version Control</i>	
Date of Treasury Approval	<i>June 2023</i>
Issue Date	<i>June 2023</i>
Responsible Officer	Head of Procurement
<i>Table of Amendments (to previous version)</i>	
<i>Ref.</i>	<i>Amendment</i>
Appendix 1	Financial Management Advisor replaced by Head of Governance
Appendix 1	Removal of reference to EU rules no longer applicable

## Summary

The Treasury Act 1985 states that one of Treasury’s primary aims is “to supervise and control all matters relating to the financial affairs of the Government”.

This Financial Practice Note (FPN) is issued by The Treasury in the furtherance of that aim.

It replaces all previously issued FPNs which have been issued with the prefix reference FPN C.10 which are hereby revoked.

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## 1. Financial Operating Policy Objectives & Associated Risks

This practice note has been developed to further the following core objectives outlined within Treasury’s [Financial Directions](#) and Financial Operating Policy to ensure that:

- Designated Bodies comply with the Isle of Man Government’s Procurement Policy;
- an appropriate level of fair and open competition is undertaken to ensure impartiality and best value is achieved;
- we consider the local economic benefits, social value and environmental and sustainability considerations when making contract award decisions;
- goods, services and assets that are delivered by our suppliers actually meet our needs;

In particular it has been developed to mitigate the following key risks arising from the delivery of those objectives:

- decisions are not made in accord with Treasury’s Financial Values (please see Financial Direction A: Financial Values & Governance);
- buying goods or services that we do not need or want;
- failure to operate an open, fair and transparent procurement process;
- anti-competitive behaviour by the market.

## 2. Obtaining Exemptions from this Financial Practice Note

This FPN outlines the requirements for all officers engaged with financial transactions.

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 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](#).

## 3. Responsibilities of the Tender Evaluation Panel

**All Officers who are members of a Tender Evaluation Panel must ensure that tenders are evaluated as follows:**

### 4. Broader benefits generated from the contract

4.1 unless prior written approval of the Accountable Officer has been obtained, then the evaluation of the procurement decision must consider:

- a) the broader benefits beyond simply providing the goods and services required to deliver the public service;
- b) local economic benefits, social value and environmental & sustainability considerations as outlined in the table below:

**Local Economic Benefits** (see Appendix 2)

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

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

**Social Value** (see Appendix 3)

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

**Sustainability and Environmental Value** (see Appendix 4)

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

**5. Most Economically Advantageous Tender (MEAT)**

- 6.1. The Isle of Man Government’s standard method of evaluating tenders is the most economically advantageous tender (MEAT) approach, which sees the Designated Body applying criteria other than just price when evaluating a tender.
- 6.2. In applying the MEAT approach the designated body has to determine the weighting split between quality and price.
- 6.3. For low value, easily defined requirements where there are many existing alternative products or service providers, typically for requirements associated with support functions, and/or where there is a very restricted budget a quality to cost ratio of 10:90 (10% quality/90% cost), or higher in favour of cost would be appropriate.
- 6.4. Where a requirement is more detailed, yet still relatively easy to define or where the quality of the product or service is key to the designated bodies function, typically requirements associated with frontline service delivery would be more suitable for a higher quality weighting in the region of 20:80 to 30:70 in favour of cost.
- 6.5. Where the requirement is complex and/or difficult to define or where the level of service to be delivered is critical to the designated bodies, such as consultancy services or strategic advice and support, it is likely that quality would have the higher weighting such as 40:60 to 50:50.
- 6.6. N.B. Quality criteria are not permitted to prevail over cost without the prior approval of the Chief Financial Officer or Executive Director - Financial Governance in accordance with Financial Direction C: Buying and Making Payments.

**6. Possible criteria to assess quality**

- 7.1. There is no definitive list of quality criteria that should be applied to all tenders, but they must be linked to the subject matter and be directly related and proportionate to the designated body's requirements. The following may be appropriate:
  - Capability
  - Capacity
  - Technical merit
  - Aesthetic and functional characteristics
  - Performance standards, quality control, self-monitoring and complaints
  - Sustainability issues and environmental characteristics
  - Skills level of the workforce
  - After sales service
  - Technical assistance
  - Delivery date or period and ability to deliver

- Direct exchequer benefits
- Local employment
- Equal opportunities
- Continuous improvement
- Customer care policies

## 7. Use of "pass / fail" or "minimum score" hurdles

- 8.1. If some aspects of the requirements are fundamental, the designated body may want to include a pass/fail hurdle to these criteria. For example, a waste disposal operator must have appropriate licences in place or a particular aspect of the service must be to a specified ISO standard. Pass/Fail criteria must be set out clearly in the tender documents; both that such a hurdle will be used and how it will be applied. The pass/fail criteria must be completely objective, without risk of mis-interpretation.
- 8.2. An alternative to pass/fail is a 'minimum score' hurdle which is a more subjective approach that can be applied where only bids scoring a specified minimum on clearly identified and specified key aspects would be considered. For example, using the 0 to 5 scoring system (explained below), the designated body could specify that only those bids scoring a minimum of 3 in specific requirements will be considered. This avoids the risk of a winner which scored very highly in one or more areas but very poorly in another or a very low price skewing the evaluation to favour a low quality bid.
- 8.3. Bids which fail on ANY hurdle (pass/fail or Minimum Score) are excluded from the evaluation.
- 8.4. The use of these hurdles must be based on clearly identified requirements and not used to create a bias in the evaluation process.

## 8. Due Diligence

- 9.1. Due diligence must be undertaken in accordance with Appendix 1, in a manner proportionate to the value of the overall supply and its associated risks, on potential new suppliers and where appropriate, periodically on existing suppliers.
- 9.2. In particular suppliers must not be awarded contracts where they are not meeting their tax or social security obligations or where they (or a member of their governing body) have been convicted by final judgement of one of the following criminal offences:
  - a) Participation in a criminal organisation;
  - b) Bribery or Corruption;
  - c) Fraud;
  - d) Terrorist offences or offences linked to terrorist activities;
  - e) Money laundering or terrorist financing;
  - f) Child labour and other forms of trafficking in human beings;

## 9. Use of tie-breakers

- 10.1. Although a tie is highly unlikely it can happen therefore, consideration should be given to building potential tie-breakers into the evaluation model and disclosing to bidders upfront how such a mechanism may be used if there is a tie. For example, this may be by:
  - a) Setting additional questions to be answered.
  - b) Re-scoring criteria based on clarification.
  - c) Asking for an oral presentation or demonstration.

10.2. A tie does not have to be an exact tie but a statistical tie (that is, a tie within acceptable margins of error) making it difficult, if not impossible, to differentiate between two or more bids.

**10. Evaluation methods**

11.1. Upfront consideration must be given to the methods that will be used to evaluate the award criteria and these methods must be set out in the tender documents so that all bidders have a fair and equal opportunity of presenting the designated body with the appropriate information. Possible methods include:

- a) Written tender - for example a response as to how the bidder will meet each of the requirements of the specification (usually against criteria defined in the Tender Evaluation Document).
- b) Method statements - as above, but the questions will generally be on thematic lines and one question may cover a number of requirements.
- c) Presentations, demonstrations or interviews - typically used to demonstrate a product, for example a software solution. Interviews may also be used to assess softer criteria, for example communication skills and working with the designated body, or, in a social or health care context, its service users.
- d) References - as these refer to past experience they should generally be taken at PQQ stage, though they may be used at award stage to support the bidder's proposal for the tendered service.
- e) Site visits.
- f) Sample products.

11.2. Consideration will need to be given in order to decide what percentage of the overall scores each of the criteria carry and how these will be built into an evaluation. Evaluation criteria are 'weighted' according to their importance. The weighting awarded is a multiplier which is applied to the score (between 0 and 5 as described below) awarded against each question to get the final score for that question. Interviews or presentations could be used to assess a different part of the technical requirements from the written tender or as means of clarifying and adjusting the written tender scores. In any event, presentations must be scored as part of the quality evaluation, not added to the final overall quality or price mark, which would risk distorting the evaluation process.

**11. Awarding a score for quality**

12.1. The standard approach to ensuring that the evaluation of quality is done consistently is to mark all questions out of a set figure, normally five. If applicable the relevant weighting would then normally be applied to that score and therefore the weighted score for the criteria is obtained. The normal method for marking out of five is set out below:

Score	Criteria for awarding score
0	Completely fails to meet required standard or does not provide a proposal.
1	Proposal significantly fails to meet the standards required, contains significant shortcomings and/or is inconsistent with other proposals.
2	Proposal falls short of achieving expected standard in a number of identifiable respects.
3	Proposal meets the required standard in most material respects, but is lacking or inconsistent in others.
4	Proposal meets the required standard in all material respects.

5	Proposal meets the required standard in all material respects and exceeds some or all of the major requirements.
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12.2. In applying this model a bidder meeting the specification in full will only score 4 out of 5 (or 80%) for each assessed requirement. By allowing the fifth mark (20%) for added value the designated body is leaving some scope for the bidders to improve on the specification and demonstrate to the designated body what else they can provide. In such cases, the tender documents should make clear that bidders are expected not only to meet the required standard but to exceed them, if they are to obtain the maximum available score.

## 12. Awarding a score for price

13.1. The purpose in applying a scoring model to the price element of the bid is twofold, firstly to create a comparable figure across all bids and secondly to facilitate the combination of the quality and price scores into one overall score for the tender bid.

13.2. The two most common methods of evaluating price are:

- a) Award 100% to the lowest (cheapest) bid, and then compare that lowest figure as a percentage of the other bids, for example  $(\text{Lowest price} / \text{price you are evaluating}) \times 100 = \text{price score for that bidder}$ .
- b) Disclose a threshold price to bidders, which scores zero, and all bids under that threshold are scored comparatively, for example, if the threshold is £100, a bid of £60 would score 40% and a bid of £70, 30%.

## 13. Combining price and quality scores

14.1. Through applying the scoring models set out above, the quality and price scores are converted into percentages in accordance with the pre-set weightings to create a combined score in order to identify the winning bidder. By way of example a tender being evaluated on a price/quality ratio of 60% price and 40% quality would be evaluated as follows:

- a) Lowest priced tender bid would be awarded the maximum percentage score for price, in this case 60%. The remaining bids would then be expressed as a % of the lowest priced bid  $(\text{lowest price bid} / \text{price of the next bid being evaluated}) \times 60$ .
- b) The tender bid scoring the highest marks for quality would be awarded the maximum percentage score for quality, in this case 40%. The remaining bids would then be expressed as a % of the highest scoring bid  $(\text{the quality score of the next bid being evaluated} / \text{the quality score of the highest scoring bid}) \times 40$ .
- c) Both of these scores would then be combined to identify the bid with the highest overall score, which is the winning bid.

## 14. Abnormally low bids

15.1. An abnormally low bid would be one that raises a suspicion that the tenderer would not be able to perform the contract as proposed, due to the price or terms offered. The Evaluation Panel should not necessarily reject a bid for being abnormally low even if the tendered prices are so low as to be absurd. In such circumstances Procurement Services would write to the tenderer, on behalf of the Designated Body, requesting an explanation of the offer or of those parts of the offer which the Evaluation Panel considers contribute to the offer being abnormally low. The explanatory request must not be general or vague in nature but must set out clearly and unequivocally the specific concerns of the designated body.

- 15.2. Only after the Evaluation Panel has taken account of the information provided and verified that, in light of such information, the bid (or those parts of the bid that it has investigated) remains abnormally low, could the designated body proceed to reject that bid.

## APPENDIX 1 – Due Diligence

Due diligence in a broad sense refers to the level of judgement, care, prudence, determination and activity that a person could reasonably be expected to exercise under particular circumstances.

A due diligence exercise is a process involving the acquisition of objective and reliable information generally about a person or company prior to a specific event taking place or decision being made.

It is usually a systematic research effort, which is used to gather the critical facts and descriptive information which are relevant to the making of an informed decision on a matter of importance.

