

# Finance Handbook

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**The Scottish Information Commissioner's finance policy, associated procedures and internal controls**

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Scottish Information  
Commissioner

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# Glossary and abbreviations

<b>Term used</b>	<b>Explanation</b>
<b>FOISA</b>	The Freedom of Information (Scotland) Act 2002
<b>SIC</b>	Scottish Information Commissioner (a public authority / organisation)
<b>AO</b>	Accountable Officer
<b>Commissioner</b>	Daren Fitzhenry, the Scottish Information Commissioner
<b>SMT</b>	Senior Management Team
<b>HOCS</b>	Head of Corporate Services
<b>FAM</b>	Finance and Administration Manager
<b>Finance Assistant</b>	Administrator within the Operational Management Team
<b>SPCB</b>	Scottish Parliamentary Corporate Body

# Finance Policy

## Introduction

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1. The Scottish Information Commissioner (SIC) is a public official appointed by Her Majesty the Queen on the nomination of the Scottish Parliament.
2. Any function of the SIC may be exercised on her behalf by any person (whether or not a member of staff) authorised by her to do so (and to the extent so authorised).
3. The Commissioner, Daren Fitzhenry, was designated Accountable Officer (AO) under the Freedom of Information (Scotland) Act 2002, Schedule 2, paragraph 4, with effect from 16 October 2017. The Commissioner's responsibilities as AO are set out in the Memorandum to the Accountable Officer of the Office of the Scottish Information Commissioner from the Scottish Parliamentary Corporate Body.

## Policy

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4. As required by the Freedom of Information (Scotland) Act 2002, Schedule 2, paragraph 4, the AO will
  - (i) sign the accounts of the expenditure and receipts of the Commissioner
  - (ii) ensure the propriety and regularity of the finances of the Commissioner
  - (iii) ensure that the resources of the Commissioner are used economically, efficiently and effectively.
5. As required by the Freedom of Information (Scotland) Act 2002, Schedule 2, paragraph 5, and in accordance with Scottish Ministers' directions, the Commissioner will
  - (i) keep accounts
  - (ii) prepare annual accounts in respect of each financial year
  - (iii) send a copy of the annual accounts to the Auditor General for Scotland for auditing
  - (iv) make available, at any reasonable time, the audited accounts without charge and in printed or electronic form.
6. SIC will comply with the guidance contained within the Scottish Public Finance Manual (SPFM) on the proper handling and reporting of public funds. The SPFM sets out the relevant statutory, parliamentary and administrative requirements, emphasises the need for economy, efficiency and effectiveness, and promotes good practice and high standards of propriety.
7. As required by Part 3 of the Public Services Reform (Scotland) Act 2010, SIC will provide information on the following expenditure:
  - (i) public relations
  - (ii) overseas travel
  - (iii) hospitality and entertainment

(iv) external consultancy

and an annual statement on the steps taken during the financial year to:

(v) promote and increase sustainable growth through the exercise of its functions

(vi) to improve efficiency, effectiveness and economy in the exercise of its functions

8. Every six months the SIC will also publish expenditure statements on the categories of expenditure set out at paragraph 7 (i – iv), together with:

(i) details of any individual payments made that are over £25,000

(ii) numbers of staff who receive remuneration of over £150,000.

# Related Policies, Procedures, Internal Controls & Guidance

## Associated policies, procedures and internal controls

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### Introduction

9. In order to fulfil the requirements of the Finance Policy, the SIC applies a number of individual policies, procedures and internal controls.
10. An overview is provided below.

### Governance Arrangements

11. The Governance Arrangements set out the monitoring and reporting systems in place to ensure an appropriate level of accountability and control, including the governance framework, and the membership and purpose of the Senior Management Team and the Advisory Audit Board.
12. The Governance Reporting Arrangements document sets out the reports that will be provided to the SMT as part of the governance arrangements to provide assurance of their effectiveness.

### Scheme of Delegation

13. Under section 42(10) of FOISA, a Scheme of Delegation is in place which authorises specific staff to exercise certain functions on the Commissioner's behalf and specifies the limitations of this authority.
14. The Scheme of Delegation is updated as necessary to take account of new staff and any new or changing procedures. Any revisions must be approved at an SMT meeting and minuted accordingly.

