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Section P6 - Other Financial Issues

Introduction

This Education Department guidance is designed to incorporate the minimum knowledge required for staff to operate effectively within the financial procedures, policies and agreements of the Comhairle. If any omissions are apparent please contact me at the number above and I will update our guidance or obtain special additions from the Finance Department or Internal Audit.

After reading this you should:

- be in a position to:
 - order goods using a purchase order or requisition form
 - receive goods
 - code invoices
 - process invoices
 - process IDT forms
- be familiar with the Council's contractual arrangements and obligations in respect of the abc contract
- be able to access the abc contracts
- be familiar with the Council's financial regulations
- be aware of the services provided by the Purchasing Section

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- be familiar with most of the financial documentation and procedures of the Comhairle

Introduction

1. Council Policy & Revised Procedures
2. Forms / Documentation / Procedures (*example forms included*)
3. Basic Book-keeping requirements
4. Debtors Invoices
5. Travel Expenses Claim Forms
6. Postal Income
7. abc Contract
8. Central Printing and Photocopying

1. Council Policy & Procedures

All Staff should be aware of the call-off contracts and arrangements negotiated on the Council's behalf by **abc** (the Authorities Buying Consortium). Council policy is that these contracts should be our first source of reference. Some of the contracts are 'endorsed' which means that we have no option but to use them. Others are optional but staff must be prepared to demonstrate that, if they use an alternative supplier, they can justify **significantly better value for money** (price and quality taken into consideration).

If the goods required are not available in the **abc** catalogue, use should be made of the **abc** helpline. They will advise you of any alternative arrangements or imminent awards of contract not yet published.

The next source of reference should be The Buying Agency catalogue. These contracts have been negotiated by The Buying Agency on behalf of all public sector organisations. A full comprehensive list of all goods / services contained in the catalogue is available via Purchasing Section in both catalogue and electronic index format. For details of other contracts or agreements please contact the Purchasing Section.

If the goods / services are not available from any of these sources staff should then use other national and local suppliers. When doing so, they must ensure that they adhere to all purchasing guidelines. Companies should be subject to competition to ensure that they continue to provide value for money; suppliers should not be allowed to become solely dependant on the Council's business. Where possible we should attempt to use various suppliers to ensure that full value for money can continue to be achieved.

Value of Purchase (excluding VAT)	Minimum Requirement
Up to £50.00 (including petty cash purchases) or emergency requirement	1 oral quotation
£50.00 - £499.99	2 oral quotations
£500.00 - £9,999.99	3 written quotations
£10,000.00 - £19,999.99 (periodic*)	3 formal quotations
£10,000.00 – EC Supplies threshold	Formal Tenders as specified in the Council Contract regulations
EC Supplies threshold and above	EC Tendering Procedures and Council Contract Regulations

Do not split purchases to avoid compliance with the appropriate minimum requirements.

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Quotation Records

It is essential that all aspects of purchasing follow the Council's purchasing policy and satisfy the Council's auditors.

Unless staff involved in raising a purchase order are accessing the contracts covered by the **abc** catalogue or other contractual arrangement, a purchase information form should be completed for every order raised. The rear of the form should be used to record all telephone conversations and discussions, this allows for a full audit trail justifying decisions to purchase. The completed form should be attached to the yellow copy (copy 2) of the purchase order form together with any written quotations.

Quotations from suppliers (for requirements costing up to £10000.00 excluding VAT), as distinct from tenders, are received directly by the purchaser. They may be in writing (on the Council's Purchase Enquiry Form or the suppliers own documentation) or orally. The prices quoted must be regarded as confidential and not divulged to other suppliers. Quotations should be checked for clerical errors, if in writing. If received orally they should be recorded on the Purchase Information Form.

Staff should not accept that the price quoted is the price at which the supplier is willing to sell. They should, if possible, negotiate with suppliers to:

- reduce their quoted price
- seek the maximum discounts available
- obtain any other benefits such as inclusive delivery, extended guarantees, after sales service or training

A record of negotiated savings, where applicable, should be recorded on the Purchase Information Form.