Where a designated body (as defined in the introduction to the Financial Regulations), intends to enter into a contract or other form of legal obligation with another party (whether that party is an individual or a company), it is the responsibility of the designated body to ensure that a due diligence exercise is undertaken. See Financial Direction 8.20.

A due diligence exercise may comprise various different checks and research (e.g. requesting and assessing company accounts, carrying out company searches or obtaining a report from a credit reference agency such as Dun & Bradstreet etc). It will be for the designated body to decide what checks are appropriate, in relation to each due diligence exercise and the extent of the research should be proportional to the risk involved.

Procurement Services will initially gather the data required on behalf of the designated body to facilitate the completion of their due diligence obligations as part of a tender process for the procurement of goods, services or works. This data will be passed to the designated body at each stage of the tender process so that the information can be reviewed and a due diligence file be compiled.

A due diligence exercise may be carried out in the Isle of Man Government by officers or where circumstances warrant, by an appropriately qualified professional company e.g. chartered accountants, or advocates. A list of checks and research which could be carried out as part of the due diligence exercise is set out below under the various stages of the tender process.

### Pre-qualification

Information as to who owns the company, details of bankers and references, information about parent company (if applicable), a copy of Memorandum and Articles of Association and most recent Annual Report and Financial Statements



### Invitation to Tender

Details of insurance cover, contact information for lawyers/advocates

**Other activities to consider:** Presentation, reference site visit



### Contract Award and Due Diligence Pack



### **Other documentation/information to obtain and consider**

- Details of any trademarks, patents and licenses
- Business plans and forecasts for contract term
- Review of any external quality assurance certificates
- Information about how the company is financed, or if financed by an individual their source of wealth
- Individual's passport/ identity documentation, curriculum vitae/qualification checks
- Details of professional advisers such as lawyers, accountants, auditors
- Property leases/financial commitments

### **Information Security**

If any of the following apply:

- personal information of citizens, such as home addresses, bank details, or payment information is handled by a supplier;
- personal information of Government employees, Ministers and Special Advisors such as payroll, travel booking or expenses information is handled by a supplier;
- ICT systems and services are supplied which are designed to store, or process, data at the OFFICIAL level of the Government Security Classifications;

suppliers must demonstrate that they meet the technical requirements prescribed by the UK National Cyber Security Centre (NCSC) Cyber Essentials, unless the following exceptions apply:

1. Suppliers accredited to an equivalent or higher standard where the Cyber Essentials requirements, at either basic or Plus levels as appropriate have been included in the scope, and verified as such, would be regarded as holding an equivalent standard to Cyber Essentials. Therefore suppliers in this situation are exempt, provided that the certification body (likely to be a consultancy) carrying out this verification is approved to issue a Cyber Essentials certificate by one of the accreditation bodies. The Office of Cyber Security and Information Assurance can provide advice with questions relating to cyber security accreditations and their relevance.
2. Contracts may be exempt where use of Cyber Essentials can be demonstrated to be either not relevant or clearly disproportionate, such as where a cyber-security risk is assessed as very low. In such cases it is suggested that a decision audit trail is recorded.
3. The Cyber Essentials requirements can be found at:

<https://www.cyberessentials.ncsc.gov.uk/>

## Outcomes

If, upon completion of the due diligence exercise, the Designated Body has doubts as to whether the other party has the necessary financial standing to enter into the contract (or other legal obligation), there are various options that the Designated Body can consider which are set out below:-

Consult Procurement Services who can advise and assist the Designated Body in making the decision as to whether any of the options listed below should be adopted:-

Parent Company Guarantee: where a company has limited assets but is part of a larger group of companies, it may be possible to require the "parent" company (or another company within the group who is not the "parent company") to offer a guarantee of performance on their behalf. Obviously, a guarantee in these circumstances will only be of use if the company (parent or otherwise) has sufficient financial standing in its own right to compensate for failed performance. It is therefore essential before adopting this option that due diligence checks are undertaken against the "guaranteeing" company.

Performance Bond: a performance bond is a [surety bond](#) issued by an insurance company or a bank to guarantee satisfactory completion of a project/performance of a contract by a [contractor](#).

Insurance: [insurance](#) to cover losses incurred where the contractor becomes *insolvent* during the contract term (and prior to completing all of its obligations under the contract) may be available. *Professional Indemnity* insurance is also available for professional advice and consultancy services, in some areas this is a legal requirement. Example professions include consultants, lawyers, accounts and IT providers. It is likely that such insurance will be costly especially where the cover and risks are significant.

Structuring of payment terms: it may be possible to structure the payment terms of a contract to minimise risks associated with non-performance for example:

- payment in arrear
- payment on agreed milestones
- payment following delivery and acceptance

It may also be appropriate to consider setting aside a *retention* from invoice amounts payable to guarantee performance of later obligations under the contract (e.g. faults/repairs during warranty periods) with such retentions being released at a defined point in the future as long as the contractor has performed under the obligations under the contract.

Foreign Contractors: Designated Bodies should be aware that there are numerous potential difficulties which may arise obtaining due diligence on a foreign contractor and subsequently enforcing agreed terms of a contract. Whenever a designated body proposes entering into a contract with a foreign contractor advice must be sought from Procurement Services.

Decision to not award: If, having undertaken due diligence, untenable risks remain following all possible mitigation, the Designated Body may elect not to award to the winning bidder and may instead award the contract to the second placed bidder (subject to completion of satisfactory due diligence), or to cancel the tender process. Any such decisions will be fully documented and retained for audit purposes. Further guidance will be provided by Procurement Services.

## Summary

Designated Bodies are encouraged to liaise with Procurement Services prior to commencing the due diligence exercise, as they may already have some of the information available and will collect relevant documents during the tender process.

Any financial information obtained during the due diligence should be analysed by a Designated Finance Officer.

Advice may also be sought from Treasury, Financial Governance Division about the available checks, and the interpretation of any information received by a Designated Body as a result of due diligence checks (Head of Governance or Executive Director - Financial Governance).

## APPENDIX 2 – Local Economic Benefits

This Appendix gives guidance to Government Departments on how best to realise the benefits to the local economy derived from public sector procurement, whilst achieving overall best value for the public purse.

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

### Legal Framework

The desire to employ procurement as a means to add additional value to the local economy must also be balanced against a broader legal context.

Well-founded case law clearly demonstrates that in the matter of public procurement designated bodies have an unequivocal duty of fairness and equality in awarding contracts. Therefore any procurement strategy designed at benefit the local economy must be capable of being applied fairly and equally to all suppliers.

### Procurement Strategy

Any procurement strategy intended to deliver local economic benefits must strike a balance between:

- Achieving overall best value for the public purse
- Realising local economic benefits
- The legal constraints set out above

All such strategies must employ contract award criteria that are indisputably objective in nature and capable of standing up to judicial review. A simple percentage weighting factor is inappropriate and cannot be used to influence contract award decisions. Bearing in mind the inherent complexities in such an approach the application of an assessment of local economic benefits should only be applied to contracts the value of which exceeds the published tender threshold.

Treasury, through the Head of Procurement, will be able to provide Designated Bodies with assistance in formulating appropriate bespoke strategies. However, without further referral to the Treasury designated bodies can apply the following award matrices in order to take account of local economic benefits when awarding a contract. 10% of the quality assessment percentage must be applied to the scoring of the tender submissions in this regard.

Matrix 1 – Full Version

	<b>Local Economic Factors</b>	
A	Please estimate what percentage of your tender price will be delivered by Isle of Man based resources?	
B	Please confirm approximately how many of the personnel engaged to complete this project / service will be paying local income tax and national insurance in Isle of Man?	
C	Where applicable, please indicate the number of on/off island movements you anticipate to fulfil this contract, and indicate whether by sea or air.	

D	Where applicable, please indicate the number of bed nights you anticipate bringing to the Island to complete this project / service.	
E	In no more than 400 words, please identify what benefits your company would bring to the Isle of Man economy as a direct result of undertaking this contract.	

Matrix 2 – Short Version

	<b>BENEFITS FOR THE LOCAL COMMUNITY</b>	
A	In no more than 400 words, please identify what benefits your company would bring to the Isle of Man economy as a direct result of undertaking this contract. This may include economic contribution such as personnel, income tax, travel, bed nights or social contribution such as training and development to the wider community.	

**Multiplier Effect**

The term 'multiplier effect' (sometimes called the 'local multiplier effect') refers to an economic theory promoting the additional economic benefit accrued to an area from money being spent in the local economy. Although the theory is not in dispute the application of the theory as a basis upon which to make a contract award decision can be extremely challenging. The criteria applied to gauge the benefit of the 'multiplier effect' must be indisputably objective in nature and capable of standing up to judicial review. In order to be applied in a fair and equal manner the criteria must apply to the specific contract award only and cannot take account of the general standing of a supplier within the local economic area. A benefit derived from the 'multiplier effect' cannot be ascribed to a simple weighted percentage figure to be applied to a tender submission.

Therefore Designated Bodies are not to apply the 'multiplier effect' to contract award decisions without the prior agreement of the Treasury.

## APPENDIX 3 – Social Value

This Appendix gives guidance to Government Departments on how to take account of social value factors when evaluating tenders.

### Social Value Examples

Social value considers more than just the financial transaction.

Some examples of how additional social value can be achieved through the award of public service contracts are as follows:

- A mental health service is delivered by an organisation that actively employs people with a history of mental health problems to help deliver the service.
- As part of a property maintenance contract a private company states that they will provide greater social value by promoting careers in construction and trades to local schools, and they commit to employing young people and the long term unemployed.
- As part of a home care contract a social enterprise organisation makes a contractually binding commitment to use any financial surplus derived from the home care contract to fund a befriending service to tackle loneliness.

### Legal Framework

The desire to take account of social value factors when evaluating tender submissions must be balanced against a broader legal context.

Well-founded case law clearly demonstrates that in the matter of public procurement designated bodies have an unequivocal duty of fairness and equality in awarding contracts. Therefore any procurement strategy designed to consider social value factors must be capable of being applied fairly and equally to all suppliers.

### Procurement Strategy

The consideration of social value factors in contract award decisions must of course be balanced against the need to achieve overall best value for the public purse from the purchase and must not become an 'at any cost' approach. Any procurement strategy intended to take account of social value factors must strike a balance between:

- Achieving overall best value for the public purse
- Recognising social value
- The legal constraints set out above

All such strategies must employ contract award criteria that are indisputably objective in nature and capable of standing up to judicial review. A simple percentage weighting factor is inappropriate and cannot be used to influence contract award decisions. In addition when considering what social value factors to include in a tender assessment the following criteria are to apply:

- Social value factors should reflect a Government policy.
- Social value factors must be capable of being measured in terms of performance.
- Social value factors must be capable of being incorporated into the contract agreement.
- Social value factors must be defined in ways that do not discriminate against any bidders.

Therefore bearing in mind some of the complexities in such an approach, the application of social value factors should only be applied to contracts the value of which exceeds the published tender threshold. When considering the application of social factors in a contract award decision designated bodies must at the earliest opportunity seek the assistance of Procurement Services.

## **APPENDIX 4 – Sustainability and Environmental Value**

### **Food Procurement**

This Appendix gives guidance to Government Departments on how best realise the benefits to the local economy derived from public sector food procurement whilst achieving overall best value for the public purse.

#### **Context**

The content of this Practice Note directly reflect, at times word for word, the criteria set out in 'Food Matters 2015-2025, the Government's food procurement policy, sponsored by the Department of Environment Food and Agriculture and approved by the Council of Ministers in May 2014.

#### **Food Procurement Policy Statement**

Based on the sustainability agenda Food Matters seeks to purchase the best quality product affordable, taking account of the social and environmental impacts of the entire supply chain whilst ensuring everyday operation of the organisation is not compromised by overly stringent requirements.

#### **Tender Assessment Matrix**

All staff involved in the purchasing of food, where the total cost across the contract term is likely to exceed the tender threshold, must ensure that contract award decisions are taken in accordance with the tender assessment matrix.