### Risk Management

15. The Risk Management Policy ensures that the SIC manages its risk actively through an appropriate and proportionate framework which identifies, assesses, addresses, reviews and reports on risk in the context of its risk appetite and environment.
16. At the start of each operational year, the SMT compiles a Risk Register identifying the organisation's most significant risks and how these will be managed.
17. The risks are reviewed monthly by the SMT and the register updated accordingly. Any new risks are added as they are identified.
18. The Commissioner receives annual assurance from the external auditors and from the AAB that risk is being monitored and managed appropriately.

### Internal Audit

19. The Internal Audit policy recognises the added value to be derived from internal audit through the review and assessment of compliance with, and the efficacy of, the governance arrangements and operational procedures.
20. An internal audit plan, comprising a programme of proportionate audits of internal controls, governance arrangements and operational procedures is developed, implemented and reviewed at least annually.

21. The Commissioner is responsible for ensuring that appropriate internal control systems exist, and for deciding to what extent to accept and implement internal audit findings and recommendations.

### **Anti-fraud**

22. The Anti-fraud Policy supports the prevention of fraud and corruption by ensuring appropriate systems of detection and correction are in place and by maintaining an anti-fraud culture.

### **Business Continuity**

23. The Business Continuity Plan details the arrangements in place for the SIC's operations to continue in the event of loss of access to the office building, and/or loss of the SIC's infrastructure and systems.
24. The Plan is subject to regular review and testing.

### **Procurement**

25. The Procurement Policy sets out the processes and procedures to be followed when procuring goods and services.
26. Procurement must achieve value for money in terms of whole life costs and quality in the purchase of all goods, services and minor works.

### **Travel and Expenses**

27. The Travel and Expenses Policy is designed to reimburse staff for additional costs incurred as a result of being required to travel and/or stay overnight on business.

### **Fixed Assets**

28. The Fixed Assets Policy prescribes that expenditure on the acquisition of an asset, or expenditure which adds to the value of an existing asset, will be capitalised and classified as a fixed asset.
29. A Fixed Asset Register is maintained in which all additions, disposals and depreciation amounts are recorded.

## **Supporting Guidance**

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### **Funding**

#### *Submission of the annual budget bid*

30. The Commissioner must submit an annual budget bid to the SPCB, which in turn is submitted by it to the Finance Committee.
31. Timings for the submission of the budget and accompanying narrative are provided by the Head of Financial Resources at the SPCB.
32. The submission is for the amount of cash required by the SIC during any one financial year.
33. The Commissioner may be asked to give evidence to the SPCB in person in advance of the Finance Committee consideration of the budget bid.
34. The SPCB will notify the Commissioner in writing once the budget bid has been approved.

35. The approved budget amount is the maximum amount of cash available to the SIC in that financial year unless further need is identified.

#### *Officeholders' Contingency Fund*

36. Where additional funds to the original budget for any financial year are required on an exceptional basis, the SIC will submit to the SPCB for consideration an estimate of funds required at the earliest possible opportunity, explaining the purpose of the funding by way of an accompanying certification.
37. The arrangements are set out in a Memorandum of Understanding between the SPCB and the SIC.

#### *Draw-down of funds*

38. Funds are requested from the SPCB approximately one month in advance of need.
39. The SPCB will email the FAM stating the deadline by which funds must be requested and providing a standard form for completion.
40. Funds should be drawn down as accurately as possible and not drawn in advance of need.
41. Monies are transferred electronically into SIC's business bank account on the first working day of each month

#### **Payroll and pensions**

42. The Commissioner is paid by the SPCB which also deals with the associated tax, NI and pension contributions.
43. The SIC uses an external payroll provider (Ministry of Justice, which has outsourced this function to SSCL) for processing of all payroll-related matters.
44. The staff payroll is administered by the FAM who will aim to ensure salaries are accurate and paid on time.
45. The FAM will notify the payroll provider of any errors and omissions and required amendments within the timescales specified by the payroll provider. The HOCS verifies amendment forms (e.g. leave, expenses) prior to submission to SSCL.
46. The payroll provider supplies a payroll report via encrypted email. It is the responsibility of the FAM to check this report is accurate. The FAM provides the HOCS with a monthly report on payroll activity and issues arising which is supported by the monthly payroll report from SSCL and accompanied by the verified amendment forms. The HOCS reviews the report to ensure the amendments have been implemented as intended, and the issues are being resolved appropriately.
47. All staff are entitled to join the Civil Service pension scheme. The FAM has responsibility for the requirements of the scheme, ensuring staff are placed in the correct scheme and their deductions are accurate.
48. The FAM also liaises with the pension scheme administrator (MyCSP) and the Cabinet Office to ensure compliance with legislation and regulations, to obtain and provide information and to maintain awareness of any changes to the scheme requirements.