* Periodic basis (see Council Contract Regulations Appendix D)

2. Forms / Documentation / Procedures

Purchase Requisition Form

This is a 2 part document, black print on white (top copy) and yellow (2nd copy) paper, used for requisitioning goods from the Purchasing Section. The original is to be passed to the Purchasing Section and the yellow copy retained in the School.

Staff may issue as many Requisition forms as they wish in the same manner as they would issue purchase orders. Purchasing Section will endeavour to provide feedback on each form if required.

The Purchasing Section will **order the goods and pay the invoices on the Schools behalf** and directly charge the costs to the codes identified on the requisition form. Requisition form reference numbers will be attached to each transaction on the FMS system to assist in expenditure monitoring. This means a reduction in invoice volume in schools and a reduction in time spent on the purchase of goods and services by school staff.

Processing a requisition order

** Check there is budgetary provision for required service or purchase.*

1. Use:
 - ◆ an official Comhairle requisition form; and
 - ◆ up-to-date catalogues.

2. Enter full details of items required.
 - ◆ If you know exactly what you want, enter details and tick check box 3 to authorise purchase.
 - ◆ If you aren't sure exactly what you want, enter rough description (with a reference number and catalogue name of a similar item for comparison) and tick check box 2. This will authorise the Purchasing Section to source and price your requirements, but they must agree the price and details with you before proceeding with the purchase.
 - ◆ If only an estimate is required (for a large item), enter details and tick box 1. No purchase will then take place for that requisition form.

3. Enter budget code for payment of goods on requisition form.

4. Authorised Signatory (usually headteacher) must sign the requisition form and must be able to justify the order.

5. Distribution of completed and signed copies of requisition forms:
 - ◆ Top (white) copy of all forms forwarded to Purchasing Section, Corporate Services Department, Comhairle nan Eilean Siar, Sandwick Road, Stornoway, Isle of Lewis, HS1 2BW or fax to 01851 706686..
 - ◆ Second (yellow) copy of all forms to be entered on summary sheets and filed in the pending section of the school files.

6. Requisition forms incur direct expenditure. The amount entered on the form or the amount notified to you by the Purchasing Section is directly charged to your budget by the Purchasing Section, upon receipt of goods.

Purchase Order Forms

The Purchase Order Form is a 3 part pre-carbonated document. The instructions for completion are detailed at the front of each order pad.

Purchase Orders may be sent directly to the suppliers in the abc catalogue quoting the appropriate schedule number. The invoices will then be sent to the School and processed in the normal way.

Purchase Orders may also be sent to suppliers outwith the abc catalogue. With the requirement for the physical demonstration of best value, **a purchase information form must be filled out and attached to the file copy of the purchase order** in these instances. The invoices will then be sent to the School and processed in the normal way.

Processing an order

** Check there is budgetary provision for required service or purchase.*

1. Use:
 - ◆ an official Comhairle purchase order form; and
 - ◆ up-to-date catalogues.

2. Include discounts and/or carriage charges in the prices shown.
 - ◆ check carriage charges carefully before ordering (phone supplier if in doubt)

3. Enter budget code on order before despatching order to supplier.

4. Authorised Signatory must sign the order and must be able to justify the order.

5. Distribution of completed and signed copies of order forms:
 - ◆ Top (white) copy of all orders forwarded direct from School to supplier.
 - ◆ Second (yellow) copy of all orders to be temporarily retained by the school. This copy of the order should be submitted to the Education Department attached to the first invoice relating to the order.
 - ◆ Third (pink) copies of orders should be retained in the school until the start of the new autumn term following the end of the financial year they relate to.

6. Order forms (white, yellow and pink copies) for cancelled orders must be clearly marked as cancelled and retained in the Orders Outstanding section of your budget management files.

Receipt of Goods/Services

1. Check and sign delivery notes at the time of delivery to certify receipt of goods in good condition.
 - 1.1. In the event of discrepancies or damage:
 - ◆ note details on the delivery note;
 - ◆ notify the supplier immediately; and
 - ◆ note details of action agreed with supplier on the delivery note.
 - 1.2. If goods are to be returned:
 - ◆ note details of arrangements made with supplier on delivery note; and
 - ◆ ask the carrier to sign for the goods returned on the delivery note.
2. File the signed delivery note with the pink and yellow copies of the order in the Orders Outstanding File and mark the yellow/pink copy of the order form to show that the goods have been returned.
3. Return any goods received on approval and unwanted by the due date.