Food procurement scoring matrix		Score
Value	<b>1. Cost</b> <ul style="list-style-type: none"> <li>Tenders should be awarded on the basis of being most 'economically advantageous', as opposed to 'lowest cost'. The most 'economically advantageous' tender is that which best fulfils the criteria laid down in the contract e.g. quality or after-sales requirements.</li> </ul>	70-80%
	<b>2. Quality- Tender spec</b> The below requirements are mandatory: <ul style="list-style-type: none"> <li>Meat <b>must be</b> Farm Assured to EN45011 standards, have been slaughtered and processed at a BRC (or equivalent) accredited establishment and be of traceable provenance</li> <li>Milk <b>must be</b> pasteurised, homogenised, Farm Assured to EN45011 standards and come from a BRC (or equivalent) accredited processor.</li> <li>Bread and flour <b>must be</b> Farm Assured to EN45011 standards and sourced from a SALSA (or equivalent) assured mill.</li> <li>Bread <b>must be</b> fresh (not frozen) and baked and packaged within 6 hours and must be delivered no longer than 12 hours after packaging</li> <li>Eggs <b>must not be</b> from battery farms.</li> <li>The origin of all foodstuffs <b>must be</b> fully traceable and the provenance stated by the supplier.</li> </ul>	<b>Must be fulfilled</b>
Values	<b>3. Social considerations</b> Tender specification <b>must ensure</b> relevant SME's, voluntary and community service organisations have an opportunity to tender. <ul style="list-style-type: none"> <li>Tenders <b>must</b> detail how the product offer contributes to sustainable livelihoods.</li> <li>Where relevant, products <b>must be</b> "Fairtrade" or an equivalent ethical assurance label.</li> <li>Evidence of suppliers CSR activities <b>may be</b> requested.</li> </ul>	20-30%
	<b>4. Environmental considerations</b> <ul style="list-style-type: none"> <li>Likely or known Carbon emissions <b>may be</b> assessed.</li> <li>Meat, milk or bread <b>must not be</b> airfreighted in any part of the supply chain.</li> <li>Suppliers <b>must be</b> asked about efforts to reduce packaging or provide recycling opportunities for their packaging.</li> <li>Evidence of suppliers CSR activities <b>may be</b> requested.</li> </ul>	
Practicalities	<b>5. Security of supply</b> <ul style="list-style-type: none"> <li>The tender <b>must</b> include a requirement for the specified quantities of fresh and frozen food items to be readily available for delivery or collection at a <b>specified frequency and time</b> relevant to the specific foodstuff and purpose for which it is intended.</li> <li>For fresh, perishable items this could be up to 365 days a year.</li> <li>A contingency for break in supply or penalty for failure to supply <b>should be</b> considered as part of the contract (use of multiple suppliers can also add a level of robustness).</li> </ul>	<b>Must be fulfilled</b>

\* A more significant weighting cannot be given to social and environmental considerations until relevant legislation or Government policy is adopted in these areas

### Restrictions

In accordance with the Government Food Procurement Policy contract award decisions cannot take account of

the 'multiplier effect'- see Appendix 2 – Local Economic Benefits for further details.

# FPN D.01 Banking and Issuing Cheques

<i>Version Control</i>	
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## Summary

The Treasury Act 1985 states that one of Treasury’s primary aims is “to supervise and control all matters relating to the financial affairs of the Government”.

This Financial Practice Note (FPN) is issued by The Treasury in the furtherance of that aim.

It replaces all previously issued FPNs which have been issued with the prefix reference FPN D.01 which are hereby revoked.

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## 1. Financial Operating Policy Objectives & Associated Risks

This practice note has been developed to further the following core objectives outlined within Treasury’s [Financial Directions](#) and Financial Operating Policy to:

- Government’s core Financial Values, in particular in relation to regularity and propriety.

In particular it has been developed to mitigate the following key risks arising from the delivery of those objectives:

- non-compliance with the Treasury Act;
- that banking arrangements are not appropriate or adequately controlled.

## 2. Obtaining Exemptions from this Financial Practice Note

This FPN outlines the requirements for all officers engaged with bank accounts and issuing cheques.

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 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](#).

## Part 1: Banking

### 3. Responsibilities of All Officers

All Officers must ensure that:

- 3.1. there are no deductions from money being banked save to the extent that the Chief Accountant may specifically authorise;
- 3.2. no personal cheques and post-dated cheques are cashed out of monies being banked on behalf of the Government;
- 3.3. paying in slips must be completed in triplicate:
  - a) the first paying in slip is to be sent to the bank with the monies. This must be visible to allow third party inspection;
  - b) the second paying in slip is provided to the relevant finance division;
  - c) the third paying in slip is retained in the paying in book;
- 3.4. clear deferred banking bags must be used and sealed by the Officer completing the banking;
- 3.5. banking bags must not be left unsealed overnight;

### 4. Responsibilities of the Budget Holder

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. Responsibilities of the Designated Finance Officer

5.1. For all bank accounts managed by the Designated Body, the Designated Finance Officer must:

- a) ensure that appropriate bank reconciliations are undertaken on a monthly basis or such other period agreed in advance by the Chief Accountant;
- b) complete an annual return issued by the Chief Accountant confirming that adequate controls are in place to ensure the security and management of the

account and that the bank mandate for the accounts is current and has been reviewed.

## **Part 2: Issuing Cheques**

### **6. Responsibilities of All Officers**

- 6.1. All Officers must ensure that where cheques are being sent to off-Island addresses, that they are despatched in plain envelopes and not in window envelopes if it is evident that the enclosure is a cheque.

### **7. Responsibilities of the Budget Holder**

- 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.

### **8. Responsibilities of the Accountable Officer**

- 8.1. The Accountable Officer must ensure that all arrangements for the issue of cheques have been approved by the Chief Accountant.

# FPN D.02 Managing Assets & Inventory

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## Summary

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It replaces all previously issued FPNs which have been issued with the prefix reference FPN A.X which are hereby revoked.

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## 1. Financial Operating Policy Objectives & Associated Risks

This practice note has been developed to further the following core objectives outlined within Treasury’s [Financial Directions](#) and Financial Operating Policy to:??

- valuation and recording of assets
- maintaining and safeguarding assets

In particular it has been developed to mitigate the following key risks arising from the delivery of those objectives:

- assets are not recognised and valued in accordance with UK Generally Accepted Accounting Principles (GAAP) in particular FRS 102;
- depreciation charges are not appropriately applied;
- acquisitions and disposals are not appropriately recorded in the accounts;
- assets are not known;

- assets do not work as intended;
- are not properly maintained creating unnecessary loss of value or Health & Safety risks;
- theft of assets
- responsibilities for assets are not recorded;

## **2. Obtaining Exemptions from this Financial Practice Note**

This FPN outlines the requirements for all officers engaged with valuation and recording of assets.

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 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](#).

## **3. Responsibilities of All Officers**

All Officers must ensure that:

### Maintaining Assets

- 3.1. they undertake an appropriate risk assessment before using Government assets to ensure the asset is ready and safe for use;
- 3.2. they do not use assets that have failed any Health and Safety risk assessment;
- 3.3. they report faults immediately and clearly mark the asset as faulty, detailing the fault to prevent other officers from using the asset;
- 3.4. assets are well looked after and kept clean after use.

### Safeguarding Assets

- 3.5. When left unattended, assets are left secure to minimise the risks of theft or damage.

### Personal Use of Assets

- 3.6. Assets must only be used for official Government business, unless personal use has been approved in advance, in writing, by the Budget Holder. Where the proposed personal use is by the Budget Holder then approval must be obtained from their line manager;
- 3.7. equipment is not borrowed free of charge and that when borrowing equipment for personal use the organisation is reimbursed with a sum equivalent to the hire charge were it to be hired from a private business (which has been agreed by the Budget Holder, in writing, in advance).

### Government Owned Motor Vehicles

- 3.8. The mileage records for the relevant vehicle are completed at the end of each journey;
- 3.9. any private mileage is recorded on the mileage record and an appropriate reimbursement for personal use is made by the Officer to the Government at the prescribed rate (currently 50p per mile).

### Stocks & Stores

- 3.10. All items used from stocks & stores have been requisitioned/obtained in accordance with the procedure determined by the Budget Holder responsible for the management of those stocks & stores.

#### **4. Responsibilities of Budget Holders**

Budget Holders must ensure that:

##### Recording Assets & Inventory

- 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.

##### Government Owned Motor Vehicles

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

##### Stocks & Stores

- 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.

#### **5. Responsibilities of Designated Finance Officer**

The Designated Finance Officer must ensure:

##### Recording Assets and Inventory within the Designated Body

- 5.1. That Budget Holders are notified of the assets and inventory that are required to be recorded on asset/inventory registers and the format of the required registers to be maintained by Budget Holders within the Designated Body.

##### Central Asset Register

- 5.2. That a Central Asset Register identifying all asset register items purchased by Government funds is maintained by the Designated Body in accordance with Appendices 1, 2 and 3;

- 5.3. a copy of the Central Asset Register is submitted to the Chief Accountant by 31<sup>st</sup> May each financial year, showing the year end position as at the previous 31<sup>st</sup> March.



## 6. Appendix 1 Central Asset Register - Overview

### Recording of Assets

- 6.1. The asset register must be updated to reflect all acquisitions and disposals as and when they occur;
- 6.2. items of value with a local historic background or of specific interest to a designated body, which have been donated or loaned to a designated body shall also be recorded in the asset register. Such items should be valued and if the value is significant, the Government's Insurers should be informed to ensure that adequate cover will be provided. A full description of such items, with photographs where appropriate, and any donor's wishes should also be held in or with the asset register.

### The De Minimus Level

- 6.3. Individual Fixed Assets with a cost or estimated current value of £5,000 or higher must be recorded and capitalised on the central asset register;
- 6.4. Groups of assets, with multiple purchases in the same period, can be considered as a single asset (Computing / Canteen / Furniture etc.) if they have an estimated current value of less than £5,000. It is noted that all such consolidated assets are depreciated as if one purchase. The general rationale on consolidations should be that they are easily identifiable and that as a consolidated asset they have a significant 'value in use';
- 6.5. If a designated body wish to choose to lower the 'de minimus' level below £5,000, they must request approval from the Chief Accountant.

### Treatment of Existing Assets

- 6.6. All assets must be valued in accordance with Appendix 3;
- 6.7. on valuation the useful economic life of the asset must also be determined. (This will be used as the basis of depreciation). The useful economic life of the asset cannot be longer than the stated value for the asset classification set out in Appendix 3);
- 6.8. depreciation is applied on a straight-line basis.

### Treatment on acquisition of Assets

- 6.9. For all assets, where depreciation is applied, depreciation will commence from the 'Acquisition Date' for the year of acquisition.

### Treatment on disposal of Assets

- 6.10. For all assets, where depreciation is applied, depreciation is applied up till the 'Disposal Date' for the year of disposal;
- 6.11. all asset disposals (which includes their write-off, loan, lease or sale and offering opportunities to 3<sup>rd</sup> parties) must be undertaken in accordance with *Financial Direction F: Selling and Receiving Payments*;
- 6.12. no item may be "written-off" without the prior written authority of the Accountable Officer.

## 7. Appendix 2 Central Asset Register - Format

The format in which Fixed Asset Registers must be maintained is set out in the *Schedule 1 – Fixed Asset Template* which specifies the data fields required and the format of those fields (please note that this is also available as an Excel spreadsheet from the Chief Accountant).

The information that is required to be recorded in the central Treasury register for each asset is:

### 1. Department

The department that owns the asset. (This may now be GTS or DoI – for all Computers/Vehicles respectively. In such cases the Location will clearly define the ‘user Dept’ and where possible cost centre)

### 2. Fixed Asset Group/Fixed Asset Sub Group

The asset groups and sub groups to which assets should be allocated to are detailed below.

Should a Designated Body wish to record a more detailed analysis of its assets in addition to the groups and sub groups set out in this note then it should do so by **adding columns** to the register. Ideally the group, sub group and 0-99 type columns should be completed in accordance with the table below.