#### **Income**

49. The main source of the SIC's income is the cash funding from the SPCB.

50. The SIC is not a trading organisation so does not generate income through raising sales invoices.
51. On occasion, staff have speaking engagements for which expenses can be claimed. In this event, the Finance Assistant will raise an invoice through the Sage system.
52. Costs awarded to the SIC as a result of appeals to the Courts are paid into the SIC's bank account when received. This income is offset against the approved budget and has the effect of reducing the amount of cash which will be drawn down from the SPCB.

## **Financial processing**

### *Computerised accounts system*

53. All financial transactions are recorded into the Sage accounting system. There are five users, all of whom have discrete password-protected log-ins. The FAM also has administrative access, using a separate log-in and password.
54. The Annual Accounts will be prepared from these accounting records.
55. Monthly management reports are provided to the HOCS for monitoring purposes. The FAM compiles these from the information in Sage. The HOCS uses this information to prepare a forecast of future expenditure and income to give a forecast outturn against budget ('committed spend').
56. The Finance Assistant is responsible for processing all invoices through the system, including preparing them for payment and importing the payment file to the RBS. The Finance Assistant maintains a list of disputed invoices which is reviewed monthly by the FAM. The FAM prepares a report annually on invoice payments, which includes details of:
  - (i) YTD performance against the KPIs set out in the Performance and Quality Framework
  - (ii) An analysis of undisputed invoices for the year to date where payment time was more than 10 working days
  - (iii) A report on queried/disputed invoices at the quarter-end
57. Supplier payments entered into Sage are imported into the online banking system (RBS's Bankline) to enable payment by BACS.
58. Payments are authorised in accordance with the [scheme of delegation](#) and [bank mandate](#).

### *Control accounts*

59. The FAM is responsible for ensuring the accuracy of bank and payroll transactions.
60. Bank transactions and balances are monitored monthly in the first instance through compiling the monthly management reports where final bank balances are reconciled via Sage.
61. The bank account and wages control account balances in Sage are also reconciled at least quarterly and any discrepancies addressed. The HOCS reviews the bank and wages control account reconciliations.

### *Petty cash*

62. Petty Cash is held to a maximum amount of £250.
63. The petty cash system is administered by the Finance Assistant.
64. Any claims for petty cash must be accompanied by a receipt.

### *Creditors*

65. The SIC will meet the requirements for 'Expenditure and Payments' as set out in the SPFM.
66. The FAM is responsible for ensuring that all creditor accruals are recorded accurately for the purposes of the Annual Accounts.

### *Debtors*

67. Any debts due to the SIC will be recorded in the debtors ledger until paid.
68. The FAM is responsible for ensuring all prepayments are recorded accurately for the purposes of the Annual Accounts.

### **Bank account**

69. The SIC maintains two bank accounts.
70. The current account is the bank account through which all receipts and payments are made.
71. The Special Interest Bearing Account is a holding account into which surplus funds at the start of the month are transferred automatically, and transferred back to the current account (also automatically) to cover expenditure payments.
72. This account attracts interest which is offset against the approved budget and reduces the amount of cash drawn down accordingly.
73. The bank mandate, which is derived from the [Scheme of Delegation](#), specifies those who may sign cheques and authorise payments via the RBS's Bankline system. All cheques and payment authorisations require two signatures /approvals.
74. Those staff who have authority to access online banking have their own log-in and password. Bankline requires the password be changed every month, with no repeat of previously used passwords allowed.
75. The FAM and the HOCS have administrative rights, with the HOCS having full access while the FAM's is more restricted.

### **Finance Processing Procedures**

76. Further detailed administrative guidance and procedures are provided in the Finance Processing Procedures.



**Scottish Information Commissioner**

Kinburn Castle  
Doubledykes Road  
St Andrews, Fife  
KY16 9DS

t 01334 464610

f 01334 464611

enquiries@itspublicknowledge.info

**[www.itspublicknowledge.info](http://www.itspublicknowledge.info)**