Invoice Processing

1. Confirm that the goods have been received by reference to delivery notes filed with pink/yellow copy orders in the Orders Outstanding File.
2. Mark on the pink/yellow copy of the order each item that is being paid on the invoice.
3. Sign the invoice if correct and mark 'Goods received' or 'Services supplied'.
4. Code each invoice using a separate coding slip
5. Check and verify the coding slip - Authorised Signatory must certify the coding slip. Certification limits must be adhered to when certifying invoices.
6. If all items on the order are to be paid on the invoice:
 - 6.1. Forward the original invoice, pink copy of purchase order and signed coding slip to the appropriate member of school staff to enter on FMS. When processed, the invoice should be forwarded to the Finance Department Creditors Section for payment.
 - 6.2. File the yellow copy of the order form and delivery note in the order complete file.
7. If only part of the order is to be paid on the invoice:
 - 7.1. Forward the original invoice, pink copy of purchase order and signed coding slip to the appropriate member of school staff to enter on FMS.
 - 7.2. File the yellow copy of the order form and delivery notes in the Orders Outstanding File.

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Invoice Lists and Creditor Request Forms

Invoice lists must be with the Creditors Section of the Finance Department by **noon on the Monday** of each week. Adherence to this deadline will ensure that batches will be processed on the week of receipt. Late batches submitted to the Creditors Section, may not be processed until the following week.

Requests for new creditors (supplier the Comhairle have had no previous business with) to be added to the system must be with the Creditors Section of the Finance Department by **noon on the Friday** of each week. Adherence to this deadline ensures that the creditor is added to the system in time for inclusion in the Monday morning batch processing of invoices.

Schools are reminded that invoices can be processed on the system on any day of the week. If bulk inputting were to be scheduled for a Tuesday and a Wednesday, this might alleviate the time pressures usually associated with Monday mornings. Please arrange for invoices to be posted to the Finance Department on Wednesday to arrive for Monday of the following week. Late arrival of invoices (Monday or Tuesday morning) may mean the payment delayed until the following Monday afternoon.

Education Department staff will process debtors invoice requests from schools in their area only. If debtors invoice requests are sent to the wrong office, staff will forward them to the correct office as soon as possible for processing.

Processing an IDT

- ❖ Confirm that the goods or services have been received.
- ❖ Sign the IDT if correct and mark 'Goods received' or 'Services supplied'.
- ❖ Code the blue copy of each IDT using a separate coding slip
- ❖ Check and verify the coding slip - Authorised Signatory (usually Headteacher) must certify the coding slip. Budget certification limits must be adhered to when certifying IDTs.
- ❖ Enter details on appropriate summary sheet or Excel Budget Monitoring Spreadsheet.
- ❖ Forward the blue copy and signed coding slip to the Capital Accountancy section of the Finance Department for payment.
- ❖ File the white copy of the IDT in the appropriate file.

3. Basic Budgeting and Other Requirements

Basic Budgeting and Other Requirements.

1. Budget managers should be aware at all times of the balance left in their budgets. Regular monitoring using the Comhairle computer Financial Management System should be undertaken and a commitment sheet / Excel Budget Monitoring Spreadsheet, should be constantly kept up to date for each budget heading.

If the Financial Management System is being used, reports should be obtained on a weekly basis if possible, but at least on a monthly basis.

If a commitment sheet / Excel Budget Monitoring Spreadsheet is used, it must be updated every time an invoice is paid against the budget code or a purchase order or requisition form is issued.