Asset Group	Asset Type	Asset Sub Group	Description	Code
Goodwill	Intangible	Goodwill	Amount above the value of assets and liabilities. Separately identifiable	GDWL
Software	Intangible	Software	Purchased software systems	SOFT
Licences	Intangible	Licences	Purchased licences	LICS
Land & Buildings	Tangible	Social housing		BDSH
	Tangible	Land - Freehold		LANF
	Tangible	Land - Leasehold	Purchase of a long term lease	LANL
	Tangible	Buildings - Freehold		BDGF
	Tangible	Buildings - Leasehold	Purchase of a long term lease	BDGL
	Tangible	Other		BDOT
	Tangible	Investment Properties	Investment properties – Land and/or buildings where construction work and development have been completed and which is held for its investment potential, any rental income being negotiated at arm’s length.	BDIN
Infrastructure	Tangible	Highways		INFH

(Infrastructure assets will not be liable to a FRS102 process of revaluations – All road improvements will be capitalised & a life expectancy attached to each improvement. Land Values to apply)	Tangible	Street furniture	Traffic lights, street lights etc.	INFN
	Tangible	Footpaths & Permanent ways		INFP
	Tangible	Bridges & constructs		INFB
	Tangible	Coastal defences		INCD
	Tangible	Water, Drainage & Distribution systems		INWD
	Tangible	Reservoirs		INFR
	Tangible	Other		INOT
Vehicles, boats and transport	Tangible	Motor vehicles	Cars, bikes and vans	VEHM
	Tangible	Commercial & Transport	HGV's and buses, railway vehicles	VEHC, VEHP, VEHR
	Tangible	Boats		VEHB
	Tangible	Specialist		VEHS
Plant & equipment	Tangible	Plant & equip. - short term	Service life under 10 years	P&ES
	Tangible	Plant & equip. - long term	Service life over 20 years	P&EL
Furniture	Tangible	Furniture		FURN
Computers & communications	Tangible	PC's & servers		COMP
	Tangible	Communications	Phones & network	COMM
	Tangible	Printers, faxes etc.	Pc peripherals and other equipment	COEQ
Community assets	Tangible	Parks & allotments		CAPA
	Tangible	Cemeteries		CACM
	Tangible	Works of art/statues		CAWA
	Tangible	Museum exhibits		CAMU
	Tangible	Castles, monuments etc.		CACA

### 3. Name

The name usually used by the organisation when referring to the asset.

### 4. Location

This details the place of where the asset is based or allocated. It is recommended that Designated Bodies specify and/or define locations to ensure consistency and ease of reference. These will usually be a cost centre reference and we may use Numbers with look up for full consistent description.

### 5. Leased Asset

The purpose of this field is to identify those assets acquired on terms that meet the definition of a finance lease. Assets leased under an operating lease should not appear in the asset register, as ownership and all related rights and risks remain with the lessor.

**6. Loaned Asset**

The purpose of this field is to identify those assets which are loaned to a government body but which remain the property of the donor. Examples of this could be works of art or, perhaps, a mini bus to be used for a specific purpose.

**7. Useful Economic Life**

The expected service life of the long term assets acquired. This will affect assets in the following classes; infrastructure, specialist vehicle, and Plant & equip. - long term.

Standard tariffs will be applied to all short term assets so please leave this field blank for the following asset groups – software, Licences, Vehicles, boats and transport, Plant & equipment – short term, Furniture, and Computers & communications.

**8. Acquisition Date**

This is the date upon which the asset was purchased, created, constructed, donated or loaned. This will normally be the invoice date.

**9. Acquisition Cost**

All expenditure incurred on the acquisition, creation or enhancement of an asset. This will normally be the invoiced amount(s). This field is essential.

**10.Revaluation Date**

This field should be used primarily for land and buildings or other significant assets where the depreciated costs do not reflect the current value.

**11.Revaluation amount & remaining Asset Life (reset from valuation)**

The value of the asset re-valued in accordance with the set accounting policy and the remaining asset life from Date of Revaluation.

**12.Disposal Date**

The date that the asset was either sold or scrapped. If sold, this will normally be the invoice date. If the asset has been written off then this will be the date that the Accountable Officer gave prior written authority. If the proposal for a full years Depreciation in year of purchase and no Depreciation in year of disposal is approved this Date can be the year of Disposal if the exact date is not available

**13.Disposal amount**

The proceeds received for the sale or the scrapping of the asset – this is essential and should be reported through to Treasury Finance at time of sale.

**14.Department**

The AX reference for the department or organisation that owns the asset e.g. Treasury department = 10. (Note above – this may occasionally be a 'holding Dept' e.g. GTS for Computer items or DoI for plant & vehicles.

**15.Division (optional)**

The AX reference for the division to which the asset is allocated. This should be covered by Location.

**16.Search Name (optional)**

A short alternative name to be used for searches e.g. an abbreviation.

**17. Other Information (*optional*)**

E.g. document location or details of a donor's wishes if an asset has been donated.

**18. Make**

The name of the manufacturer of the asset.

**19. Model**

The model or type of asset.

**20. Serial Number (*Optional*)**

The serial number, tag or other reference that is unique to that asset. All vehicles must have a Regn No.

**21. Fixed Asset Number (*recommended*)**

The details of any unique reference that the departmental has allocated to the asset.

**Schedule 1 – Fixed Asset Register Template**

								Acquisition		
Department	Fixed Asset Group	Fixed Asset Sub Group	Name	location	Leased asset	Loaned asset	Service Life (years)	Acquisition date	Acquisition cost	31/03/yy Valuation
AX department reference number (2 characters numeric - nn)	Use Groups specified in note.	Use Sub Groups specified in note.	30 characters - alpha/numeric	10 characters - alpha/numeric	Yes or No (Y or N)	Yes or No (Y or N)	2 characters numeric	dd/mm/yy	Value in round pounds i.e. 0,000's	Value in round pounds i.e. 0,000's

Revaluation		Disposal										
Revaluation date	Revaluation amount	Disposal Date	Disposal Amount		Division	Search name	Other Info Valuation method Valuers details	Make	Model / Amount	Serial Number	Fixed asset number	Comments
dd/mm/yy	Value in round pounds i.e. 0,000	dd/mm/yy e.g. 31/03/10	Value in round pounds i.e. 0,000		AX division number - 4 characters	20 characters - alpha/numeric	260 characters - alpha/numeric	80 characters - alpha/numeric	80 characters - alpha/numeric	20 characters - numeric	10 characters - alpha/numeric	254 characters - alpha/numeric

## **8. Appendix 3 – Classes of Assets including Useful Economic Life.**

### Definitions of Asset Classes

#### **8.1. Other land and buildings, Vehicles, plant, furniture and equipment**

These operational assets are those assets held and occupied, used or consumed by an organisation in the direct delivery of those services for which it has either statutory or discretionary responsibility, or for the service or strategic objective of the organisation. Examples of these are: office buildings, car parks, computers, schools, Depots and workshops, fixtures & fittings, libraries, equipment, hospitals, vehicles, sports centres, mechanical plant etc.

#### **8.2. Infrastructure assets**

Infrastructure assets are inalienable assets, expenditure on which is only recoverable by continued use of the asset created, i.e. there is no prospect of sale or alternative use. Examples of these are: Highways & street furniture, Footpaths, Bridges, Permanent ways, Water & drainage, Coastal defences, Structural maintenance of highways (regarded as an enhancement) etc.

#### **8.3. Community assets**

Community assets are assets that the organisation intends to hold in perpetuity, that have no determinable life and which may, in addition, have restriction on their disposal. There is little prospect of sale and change of use. If the asset is used for a specific operational purpose, it does not qualify as a community asset and should be treated accordingly. Examples of these are: parks, cemeteries (land only), allotments.

#### **8.4. Heritage assets**

Heritage assets are tangible assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture. Heritage assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. They are held by the reporting entity in pursuit of its overall objectives to maintain heritage. Non-operational assets are those that are held primarily for this purpose. Operational heritage assets are those that, in addition to being held for their characteristics as part of the nation's heritage, are also used by the reporting entity for other activities or to provide other services (the most common example being buildings).

Examples of these are: works of art, museum exhibits, statues, historic buildings etc.

Class	Sub Class	Valuation Basis	Depreciation	Grouped
<b>Software</b>	<b>Software purchased</b>			
	Software purchased	Historical Cost	3 - 7 years	Individual/Grouped
<b>Licences</b>	<b>Licences</b>			
	Licences	Historical Cost	3 years / Period of licence	Individual
Class	Sub Class	Reporting Basis	Depreciation	Grouped
<b>Community Dwellings</b>				
	<b>Social housing</b>	Fair Value	40 years	Individual
<b>Other land &amp; Buildings</b>				
	<b>Land</b>	Fair Value	None	Individual
	<b>Land - Freehold</b>	Fair Value	None	
	<b>Land - Leasehold</b>	Fair Value	None	
	<b>Buildings - Freehold</b>	Fair Value	40 years	Individual
	<b>Buildings - Leasehold</b>	Fair Value	Over period of lease	Individual
	<b>Other</b>	Fair Value	20 - 40 years	Individual
Class	Sub Class	Reporting Basis	Depreciation	Grouped
<b>Infrastructure assets</b>				
	<b>Highways</b>	Historical Cost	10 - 30 years	Grouped
	<b>Street furniture</b>	Historical Cost	10 years	Grouped
	<b>Footpaths &amp; Permanent ways</b>	Historical Cost	30 years	Grouped
	<b>Bridges &amp; constructs</b>	Historical Cost	30 – 40 years	Grouped
	<b>Coastal defences</b>	Historical Cost	40 – 60 years	Grouped
	<b>Water, Drainage &amp; Distribution systems</b>	Historical Cost	40 - 60 years	Grouped
	<b>Reservoirs</b>	Historical Cost	150 years	Individual
Class	Sub Class	Reporting Basis	Depreciation	Grouped
<b>Vehicles, boats and transport</b>				
	<b>Motor vehicles</b>	Historical Cost	5 years	Grouped
	<b>Commercial &amp; Transport</b>	Historical Cost	5 years	Grouped
	<b>Boats</b>	Historical Cost	5 years	Individual
	<b>Specialist</b>	Historical Cost	5 - 10 years	Grouped/Individual
Class	Sub Class	Reporting Basis	Depreciation	Grouped
<b>Plant &amp; equipment</b>				
	<b>Plant &amp; equipment-short term</b>	Historical Cost	3 - 9 years	Grouped
	<b>Plant &amp; equipment-long term</b>	Current value	10 – 30 years	Individual
Class	Sub Class	Reporting Basis	Depreciation	Grouped
<b>Furniture</b>				
	<b>Furniture</b>	Historic cost (Only on grounds of materiality)	3 years	Grouped



Class	Sub Class	Reporting Basis	Depreciation	Grouped
<b>Computers &amp; communications</b>				
	<b>PC's &amp; servers</b>	Historic cost (Only on grounds of materiality)	3 years	Grouped
	<b>Communications</b>	Historic cost (Only on grounds of materiality)	5 years	Grouped
	<b>Printers, faxes etc.</b>	Historic cost (Only on grounds of materiality)	3 years	Grouped
Class	Sub Class	Reporting Basis	Depreciation	Grouped
<b>Community assets</b>				
	<b>Parks &amp; allotments</b>	Historical Cost	None	Individual
	<b>Cemeteries (land only)</b>	Historical Cost	None	Individual
	<b>Other</b>	Historical Cost	None	Individual
Class	Sub Class	Reporting Basis	Depreciation	Grouped
<b>Heritage Assets</b>				
	<b>Works of art/statues</b>	Historical Cost	None	Grouped
	<b>Museum Exhibits &amp; other</b>	Historical Cost	None	Grouped
	<b>Historic buildings (Operational)</b>	Fair Value	40 years	Individual
	<b>Historic buildings (Non-Operational)</b>	Historical Cost	40 years	Individual
Class	Sub Class	Reporting Basis	Depreciation	Grouped
<b>Investment properties</b>				
	<b>Investment properties</b>	Current value	No Depreciation	Individual
Class	Sub Class	Reporting Basis	Depreciation	Grouped
<b>Assets under construction</b>				
	<b>Assets under construction</b>	Historical Cost	No Depreciation	Individual
Class	Sub Class	Reporting Basis	Depreciation	Grouped
<b>Surplus assets held for disposal</b>				
	<b>Surplus assets held for disposal</b>	Fair Value	20 years	Individual

# FPN D.03 Insurances

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## Summary

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### 1. Financial Operating Policy Objectives & Associated Risks

This practice note has been developed to further the following core objectives outlined within Treasury’s [Financial Directions](#) and Financial Operating Policy to:

- Insurance Claims.

In particular it has been developed to mitigate the following key risks arising from the delivery of those objectives:

- claims have not been approved and authorised;
- the number of claims made is unknown;
- claims are not pursued and resolved in a timely manner.

### 2. Obtaining Exemptions from this Financial Practice Note

This FPN outlines the insurance claim requirements for all officers engaged with financial transactions.

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 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](#).

### **3. Responsibilities of All Officers**

All Officers must ensure that:

- 3.1. they do not admit liability or make any other offer to pay compensation that may prejudice the assessment of liability in respect of any Government insurance claim;
- 3.2. that they notify the relevant Budget Holder immediately (or as soon as practicable) of any potential claim for or against any Designated Body.

### **4. Responsibilities of the Budget Holder**

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 and 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.

# FPN D.04 Imprest Accounts and Petty Cash

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## Summary

The Treasury Act 1985 states that one of Treasury’s primary aims is “to supervise and control all matters relating to the financial affairs of the Government”.

This Financial Practice Note (FPN) is issued by The Treasury in the furtherance of that aim.

It replaces all previously issued FPNs which have been issued with the prefix reference FPN D.04 which are hereby revoked.

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## 1. Financial Operating Policy Objectives & Associated Risks

This practice note has been developed to further the following core objectives outlined within Treasury’s [Financial Directions](#) and Financial Operating Policy to:

- Imprest Accounts and Petty Cash

In particular, it has been developed to mitigate the following key risks arising from the delivery of those objectives:

- imprest and petty cash accounts are not known;
- imprest and petty cash accounts are not used for their intended purpose;
- theft/misappropriation of monies.

## 2. Obtaining Exemptions from this Financial Practice Note

This FPN outlines the requirements for all officers engaged within financial transactions.

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 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](#).

### **3. Responsibilities of All Officers**

All Officers must ensure that:

- 3.1. any claim from Petty Cash is adequately supported by third party documentation, e.g. an VAT invoice or a VAT till receipt;
- 3.2. a petty cash voucher is completed detailing the items purchased, reasons for the purchase and the value and quantity of the items purchased;
- 3.3. the petty cash voucher is signed by the claimant and an independent Delegated Officer
- 3.4. the petty cash voucher is attached to the supporting documentation, e.g. VAT Invoice or VAT till receipt;
- 3.5. if cash is taken as an advance: that a signed and dated (by both the claimant and the Budget Holder) receipt is left in its place. If the petty cash voucher already provides for the recording of cash advances, then should be used instead);
- 3.6. imprest accounts are not used for the payment of standard creditors, travel or subsistence, or any other reimbursement to Officers, unless the reason for doing so is an exceptional circumstance and has been documented (see FPN C.07 Ordering, Receiving, Paying for Goods and Services).

### **4. Responsibilities of the Budget Holder**

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.

### **5. Responsibilities of the Designated Finance Officer**

The Designated Finance Officer must:

- 5.1. maintain a register of all imprest accounts within the Designated Body;
- 5.2. submit the previous year end balance of all imprest accounts within the Designated Body to the Chief Accountant by 31<sup>st</sup> May;

- 5.3. ensure that a process of independent checks are undertaken at least every 3 years or when turnover exceeds £1,000 for each imprest account within their Designated Body.

## **6. Responsibilities of the Accountable Officer**

The Accountable Officer must:

- 6.1. approve all imprest accounts used within the Designated Body;
- 6.2. ensure that an annual review of the need for each imprest account is undertaken and notify the Chief Accountant when they consider that an imprest (cheque or cash) account is no longer needed;
- 6.3. ensure that the responsibility for the proper administration (including the safeguarding of cash held on premises) of each imprest account within his Designated Body has been appropriately delegated to the relevant Budget Holder.

# FPN D.05 Cash Handling

<i>Version Control</i>	
Date of Treasury Approval	<i>June 2023</i>
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## Summary

The Treasury Act 1985 states that one of Treasury’s primary aims is “to supervise and control all matters relating to the financial affairs of the Government”.

This Financial Practice Note (FPN) is issued by The Treasury in the furtherance of that aim.

It replaces all previously issued FPNs which have been issued with the prefix reference FPN D.05 which are hereby revoked.

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## 1. Financial Operating Policy Objectives & Associated Risks

This practice note has been developed to further the following core objectives outlined within Treasury’s [Financial Directions](#) and Financial Operating Policy to:

- Cash handling

In particular it has been developed to mitigate the following key risks arising from the delivery of those objectives:

- theft or ‘borrowing’ of cash;
- false accounting;
- under banking or failure to bank cash receipts.

## 2. Obtaining Exemptions from this Financial Practice Note

This FPN outlines the requirements for all officers engaged within financial transactions.

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 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](#).

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### 3. Responsibilities of All Officers

When handling cash and receiving monies, all Officers must:

- 3.1. ensure that serial numbered receipts (with a printed receipt number) are issued for all cash monies received; however receipts need only be issued on request for: cash received by post, cheques and postal drafts; (unless otherwise directed by the Budget Holder);
- 3.2. ensure that all cash remittances received by post are recorded in a remittance register as soon as the post is opened. The record should specify date of receipt, payer name, amount paid and type of remittance. The remittance record must be also be countersigned by another Officer.
- 3.3. Ensure that all cash collected is kept physically secure from theft, loss or misappropriation from the time it is collected until it is banked;
- 3.4. ensure that any safe/strong room keys in their possession are held securely and if lost or stolen reported immediately to the Budget Holder and Designated Finance Officer;
- 3.5. must not divulge any safe combinations to any other persons nor keep a written note of the combination;
- 3.6. ensure that proper written acknowledgement is given when cash is passed from one Officer to another;
- 3.7. count the takings at the end of each shift and officially record it;
- 3.8. record all variances in monies collected and receipts for each shift;
- 3.9. where officers have to carry cash between offices as part of their duties, be accompanied wherever possible;
- 3.10. ensure that all receipts are banked in accordance with *FPN D.01 Banking & Issuing Cheques*.

### 4. Responsibilities of the Budget Holder

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

- 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.

## **5. Responsibilities of the Designated Finance Officer**

The Designated Finance Officer must ensure that for their designated body:

- 5.1. all money laundering guidance and policies are followed and implemented;
- 5.2. all forms of financial stationery are serially numbered and accounted for;
- 5.3. a register is maintained of those persons issued with keys to safes and strong rooms;
- 5.4. all keys are surrendered by officers upon ceasing employment;
- 5.5. where combination safes are used that a register must be retained of persons knowing the combinations;
- 5.6. safe combinations are changed at least annually as a minimum, or following a period of temporary cover by an officer who would not normally have access to a safe;
- 5.7. duplicate keys are held and if issued must document the reasons why with signatures confirming the issue of the keys;

# FPN D.06 Managing Third Party Funds

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## Summary

The Treasury Act 1985 states that one of Treasury’s primary aims is “to supervise and control all matters relating to the financial affairs of the Government”.

This Financial Practice Note (FPN) is issued by The Treasury in the furtherance of that aim.

It replaces all previously issued FPNs which have been issued with the prefix reference FPN D.06 which are hereby revoked.

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## 1. Financial Operating Policy Objectives & Associated Risks

This practice note has been developed to further the following core objectives outlined within Treasury’s [Financial Directions](#) and Financial Operating Policy to:

- Government’s core Financial Values, in particular in relation to regularity and propriety.

In particular it has been developed to mitigate the following key risks arising from the delivery of those objectives:

- non-compliance with the Charities Registration Act;
- that third party funds and associated accounting are not adequately controlled.

## 2. Obtaining Exemptions from this Financial Practice Note

This FPN outlines the requirements for all officers engaged with managing third party funds.

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 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](#).

### 3. Definition

In this Financial Practice Note, the term Fund relates to any of the following:

- school fund accounts;
- registered charities that are under the control of, or administered by, the Designated Body;
- any trust funds that are administered by the Designated Body; or
- any other 3<sup>rd</sup> party funds held or managed on trust by the Designated Body.

### 4. Responsibilities of All Officers

- 4.1. When acting as trustees by virtue of their official position, must deposit all securities and documents of title relating to each trust with the Accountable Officer, unless the trust deed or other governing document requires otherwise.
- 4.2. Where a third party is in control of public funds (for example, through a client account), adequate due diligence must be carried out on the third party company beforehand, and measures must be put in place to ensure that the third party does not hold full control of any funds.

### 5. Responsibilities of the Budget Holder

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.

### 6. Responsibilities of the Designated Finance Officer

The Designated Finance Officer must:

- 6.1. maintain a register of all charitable and voluntary funds (e.g. school funds, hospital funds, trust funds etc.) administered by or on behalf of, or by any persons under the control of the Designated Body;
- 6.2. ensure that adequate instructions have been issued to Budget Holders in relation to ensuring the appropriate financial administration of any charitable/voluntary funds within their designated Budget Areas;
- 6.3. ensure that an appropriate independent annual inspection of all charitable and voluntary funds is undertaken in accordance with any relevant governing document or statutory requirements. Where there are no other more strenuous requirements stipulated, then the funds must be inspected to the same level as if they were a local authority in accordance with the Audit Act 2006.

### 7. Responsibilities of the Accountable Officer

The Accountable Officer must ensure:

- 7.1. that there is an appropriate governing documents for each fund within their Designated Body;
- 7.2. that all trust funds and assets are held in the name of the designated body, unless the relevant governing documents provide otherwise.

# FPN E.01 Payroll Procedures

<i>Version Control</i>	
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Responsible Officer	The Executive Director of Human Resources
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<i>Ref.</i>	<i>Amendment</i>
6.6	Clarification provided for repayment of overpayments

## Summary

The Treasury Act 1985 states that one of Treasury’s primary aims is “to supervise and control all matters relating to the financial affairs of the Government”.

This Financial Practice Note (FPN) is issued by The Treasury in the furtherance of that aim.

It replaces all previously issued FPNs which have been issued with the prefix reference FPN E.01 which are hereby revoked.

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## 1. Financial Operating Policy Objectives & Associated Risks

This practice note has been developed to further the following core objectives outlined within Treasury’s [Financial Directions](#) and Financial Operating Policy to:

- Payroll Procedures

In particular it has been developed to mitigate the following key risks arising from the delivery of those objectives:

- creation of ‘ghost’ employees on the payroll system;
- ‘echo’ payments made to employees who have left employment;
- unauthorised appointments and payments;
- fraudulent recording of attendance/time;
- leave taken exceeds entitlement.

## 2. Obtaining Exemptions from this Financial Practice Note

This FPN outlines the requirements for all officers engaged within financial transactions.

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 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](#).

### **3. Responsibilities of All Officers**

3.1. All Officers must ensure that any claims for additional pay are:

- a) In accordance with the applicable terms and conditions of employment;
- b) Complete, accurate and easy to understand;
- c) Appropriately authorised by their Department;
- d) Submitted via a system authorised by the Office of Human Resources. Authorised systems are limited to those that interact directly with their electronic HR and Payroll system and include the following:
  - i. completion by the Officer of a claim via the electronic HR system (time and expenses claim);
  - ii. central input of an authorised claim or timesheet by another Authorised Officer in a Department via Fast Input;
  - iii. electronic information that can be directly imported into PiP from another established and trusted system, e.g. Health Roster, Omnidas. This option does not include individually created spreadsheets.