2. If monitoring of budgets reveals any variances which are out-with devolved budget tolerances, schools should report the matter immediately to the resources section and their business support officer.
3. Invoices or IDTs (inter departmental transfer) processed by the School must:
 - be marked 'Goods received' or 'Services supplied' and signed and dated to acknowledge receipt;
 - have a coding slip attached which identifies the correct budget code and the correct payment amounts including the 'VAT' and 'GROSS' boxes;
 - be signed in the 'completed by' section by school staff and signed in the 'certified by' section by the authorised signatory responsible for the budget. Budget managers must not certify invoices for sums in excess of their current certification limit (certification limit details for budget managers are held in the Creditors Section of the Finance Dept).
4. Petty cash claim form: This form (with receipts attached) should be sent in to the Department by schools. In most cases, the payment will be to the authorised signatory (headteacher), and it is not permitted for the headteacher to authorise payment to him/herself. In this instance an authorised signatory of

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the Department will certify the payment from the appropriate budgets identified on the claim form.

The responsibilities of an Authorised Signatory (usually headteacher) are quite comprehensive and should not be taken lightly. In the event of any discrepancies or mistakes, the responsibility lies with the certifying officer. The signature of the certifying officer must appear on every coding slip and must not be photocopied under **ANY CIRCUMSTANCES**.

Note: Financial Regulation 76

“Before certifying an account the certifying Officer shall, except to the extent that the Director of Finance may otherwise determine, have satisfied himself that: -

- (a) the work, goods or services to which the account relates have been received, carried out, examined and approved;
- (b) the price, extensions, calculations, trade discount, other allowances, credits and tax are correct;
- (c) the relevant expenditure has been properly incurred within the relevant estimate provision;
- (d) appropriate entries have been made in inventories, and stores records, as required; and
- (e) the amount has not been previously passed for payment and is a proper liability of the Comhairle.”

4. Issue of Debtors Invoices

Schools requiring an invoice to be raised should fill in a form entitled 'Request for Debtors Invoices to be Raised' and submit it to the appropriate member of the Department. Each Education Department administrative office has a member of staff authorised to raise Debtors invoices.

Schools submitting debtors invoice requests have a duty to ensure that:

- the issue of debtors invoices is not duplicated;
- the correct customer is invoiced;
- the correct name and address is used;
- that sufficient narrative is used to describe the debt and that the customers know exactly what is being charged for – this includes dates, time and place as necessary and also order numbers where applicable;
- that the correct income codes are used;
- that the request is signed by a *duly authorised member of staff.

* A duly authorised member of staff will be the head teacher in a school.

5. Travel Expenses Claim Forms

Travel Claims

Travel claim forms require to be completed in accordance with the following instructions:

1. Mileage claims should be for mileage actually travelled in the performance of duties and by the most direct route, less the return distance from home to the designated place of work/base school, in instances where the journey begins and ends at home.
2. All claim forms should be for a period of one calendar month with the date for the period ending being the last day of the month. It is not acceptable to include claims for more than one month on the same form.
3. All the relevant entries on the front of the form must be completed and the form must be signed and dated by the applicant.
4. **The details of all the journeys made must be entered fully on the back of the form. It is not acceptable to use shorthand ways of filling in this section.**
5. Claim forms must be submitted in a timely manner:

APT&C staff	-	last working day of the calendar month
Teachers	-	15 th of the month

If they are not, claims cannot be processed until the following salary cheque. If there is an unreasonable delay in submitting claims there is no guarantee that these claims will be met. **Claims for expenses made for a period within the preceding financial year must be forwarded by 15 April of the following financial year.**

6. **Claim forms received and which have not been completed in full will be returned to the claimant, resulting in a delay in payment.**
7. For expenses other than mileage claims, lump sum payments and subsistence allowances, receipts must be attached to claim forms.
8. At the start of each session itinerant teachers should return timetable cards as soon as possible and in any event by the end of the first week in September. Timetable

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cards are required to validate mileage claims and in the absence of cards claims will not be processed.

Travel Expenses

Completion of Forms

Claimants should ensure that they always provide the following information: -

1. Payroll Reference Number
2. Month the claim is for
3. Indicate whether you are an essential or casual user
4. Car registration number (please notify us of any change eg. change of car)
5. Engine capacity
6. Details of make and model of car are only necessary on any initial claims or if you change your car

Submission of Forms

Please ensure that you submit your forms at the end of each month and that the following guidelines are used: -

You must only submit a claim for car allowance payment if the current insurance policy on your vehicle includes a clause, which enables your car to be used on the official business of the Comhairle, and indemnifies the Comhairle against all third party claims, including those concerning passengers in your vehicle on official business of the Comhairle. This is applicable to essential and casual car users (even those who do a limited amount of miles annually).

IF PAY DATE IS 15th OF THE MONTH, THEN FORMS MUST BE SUBMITTED BY THE 1st OF THE MONTH

IF PAY DATE IS 31st OF THE MONTH THEN FORMS MUST BE SUBMITTED BY THE 15th OF THE MONTH

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Your first claim for car allowance expenses (lump sum or mileage) in any financial year must be preceded by submission of a copy of your insurance policy to the Department. Failure to submit a copy insurance policy, will result in the delayed payment of your car allowance expenses, until a satisfactory insurance policy is submitted for approval.

6. School Postal Income and Post Opening Procedures

There should be a formal arrangement for the opening of the School's external mail. All external mail should be opened and directed to the appropriate members of staff. The *external mail should be opened by **two members of staff on every occasion. This is to protect members of staff who receive cash, cheques or postal orders through the post.

1. **Two** members of staff must open the external mail.
2. Enter any postal income (cash, cheques, postal orders) received in the appropriate ledger and on the Schools Weekly income and banking return form immediately. School fund income should be entered in your school fund ledger.
3. Take the income and banking return form to the Cash Desk, Bank, Mobile Bank or Post Office as detailed in the School Cash Handling Procedures.
4. Do not pass money to any member of Comhairle staff other than the Cashier out with the procedures detailed in the School Cash Handling Procedures.
5. Do not put monies to one side or into a drawer for any reason.
6. Always use your cashbox or safe to store income securely.

*** Exceptions to the rule:**

If the items are marked 'Private & Personal'

**** Exceptions to the rule:**

Any small schools, which are exempt, will be notified by the Department of Education; otherwise the above procedure must be adhered to.

7. abc Contract

abc :-History & Organisation

abc was formed when Political Leaders and Chief Executives of 12 unitary authorities, that formed Strathclyde Region, agreed that a joint approach to public sector procurement was the best way forward. The criteria they applied was:

- ◆ Value for Money
- ◆ Cost Effectiveness
- ◆ Quality of Service
- ◆ Prudence and Accountability

abc is now representative of all 12 Authorities, and officials in **abc** report to a Joint Committee of 18 members drawn from the 12 member Councils. They represent the interests of all the member authorities and ensure that the service reflects the needs of customers in all areas. Comhairle nan Eilean Siar pays an annual fee, for which they are classed as associate members of **abc**.

abc Services

Purchasing professionals in **abc** arrange large-scale contracts, securing exceptional prices for a wide range of general goods and services used by customers in all areas.

Overall, the annual spend against contracts is over £150 million.

All products offered in the catalogue comply with all relevant British and European standards and have also undergone testing by end-user panels.

Contracts include:

Electricity and Gas

Computers

Furniture

Photocopying

Janitorial and Cleaning Materials

Classroom Materials

Office Equipment

Stationery

Aids for the Handicapped and Elderly

abc can arrange specific contracts tailored to meet the needs of individual authorities or customers

abc Customer Service

A full customer support service is provided through the **abc** Catalogue and a customer Helpline Service.

Who are the customers of abc?

Every ordering point in the 12 member Councils - schools, housing offices, homes for the elderly, libraries, or indeed anywhere there is a need to purchase goods or services.

abc also has arrangements with associate members (CNES etc.), Colleges of Further Education, Strathclyde Police, Strathclyde Fire Brigade and charitable and voluntary sector agencies.

Must customers use abc?

Some products carry an '**endorsed**' status. This means that the authorities are committed to buying these products through the **abc** arrangements.

Only a small proportion of products carry this status (and are clearly identified by a large **E** as the background to the page in the catalogue). **For more details go to Section 3.**

Best Value

abc contracts have been subjected to extended negotiations by professional purchasing staff on behalf of the 12 member authorities. These contracts by their scale and professional approach, quite obviously fulfil the requirements of Best Value Regime. Staff are therefore assured that orders placed with **abc** will result in the best value for their money. Where *monetary* best value is questioned it should be noted that all items in the **abc** catalogue conform to all the relevant government, professional bodies and European standards and regulations, which may not always be the case with other suppliers.