3.2. All Officers must check their payslip for accuracy and notify the Payroll Section of any errors immediately. Where a salary overpayment has occurred, all Officers are under obligation to repay the full amount at the earliest opportunity and must agree the appropriate mechanism for recovery with the Payroll Section, even if the salary overpayment is by Governments own mistake.

### **4. Responsibilities of the Budget Holder**

#### Notification of Changes to Payroll

4.1. Budget Holders must ensure:-

- a) that the Payroll Section<sup>12</sup> 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

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<sup>12</sup> The Office of Human Resource Payroll Section is the relevant Payroll Section for all designated bodies except for Manx Utilities Authority (MUA) employees and the Isle of Man Post Office.

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

## 5. Responsibilities of the Accountable Officer

- 5.1. The Accountable Officer must ensure that responsibility for all aspects of the payroll procedures within their designated body has been appropriately delegated to the relevant Officer(s) in accordance with *FPN A.04 Delegating Financial Authorities*.
- 5.2. When it is proposed that an overpayment of salary will not be recovered, then this must be agreed by both the Accountable Officer and the Executive Director of Human Resources.

## 6. Responsibilities of the Payroll Section

### Processing of Payroll

6.1. The Payroll Section must:-

- a) ensure that all enhancements or deductions to basic pay are supported by adequate authorised third party documentation;
- b) ensure that a system of validations checks is in place to check payroll calculations and that payments are only made on receipt of adequate, authorised documentation;
- c) Reconcile the personnel records, payroll and the BACS payment file for each payroll period;
- d) ensure that all benefits in kind are adequately recorded and the details are declared to the Assessor of Income Tax for benefit in kind taxation calculations;
- e) must have in place, where the Public Sector Pensions Authority administers the pension scheme of the designated body, appropriate arrangements to enable information to be shared between the Payroll Section and the PSPA.

### Over or Under Payments

6.2. The Payroll Section must ensure:-

- a) that any over or underpayments of salary are dealt with promptly and that the Officer is notified in writing of amounts over or under paid; clarifying:
  - a) that where a person receives and retains an overpayment, even by Government's own mistake, that person is under an obligation to make restoration of the full amount;
  - b) the total amount of the error, the period over which it occurred and an explanation for the reason for the overpayment;
  - c) that they make reasonable efforts to agree a fair repayment profile with the Officer, which will be communicated to the individual concerned.
- b) This letter will be copied to the relevant Designated Finance Officer.

### Arrangements for recovering an overpayment

6.3. When it is clear that the individual was unaware that the overpayment has taken place the Payroll Section will apply the following arrangements:

- a) no overpayment will be recovered over a shorter period than over which the initial overpayment itself occurred (e.g. an overpayment for a six month period will not be recovered in less than six months), however the maximum repayment period is expected to be no more than 12 months. Any exceptions to this will need to be authorised on a case-by-case basis by the Payroll Manager/ Director of HR Services/Director of HR Business or Executive Director of OHR (based on the

amount of overpayment and level of delegated authority placed on these roles) in consultation with the Designated Finance Officer;

- b) where the above is not achievable for any reason, or agreement to a repayment profile cannot be reached with the Officer prior to the processing of the next monthly standard payroll (or within 4 weeks for weekly payroll) a default recovery will be applied by Payroll Section at a rate of 10% of net salary per month (calculated on the average of the last three correct months net salary).

6.4. In circumstances where it was clear that the individual was aware that an overpayment has taken place (e.g. where they are paid twice in one payment period) OHR reserves the right to recover the full amount of the overpayment in the following period once the staff member has been informed. The Payroll Manager has the ability to authorise this action where appropriate.

6.5. In exceptional circumstances where non-recovery is considered a viable option, the decision must be agreed by the Executive Director of Human Resources and the Accountable Officer for the relevant designated body where the cost of the overpayment will be incurred. Financial hardship is not considered an exceptional circumstance.

6.6. Arrangements for recovery where an individual leaves Government.

- a) where an individual leaves Government and an overpayment repayment plan has previously been agreed, the repayment plan will normally require that any outstanding balance is deducted from final salary;

- b) where an individual has left Government employment before an overpayment has been recovered in full, Payroll Section must arrange for an invoice to be raised for the outstanding amount.

- c) When it is clear that the individual was unaware that the overpayment has taken place the Payroll Section will apply the following arrangements:

- a) no overpayment will be recovered over a shorter period than over which the initial overpayment itself occurred (e.g. an overpayment for a six month period will not be recovered in less than six months), however the maximum repayment period is expected to be no more than 12 months. Any exceptions to this will need to be authorised on a case-by-case basis by the Payroll Manager/ Director of HR Services/Director of HR Business or Executive Director of OHR (based on the amount of overpayment and level of delegated authority placed on these roles) in consultation with the Designated Finance Officer;

- b) where the above is not achievable for any reason, or agreement to a repayment profile cannot be reached with the Officer prior to the processing of the next monthly standard payroll (or within 4 weeks for weekly payroll) a default recovery will be applied by Payroll Section at a rate of 10% of net salary per month (calculated on the average of the last three correct months net salary).

- c) In circumstances where it was clear that the individual was aware that an overpayment has taken place (e.g. where they are paid twice in one payment period) OHR reserves the right to recover the full amount of the overpayment in the following period once the staff member has been informed. The Payroll Manager has the ability to authorise this action where appropriate.

- d) In exceptional circumstances where non-recovery is considered a viable option, the decision must be agreed by the Executive Director of Human Resources and the Accountable Officer for the relevant designated body where the cost of the overpayment will be incurred. Financial hardship is not considered an exceptional circumstance.

# FPN E.02 Travel and Subsistence

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## Summary

The Treasury Act 1985 states that one of Treasury’s primary aims is “to supervise and control all matters relating to the financial affairs of the Government”.

This Financial Practice Note (FPN) is issued by The Treasury in the furtherance of that aim.

It replaces all previously issued FPNs which have been issued with the prefix reference FPN E.02 which are hereby revoked.

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## 1. Financial Operating Policy Objectives & Associated Risks

This practice note has been developed to further the following core objectives outlined within Treasury’s [Financial Directions](#) and Financial Operating Policy to:

- Travel and Subsistence.

In particular, it has been developed to mitigate the following key risks arising from the delivery of those objectives:

- fraudulent travel and subsistence claims;
- unauthorised claims;
- claims not made within the stated allowances;
- Employees do not hold a valid driving licence;
- Employees do not have valid insurance.



## 2. Obtaining Exemptions from this Financial Practice Note

This FPN outlines the requirements for all officers engaged within financial transactions.

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 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](#).

*N.B. The British Isles consists of Great Britain, the Whole of Ireland, the Orkney and Shetland Isles, the Isle of Man, the Inner and Outer Hebrides, the Isle of Wight, the Isles of Scilly, Lund Island and the Channel Island.*

## 3. Responsibilities of All Officers

All Officers must ensure that:

### Form of Claims

- 3.1. all travel and subsistence claims submitted for authorisation by a Delegated Officer and are complete, accurate and easy to understand;
- 3.2. all travel and subsistence claims are submitted in a format approved by the Executive Director of Human Resources;
- 3.3. where subsistence is claimed for absence on duty within the Island, the time of departure from, and arrival back at normal place of business, must be stated under each journey;
- 3.4. where subsistence is claimed in connections with the journeys outside the island, the time of arrival back on the Island must be stated against the relevant date;

### Eligibility, Rates and their Applicability

- 3.5. all travel and subsistence claims are paid in accordance with the employees' terms and conditions. E.g. Civil Service, Whitley Council, MPTC etc.;
- 3.6. all mileage claims are made in accordance with the prevailing [Travelling Allowances Order](#) made under the Payment of Members Expenses Act 1989, unless an employee's specific Terms & Conditions determine otherwise in which case they must be made under the relevant Terms and Conditions;
- 3.7. mileage claims state the full particulars of journeys and charges and the distance travelled in miles based on the official mileage chart at Appendix 1. Where journeys undertaken are not on the mileage chart then they must be claimed in accordance with either:
  - a) any supplementary mileage chart issued by the Designated Finance Officer for the Designated Body (where one has been issued that covers the journey undertaken); or in all other cases:
  - b) the actual mileage of the journey;
- 3.8. all subsistence claims are made in accordance with the prevailing [Subsistence Allowances Government Circular](#) approved by Tynwald;
- 3.9. all off-Island travel must have written approval prior to any expenditure being incurred;

### Use of Motor Vehicles for Government Business

- 3.10. they have a valid driving licence for the category of vehicle being driven;

- 3.11. if using a private motor vehicle, ensure that there is adequate insurance to cover the business use;
- 3.12. the Budget Holder is notified immediately if they no longer have a valid driving licence or insurance.

#### **4. Responsibilities of Delegated Officers**

Delegated Officers must:

- 4.1. not approve their own travel and subsistence claims but instead submit them to a more senior Delegated Officer or other appropriate authority for approval;
- 4.2. ensure that all travel and subsistence claims are paid in accordance with the employees' terms and conditions. E.g. Civil Service, Whitley Council, MPTC etc.;
- 4.3. ensure that all travel and subsistence claims are appropriately coded with the relevant item/account and cost centre codes;
- 4.4. check the accuracy of all travel and subsistence claims and confirm as correct by authorising them for processing.

#### **5. Responsibilities of the Budget Holder**

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.

#### **6. Responsibilities of the Designated Finance Officer**

Designated Finance Officers must:

- 6.1. ensure that all Officers within their Designated Body are notified of any changes in mileage and subsistence allowances;
- 6.2. ensure that arrangements are in place to centrally record details of all off-island travel undertaken by members and officers on official business "Beyond the British Isles" and of those officers whose normal place of work is classed as such.

#### **7. Responsibilities of the Accountable Officer**

- 7.1. The Accountable Officer must ensure that the appropriate delegations are in place to enable other senior officers to provide written approval for officers who intend to travel within the British Isles.
- 7.2. If the Accountable Officer is intending to travel to a destination beyond the British Isles prior written approval must be obtained from the Minister or Board and the decision recorded.

## APPENDIX 1: Official Mileage Chart

The distances between various towns and villages on the Isle of Man are given below and mileage allowance claims must be based on these distances unless there are special reasons, which must be stated, for claiming a greater distance.

### a) Single Journey Distance

Journeys	Distance (in miles)
Castletown to Port Erin	4 (via Shore Road)
Castletown to Port St Mary	4 (via Shore Road)
Douglas to Ramsey	17
Douglas to Laxey	8
Douglas to Peel	11
Douglas to Castletown	10
Douglas to Port Erin	14
Douglas to Ronaldsway	9
Douglas to Colby	12
Douglas to Jurby	17
Douglas to Wildlife Park	19 (via Ballacraigne/Ballaugh)
Douglas to Wildlife Park	15 (via Sulby Glen)
Douglas to Kirk Michael	15
Douglas to Cregneash	16
Douglas to Onchan	2
Ramsey to Bride	5
Ramsey to Peel	16
Peel to Port Erin	14
Peel to Port St Mary	14
Peel to Castletown	12

### b) Return Journeys Distances

CGO to Police Headquarters	3
CGO to Tromode House	3 (via Tromode Road)
CGO to Vehicle Examination Centre	3
CGO to Training Centre, Peel Road	2
CGO to College, Homefield Rd	4
Sea Terminal to Nobles Hospital (Braddan)	6
Circular Road to Nobles Hospital (Braddan)	5

(CGO is Central Government Offices on Bucks Road).

# FPN F.01 Providing Credit and Collecting Debts

<i>Version Control</i>	
Date of Treasury Approval	<i>June 2023</i>
Issue Date	<i>June 2023</i>
Responsible Officer	Chief Accountant
<i>Table of Amendments (to previous version)</i>	
<i>Ref.</i>	<i>Amendment</i>

## Summary

The Treasury Act 1985 states that one of Treasury’s primary aims is “to supervise and control all matters relating to the financial affairs of the Government”.

This Financial Practice Note (FPN) is issued by The Treasury in the furtherance of that aim.

It replaces all previously issued FPNs which have been issued with the prefix reference FPN F.01 which are hereby revoked.