How will it work?

Schools have the option of utilising the **abc** contract using one of two methods according to preference:

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1. Purchase Orders – Schools order their own goods with purchase orders through the **abc** catalogue in the first instance and other suppliers where necessary. Best value for money must be demonstrable if suppliers outwith **abc** are used.
 3. Requisition Orders – Schools order goods where the specification and supplier details are not obvious. Where specialist items or difficult purchases are required, requisition orders are to be submitted to the purchasing section, who will procure the goods for you and assure Best Value.

Extra Considerations

Purchasing Section costs are covered by Central Support budgets so the Department does not get charged an annual fee, but this is a fixed and not a variable charge. It is suggested that Schools use the Purchasing section for expensive items and where the purchase is large scale. This will reduce the staff time spent procuring goods, as the Purchasing Section will do the ordering, delivery and payment of invoices. The method of payment by Schools will be a direct charge by Purchasing Section to the budget code specified on the form.

'Endorsed' Items

The **abc** catalogue contains some products that carry an '**endorsed**' status. This means that purchasers within the authority are committed to buying these products through the **abc** arrangements.

Only a small proportion of products carry this status (and are clearly identified by a large **E** as the background to the page in the catalogue).

The distinction between these products and others are important as the contract terms specify that these items **must** be bought via the **abc** arrangements. Failure to comply with this places the council in breach of contract. There is already a responsibility on the purchaser to provide evidence of best value and also now the responsibility to honour this contract by using the prescribed methods of procurement for the '**endorsed**' items.

Listed below is a summary of items in the **abc** catalogue carrying an 'endorsed' status and **must** therefore be purchased through **abc**:

- ❖ Stationery & Stationery sundries (not classroom materials)
- ❖ Paper Towels, Paper Wipers and Toilet Rolls
- ❖ Aids for the Physically Handicapped and Elderly

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- ❖ Bath Lifts & Hoists
- ❖ School furniture- *specifically mentioned catalogue items only*
- ❖ Office Furniture – *exemptions may apply due to location*
- ❖ School Exercise Books
- ❖ Paper & Board

8. Central Printing and Photocopying

The Department of Education are annually allocated a central printing budget for printing and photocopying to be carried out at the James Street Print Unit. The Department will distribute, by formula to devolved cost centres, a share of this central allocation of budgets.

You may only use this allocated amount to purchase printing and photocopying services from the James Street Print Unit, as that is the specific purpose of this budget.

The Department receives a monthly IDT (inter departmental transfer). The backing papers are analysed and each job is allocated to the correct school. This is a lengthy process and means that up to date expenditure totals are not readily available.

To help with the management of the central printing budget, a commitment sheet with a note of your schools allocation from the central printing budget will be sent to you annually to enable you to keep a cumulative total of the cost of your printing requests from the Print Unit.

Please calculate the cost of your printing requests before submission to the Print Unit. If the job cost is unclear from the brochure/intranet, ask for a quotation from the Print Unit to enable you to manage your budget.

All schools are advised to have their school handbooks photocopied at this location and funded from their allocation of the central budget.

Where your school purchases services from the Print Unit over and above your central budget allocation this will be directly charged to your capitation budget.

When your central budget allocation is exhausted you may purchase services from the print room and charge it to another devolved school code such as capitation. Please mark the request form with '**Charge directly to school**'.

If schools are planning a printing or photocopying run which is destined for resale and the proceeds are to be given to the school fund or charity, the costs must be paid through the school fund. Please mark the request form with '**School Fund order – please issue invoice**'.

The James Street Print Unit have prepared a brochure to show their capabilities and identify their prices. If you don't have one please phone the Print Room and ask for one.

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This budget allocation is not to be used for printing or photocopying for community organisations or outside bodies such as school boards etc. These organisations must be advised to approach the print room on their own behalf. These groups will receive Comhairle invoices for the services they receive and some may be liable to pay VAT.