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## 1. Financial Operating Policy Objectives & Associated Risks

This practice note has been developed to further the following core objectives outlined within Treasury’s [Financial Directions](#) and Financial Operating Policy to:

- Providing credit and collecting debts.

In particular, it has been developed to mitigate the following key risks arising from the delivery of those objectives:

- debts owed to Government are not kept to a minimum;
- debts are not identified, collected and banked in a timely manner;
- appropriate follow up action is not taken with regard to outstanding debtors;

- further provision of goods and services is not withheld from outstanding debtors until such time as the debt has been settled.

## 2. Obtaining Exemptions from this Financial Practice Note

This FPN outlines the requirements for all officers engaged within financial transactions.

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 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](#).

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## 3. Responsibilities of the Officer

All Officers must:

- 3.1. except where Budget Holder has given approval to the provision of credit facilities, ensure that Government goods and services are paid for in advance or at point of service.
- 3.2. where invoices are raised ensure that they:
  - a) are for the correct amount in accordance with the designated body's approved scale of charges, with the exception that no invoice shall be issued to another designated body if the amount is less than £100 before VAT;
  - b) do not exceed the credit terms approved by the Budget Holder;
  - c) set out clearly the payment terms and the consequences of non-payment;
  - d) are approved by the Accountable Officer where they are raised for less than the approved amount and any relevant third party evidence supporting such reductions must be retained;
- 3.3. where remittances are received, ensure that:
  - a) the correct debtor account is credited and that the relevant remittance details are noted (such as reference number, cheque number and date);
  - b) the correct income account and cost centre are credited;
- 3.4. not write-off or otherwise reduce amounts owed unless they have been delegated the authority to do so.

## 4. Responsibilities of the Delegated Officer

Delegated Officers must:

- 4.1. only approve the write-off of debts within the limits of their delegated financial authority;
- 4.2. where debts are written off, document the reasons for doing so and ensure any relevant supporting information is retained.

## 5. Responsibilities of the Budget Holder

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.

## **6. Responsibilities of the Designated Finance Officer**

- 6.1. Designated Finance Officers must forward to the Chief Accountant, in May of each year, a Debts and Write-Offs return for the previous financial year, in a format prescribed by the Chief Accountant.

## **7. Responsibilities of the Accountable Officer**

- 7.1. Accountable Officers must ensure, by a written instruction of the Minister or a formal resolution of the Board, as appropriate, that an appropriate delegation of authority is in place within which they, as Department Budget Holder, may write off and further delegate the write off of individual debts. The authority of the Minister or Board must be obtained before any sum exceeding that limit is written off.

- 7.2. Where designated bodies require Treasury to administer debt collection on their behalf then they must ensure that an appropriate delegation of authority is in place in accordance with the template at Appendix 1.

# APPENDIX 1: Template for the Delegation of Debt Collection Administration to the Treasury

Please note: amend as appropriate and particularly if the Designated Body is a Statutory Board.

**Department Delegation No. [xx/20XX]**

## GOVERNMENT DEPARTMENTS ACT 1987

**DEPARTMENT [OF XXXX]**

**Authority to exercise functions to Finance Shared Services of Treasury's Financial Advisory Service in respect of the management and pursuit of debts owed to the Department [of XXX] ("the Department")**

The Minister for [XXXX] hereby issues this authority to exercise all of the following functions pursuant to the powers conferred by section 3(2) of the Government Departments Act 1987.

### Delegation of functions

1. Subject to the conditions set out below and the terms of any operative agreement for provision of services, I hereby authorise any public servant stationed within the Finance Shared Services ("FSS") of Treasury's Financial Advisory Service Division ("the Division") to undertake:-
  - (a) the function of administering the issuing of invoices, refunds and credit notes on behalf of the Department; and
  - (b) debt management functions on behalf of the Department, including:
    - (i) out-of-court pursuit of monies due and owing to the Department including dispatch of letters before action and negotiation of settlement terms (e.g. payment by instalment);
    - (ii) instruction of Attorney General's Chambers; and
    - (iii) sign-off of any Court Forms seeking to recover monies owed to the Department

For claims up to and including [£X,000]

- Any officer at grade Administrative Officer or above stationed within FSS

For any claim from above [£X,000 and up to £Y,000]



- Any officer at grade Executive Officer or above stationed within FSS
  - (c) liaising with the Court administration staff relevant to the set-aside or enforcement of judgments and updating of the Execution registers.
2. As the case may require, without prejudice to any requirements of section 16A of the High Court Act 1991 and any rules of Court made thereunder, I also authorise any public servant of grade Executive Officer or above stationed with the Division to appear on my behalf and for and on behalf of the Department in any proceedings:
- (a) before the Small Claims adjudicator;
  - (b) being or falling within the definition of 'relevant proceedings' as defined by Rule 5.10 of the Rules of the High Court of Justice of the Isle of Man 2009 (as amended)

Made: [date]

Minister for [XXXX]

# FPN F.02 ICT (Information Communications Technology) Disposal

<i>Version Control</i>	
Date of Treasury Approval	<i>June 2023</i>
Issue Date	<i>June 2023</i>
Responsible Officer	Director of Operations and Infrastructure (GTS)
<i>Table of Amendments (to previous version)</i>	
<i>Ref.</i>	<i>Amendment</i>

## Summary

The Treasury Act 1985 states that one of Treasury’s primary aims is “to supervise and control all matters relating to the financial affairs of the Government”.

This Financial Practice Note (FPN) is issued by The Treasury in the furtherance of that aim.

It replaces all previously issued FPNs which have been issued with the prefix reference FPN F.02 which are hereby revoked.

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## 1. Financial Operating Policy Objectives & Associated Risks

This practice note has been developed to further the following core objectives outlined within Treasury’s [Financial Directions](#) and Financial Operating Policy to:

- ICT (Information Communications Technology) Asset Disposal

It has been developed with the objective to:

- Ensure value for money when ICT assets are disposed by recovering and re-using where possible or considering resale where not.
- Mitigate against risk of information disclosure by ensuring all devices are disposed in a secure manner.
- Ensure appropriate financial controls are applied and relevant asset registers are updated.

## 2. Obtaining Exemptions from this Financial Practice Note

This FPN outlines the requirements for all officers to ensure that ICT assets and equipment are disposed of by following the Government Technology Services (GTS) procedure.

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 Responsible Officer (detailed above) or the *Director of Operations and Infrastructure (GTS)*, provided it is made in accordance with [FPN A.01: Obtaining Approval for Exemptions](#).

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### **3. Responsibilities of All Officers:**

- 3.1. All Government ICT Assets should be disposed of by raising a Disposal request through the GTS Service Desk.

### **4. Responsibilities of GTS:**

- 4.1. All Disposal Requests must be authorised by the *Director of Operations and Infrastructure GTS* or by officers that are specifically nominated and authorised to approve disposal of ICT Assets by the Executive Director GTS.
- 4.2. Where a Disposal is not carried out by GTS or their nominated contractors, GTS must specify security procedures that are followed and will require evidence be retained to audit secure disposal has taken place.

# FPN F.03 Disposal of Land & Buildings

<i>Version Control</i>	
Date of Treasury Approval	<i>June 2023</i>
Issue Date	<i>June 2023</i>
Responsible Officer	<p><u>Where the value is:</u></p> <ul style="list-style-type: none"> <li>£250,000 or less: Executive Director - Financial Governance</li> <li>More than £250,000: Treasury</li> </ul>
<i>Table of Amendments (to previous version)</i>	
<i>Ref.</i>	<i>Amendment</i>
8	New Council of Ministers Policy added

## Summary

The Treasury Act 1985 states that one of Treasury’s primary aims is “to supervise and control all matters relating to the financial affairs of the Government”.

This Financial Practice Note (FPN) is issued by The Treasury in the furtherance of that aim.

It replaces all previously issued FPNs which have been issued with the prefix reference FPN F.03 which are hereby revoked.

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## 1. Financial Operating Policy Objectives & Associated Risks

This practice note has been developed to further the following core objectives outlined within Treasury's [Financial Directions](#) and Financial Operating Policy to:

- The disposal of built and property based assets. Such disposals will include (but are not limited to):
  - Sales;
  - Leases for 21 years or more;
  - Option arrangements;
  - Shared equity schemes;
  - Leases for less than 21 years;
  - Licences;
  - Wayleaves and easements;
  - Rights of way

In particular it has been developed to mitigate the following key risks arising from the delivery of those objectives:

- assets are disposed of inappropriately;
- litigation as a result of disposal of assets;
- appropriate value not realised from the disposal of assets;
- poor co-ordination around disposals that could result in a wider impact upon Government as a whole;
- wider asset value affected as a result of disposals of interests;
- variations in value are not offered or perceived to be offered as a form of subsidy or support.

## 2. Obtaining Exemptions from this Financial Practice Note

This FPN outlines the requirements for all officers engaged within financial transactions.

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 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*.

## 3. Additional Definitions Used within this Financial Practice Note

- 3.1. The *Director of Strategic Asset Management and Valuations* is a Treasury Officer appointed by the Executive Director - Financial Governance;
- 3.2. The *Government Valuer* is a Treasury Officer appointed by the Director of Strategic Asset Management;
- 3.3. The *Strategic Asset and Capital Investment Committee* (SACIC) is a sub-Committee of the Treasury.
- 3.4. The *Strategic Asset Management Unit (SAMU)* is the unit designated for this purpose by the Accountable Officer of the Department of Infrastructure.
- 3.5. For the purpose of this Financial Practice Note 'disposal' means sale or grant of an option for sale and any lettings. This will include, where applicable, wayleaves and easements.

## 4. Legislative background

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

### **5. Responsibilities of the Delegated Officer**

The Delegated Officer must ensure that:

- 5.1. all disposals and leases that they authorise comply with the sections below (as applicable) and are discussed with Director of Strategic Asset Management and Valuations, prior to commencing negotiations;
- 5.2. there are suitable detailed arrangements for the disposal of property and buildings and must ensure that the appropriate process is followed for the various disposal types;
- 5.3. as appropriate, the Government's insurance policies are updated to reflect the disposal or lease upon completion;
- 5.4. the designated land and building asset register on which the asset is recorded is updated with the details of its disposal or lease;
- 5.5. disposals are reported to the Director of Strategic Asset Management and Valuations at point of completion.

### **6. Responsibilities of the Budget Holder**

- 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.

### **7. Matters to consider prior to a disposal**

- 7.1. Prior to any disposal of land or buildings the relevant officer should consider the following:
  - a) Is there a Statutory Requirement to hold the property?
  - b) Is there a strategic need to hold the property?
  - c) Is the property held as land bank for future development?

**If the answer to any of the above is YES proceed to the relevant section below to secure the appropriate management of the asset.**

**If the answer to all of the above is "no" then the relevant officer needs to consider whether or not the property:**

- a) Generates/could generate if let a positive financial return (c. 5% on capital value or such other figure as advised by the Director of Strategic Asset Management & Valuations);
- b) Supports a wider social or economic objective of the Department or another Department.

**If the answer to either of the above is YES proceed to the relevant section below.**

**If the answer to both is "no" then the Accountable Officer should consider why the asset is held and discuss a potential sale with the Director of Strategic Asset Management and Valuations.**

## **8. Sales and leases of 21 years or over of land and buildings**

*(or other long term disposals of an interest in land or property)*

### Council of Ministers Policy

#### 8.1.

- (a) Prior to the sale or long term letting (over 21 years) of any land and/or building all Departments, Statutory Boards and Offices (hereafter "Government Body" or "Government Bodies" must:
  - i. Approach all other Government Bodies, who must be given first refusal to purchase the land or building. If all other Government Bodies confirm that they do not wish to acquire the asset, the relevant Government Body (ie the Government Body disposing of the asset) must contact the Director of Strategic Asset Management who will confirm whether there is any wider Government requirement for it. Upon confirmation from the Director of Strategic Asset Management (or a person nominated on their behalf) that the land or building is not required by Government, the relevant Government Body must:
  - ii. Consult with the Brownfield Regeneration Steering Group, and the relevant Local Authority (ie the Local Authority within whose boundaries the asset is situated) and only advertise the land or building for sale if neither the Brownfield Regeneration Steering Group (on behalf of the Manx Development Corporation) nor the relevant Local Authority has identified an interest in acquiring it.
- (b) If the land or building is to be transferred or let to another Government Body:
  - i. The transfers shall be at nominal value if there is to be no change of use;
  - ii. The transfer must be at market value if there is to be a change of use unless Treasury approval given to a sale at under value;
  - iii. All transfers require Treasury approval whether they are for a nominal consideration or full value.
- (c) If the land or building is identified by the Brownfield Regeneration Steering Group as being of future use by the Manx Development Corporation:
  - i. The land or building will be transferred to the ownership of or let to the Manx Development Corporation or to a Government Body nominated by the Treasury at a value to be determined by the Treasury;
  - ii. Any future disposal or extension of lease by the Manx Development Corporation or the nominated Government Body should follow this policy as it applies to other Government Bodies.
- (d) If the land or building is to be transferred or let to a Local Authority:
  - i. The sale must be at market value unless Treasury and Council of Ministers approval is given to a sale at under value;
  - ii. Treasury and Council of Ministers may take into account the possible social and economic factors when deciding whether to give approval to a sale at under value. The relevant Government Body should identify these when they request approval.

- (e) If the land or building is to be sold or let to a third party other than a Government Body or Local Authority:
- i. The land or building must be sold or let at market value unless:
    1. The sale is to a purchaser under the House Purchaser's Assistance Scheme 2007;
    2. Treasury approval is obtained; social and economic factors may be taken into account when deciding whether to give approval to a sale at under value;
    3. For long-term lettings (where the proposed rental is below market rent), the Minister has provided a formal minute to the Treasury and its approval to the letting has been obtained.
  - ii. The relevant Government Body must ensure that all sales and long term lettings (other than sales under the House Purchaser's Assistance Scheme 2007) are publically advertised and subject to open sale, tender or auction. In exceptional circumstances alternative methods of securing a purchaser/tenant/lessee can be used but only where:
    1. the Board or Minister of the relevant Government Body has formally minuted authorisation for the proposed alternative means of disposal; and
    2. Treasury's approval has been obtained.
- (f) Where the tenancy or lease is extended so that the consecutive terms exceed 21 years then either:
- i. The extension opportunity must be in accordance with (a) – (e); or
  - ii. The reasons for not advertising the opportunity must be formally minuted by the relevant Minister or Board and Treasury concurrence via the Strategic Asset and Capital Investment Committee must be obtained.
- (g) The Government Valuer (or a suitably qualified valuer as appointed by or approved by Treasury) is to provide market valuations in respect of sales and long term lettings. Market valuations will only remain valid for a period of 6 months. If there is any material change in the terms of sale or letting a further valuation must be obtained.
- (h) All Government Bodies must notify the Chief Accountant of Treasury of all disposals within 3 months of completion. This notification must include the date of the completion of the disposal; details of the transaction including value received; and the parties involved.
- (i) Required Approvals
- i. Treasury may approve cases which fully comply with this policy. If this policy cannot be fully complied with then the following approvals must be obtained prior to disposal/agreement of long term lease:-
    1. Where the selling price/value of lease is less than £250,000 (aggregated over 3 years for leases), the transaction may be approved by the Strategic Asset and Capital Investment Committee ("SACIC").
    2. Where the selling price/value of lease is between £250,000 and £1,999,999 (aggregated over 3 years for leases) the approval of Treasury (via SACIC) must be obtained to the disposal.



3. Where the selling price/value of lease is between £2,000,000 and £4,999,999 (aggregated over 3 years for leases) the approval of Treasury (via SACIC) and Council of Ministers must be obtained to the disposal.
  4. Where the selling price/value of lease is above £5,000,000 (aggregated over 3 years for leases) the approval of Treasury (via SACIC) and Tynwald must be obtained to the disposal.
- ii. Sales of properties under the provisions of the House Purchase Assistance Scheme 2007 are exempt from this policy.
  - iv. Where any rental consideration is proposed at a level below the rental assessment provided by the Director of Strategic Asset Management and Valuations or Government Valuer (unless this is achieved from an open marketing process) then a formal minute from the Minister or Board of the relevant Government Body must be provided to SACIC for concurrence prior to agreeing to the disposal.
  - v. Where a disposal is not marketed openly, the reasons must be minuted by the relevant Government Body and Treasury concurrence sought via SACIC.
  - vi. Where a leasehold opportunity is not marketed and an extension of a tenancy would mean that the sum of the consecutive terms would exceed 21 years, the reasons for not advertising the opportunity must be formally minuted by the relevant Minister and Treasury concurrence sought via SACIC.

## 9. Procedures for the Disposal of Land or Buildings

### General Procedure

- 9.1. The procedure that must be followed for a sale or lease of 21 years or more are as per below:
  - a) identify the potential parcel of land to be sold;
  - b) seek clarity from the Attorney General's Chambers on the title to the property to ensure that title is good and clarity of any restrictions;
  - c) contact the *Strategic Asset Management Unit (SAMU)* to circulate details of the potential disposal around other Government Departments, Statutory Boards and the relevant Local Authority;
  - d) The *Strategic Asset Management Unit* to seek a valuation and approval of the marketing method from the Director of Strategic Asset Management and Valuations. In the case of open market sales the valuation may not be completed until later in the sale process but once marketing advice has been given marketing may commence;
  - e) The *Strategic Asset Management Unit* to be advised of interest from other Government bodies and if none expresses an interest then the property shall be actively marketed via the relevant Government appointed Estate Agent or through another appropriate and Treasury agreed mechanism.
  - f) when offers are received, contact the Strategic Asset and Capital Investment Committee in Treasury to seek formal consent to the disposal;
  - g) upon completion notify the *Director of Strategic Asset Management and Valuations* in Treasury in writing.
  - h) Unless prior written approval from Treasury is given, designated bodies must only dispose of land to the legal entity from which consideration will be paid or supplied. The legal entity must be the same as which Treasury approval has been obtained.

## **10. Leases of land and buildings for less than 21 years (not Social Housing)**

- 10.1. To ensure an open and transparent transaction there is a presumption that the leasehold opportunity will be advertised with the Government's approved Estate Agents.
- 10.2. Designated bodies must seek, obtain and act upon the advice of the *Director of Strategic Asset Management and Valuations* and the Attorney General's Chambers when entering into lease arrangements for land and/or buildings as a lessor.
- 10.3. Where designated bodies are entering into lease arrangements for land or property as lessor and:
  - a) the aggregated lease value over 3 years is £100,000 or more; or
  - b) it is intended that the lessee would provide a service for or on behalf of the designated body within the scope of the lease;

then they must seek a direction from the Executive Director - Financial Governance as to whether or not the relevant parts of *Financial Direction C: Buying & Making Payments* apply.

## **11. Licences for less than a year**

- 11.1. Designated bodies must seek, obtain and act upon the advice of the Director of Strategic Asset Management and Valuations and the Attorney General's Chambers when entering into licence arrangements for land and/or buildings as a lessor.
- 11.2. Where entering into a licence as lessee and the licence fee exceeds £30,000, seek concurrence to the letting from the Strategic Asset and Capital Investment Committee in Treasury.

## **12. Wayleaves and Easements**

- 12.1. Where a wayleave/easement is acquired by a statutory undertaker an interest in land may be disposed of.
- 12.2. Designated bodies must notify the *Director of Strategic Asset Management and Valuations*, Treasury, prior to signing any legal documentation.

## **13. Rights of Way**

- 13.1. Designated bodies must seek, obtain and act upon the advice of the Director of Strategic Asset Management and Valuations and the Attorney General's Chambers prior to granting any new access arrangement.

# FPN F.04 Disposal of General Assets

<i>Version Control</i>	
Date of Treasury Approval	<i>June 2023</i>
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Responsible Officer	<p><u>Historical cost:</u></p> <ul style="list-style-type: none"> <li>Up to and including £10,000: Budget Holder (up to their delegated financial authority);</li> <li>Up to and including £100,000: Accountable Officer.</li> </ul>
<i>Table of Amendments (to previous version)</i>	
<i>Ref.</i>	<i>Amendment</i>
	"a value of" replaced by "historical value"

## Summary

The Treasury Act 1985 states that one of Treasury's primary aims is "to supervise and control all matters relating to the financial affairs of the Government".

This Financial Practice Note (FPN) is issued by The Treasury in the furtherance of that aim.

It replaces all previously issued FPNs which have been issued with the prefix reference FPN F.04 which are hereby revoked.

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## 1. Financial Operating Policy Objectives & Associated Risks

This practice note has been developed to further the following core objectives outlined within Treasury's [Financial Directions](#) and Financial Operating Policy to:

- Disposal of General Assets.

In particular it has been developed to mitigate the following key risks arising from the delivery of those objectives:

- assets are disposed of inappropriately;
- asset registers do not reflect disposals;
- litigation as a result of disposal of assets;
- assets do not realise their true value.

## 2. Obtaining Exemptions from this Financial Practice Note

This FPN outlines the requirements for all officers engaged within financial transactions.

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 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](#).

## 3. Additional Definitions Used within this Financial Practice Note

- 3.1. *Disposal* includes the sale, loan to 3<sup>rd</sup> parties, gifting, and write-off or any other transfer out of the ownership/control of the Designated Body, of assets.

## 4. Responsibilities of All Officers

All Officers must ensure that:

### Prior to Any Disposal

- 4.1. assets are only disposed where:
  - a) no longer economically useful or maintainable;
  - b) no longer comply with health and safety;
  - c) no longer required due to a change in strategy;
  - d) there has been an unplanned disposal such as theft or irreparable breakdown
- 4.2. 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;
- 4.3. 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;

### Disposal of any Asset

- 4.4. where they may wish to personally benefit from any assets disposal, that they have no involvement with the disposal approval, asset valuation or sale procedure;
- 4.5. all assets are sold as seen with details of any known faults declared;
- 4.6. the purchaser signs a disclaimer, indemnifying Government against future claims, in a form approved by the Attorney General's Chambers, prior to transfer of ownership;
- 4.7. wherever possible, photographic evidence of the condition of the asset on disposal is retained;
- 4.8. transfer of ownership is not completed until full payment is received;
- 4.9. all sale proceeds are paid into the relevant bank account for the Designated Body and allocated to the relevant income code;
- 4.10. loaned assets cannot be subsequently loaned to a third party or otherwise disposed of without the prior written approval of the Budget Holder;

### Assets with a historical cost of £100 or less

- 4.11. assets in reasonable condition but with little re-sale value must be offered to other designated bodies of Government or major charitable organisations prior to being disposed of.
- 4.12. Following the procedures described in paragraph 1.1 (above), obsolete items with little or no re-sale value (less than £100 accumulated if a number of items) must be sold as scrap if cost effective, otherwise disposed of as general waste, with any receipts to be returned to the Budget Holder;

Assets with a historical cost of more than £100 but less than or equal to £10,000

- 4.13. if the historical cost of the asset(s) to be disposed of is more than £100 but less than or equal to £10,000, then it must be:
  - offered for sale to a minimum of 3 independently interested parties at the valuation price and the best price offered accepted; or
  - be publically advertised or auctioned and the best price offered accepted; or
  - transferred to for use within another Designated Body;

Assets with a historical cost of more than £10,000 (and up to £100,000)

- 4.14. Where the historical cost of the asset to be disposed is between £10,000 and £100,000, then the disposal advertised on the Procurement website or Procurement Portal in accordance with *Financial Practice Note C.06 General Procurement*.

## **5. Responsibilities of Delegated Officers**

All Delegated Officers must ensure that:

- 5.1. the relevant asset register is updated with the asset's disposal, including a summary of the disposal details;
- 5.2. where assets are not authorised for disposal or removal from the asset register unless the appropriate procedures have been followed;
- 5.3. as appropriate, the Government's insurance policies are updated to reflect disposals of asset register items.