

FINANCIAL TRANSACTIONS MANAGEMENT (Exchequer Services)

FOREWORD

- 1 The specific requirements of this SoPP are ***in addition*** to those set out in the general statements on '*Standards of Professional Practice*' on pages 1 to 4 inclusive. In particular, the attention of members is drawn to the section on *Standard of Care* at page 2.
- 2 CIPFA's Standard of Professional Practice on Ethics states that professional accountants have a responsibility to the public in carrying out their duties. Part of that responsibility relates to the public's reliance on professional accountants when they have responsibility for financial transactions or exchequer services. This covers not only the integrity of the accounts and the way in which they are presented and disseminated, but also the accounting and other processes that underpin the service to customers and stakeholders.
- 3 The Institute has issued this SoPP to set out the principles that members need to follow in order to ensure the delivery of efficient, effective, economical and considerate services.
- 4 This SoPP should also be considered in the context of the wider legal framework within which the organisation administers these services. The context also includes the needs and expectations of customers, who expect services to be provided in an efficient, effective and considerate manner.
- 5 An organisation's financial transactions or exchequer services staff maintain accounting records on behalf of or in support of its stakeholders and its customers. Customers rely on these services to make payments and collect revenue. The consequence of unprofessional work can range from inconvenience to catastrophe for customers; and there can be financial, legal and reputational consequences for the organisation. It is therefore essential that these services are managed to high standards.
- 6 The *Standard of Professional Practice on Financial Reporting* applies as much to exchequer services as to the main accounts of the organisation, and that SoPP should be read in conjunction with this one.

FINANCIAL TRANSACTIONS MANAGEMENT (exchequer services)

INTRODUCTION

Applicability

- 7 This SoPP is applicable to all members who undertake or supervise financial transactions or exchequer functions and to those who have overall responsibility for their conduct.

Scope

- 8 This SoPP considers:
- The collection of income, including sundry debts; and taxation, such as income taxes, excise taxes, employment taxes, council tax, business rates, duties, fines and penalties.
 - Payroll and associated benefits.
 - Creditor payments.
 - Housing and council-tax benefits and other welfare benefits.
 - Pension payments, and superannuation administration and advice.
 - NHS Endowment Fund administration.
 - Banking and other arrangements for handling cash.

The key principles of this SoPP are also applicable to any similar service not specifically mentioned above

Objectives

- 9 To take all reasonable steps to ensure that the receipt, handling and payment of funds are all conducted with due regard for economy, efficiency, effectiveness and legality.

KEY PRINCIPLES

Payroll and associated benefits

- 10 **Directors of finance should take all reasonable steps to ensure that payments are made on time, accurately and in accordance with legal requirements.**

FINANCIAL TRANSACTIONS MANAGEMENT (exchequer services)

Guidance

- 11 All payments due (both regular and extraordinary) should be made, as far as is within the member's control, on the correct payday.
- 12 There should be correct and timely payments of authorised deductions to the receiving body.
- 13 The provision of certificates which may be required in accordance with any legal enactment must be undertaken within defined timescales.
- 14 There should be correct and timely accounting for:
 - 14.1 Deduction of taxes and other deductions required by law.
 - 14.2 Deduction of amounts required by employer and employees.
 - 14.3 Payments of deductions to receiving bodies.

Creditor payments

- 15 **Directors of finance should take all reasonable steps to ensure that invoices are paid on time, accurately and in accordance with legal requirements.**

Guidance

- 16 Prices and other terms of any purchase order should be verified and the invoice subsequently paid accurately, on time (within the member's control) and according to legal requirements.
 - 17 Problems should be resolved in a timely manner, with members providing appropriate assistance and direction to internal clients in settling disputes with vendors arising from payment deductions.
 - 18 There should be a follow-up service on outstanding invoices to ensure timely payment.
 - 19 Refund cheques should be applied to the proper accounts, and returned cheques should be promptly cancelled, made void or re-issued with due care and control.
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Income collection

20 **Directors of finance should take all reasonable steps to ensure that:**

20.1 **Taxation is collected on time, as efficiently as possible, and in accordance with specified organisational procedures.**

20.2 **Sundry debts are collected efficiently by raising invoices on time and for the correct amount.**

20.3 **Debtors in default of payments should be pursued in accordance with specified organisational procedures.**

Guidance

21 Members should adhere to codes of conduct relevant to income collection to which an employer subscribes.

22 The outputs from all related accounting systems should be checked and validated (e.g. for allocation errors) to ensure that no unwarranted pressure is, by default, brought to bear on debtors. The specific circumstances of each case should also be considered.

Housing, council-tax and other welfare benefits

23 **Directors of finance should take all reasonable steps to ensure that benefits payments are made on time, accurately and in accordance with prevailing legal requirements, relevant regulations and the recipients' entitlements.**

Guidance

24 It is likely that specialist computer systems will be provided to administer housing and council-tax benefits and other welfare benefits. These should be constructed and maintained in accordance with the general principles set out above to take all reasonable steps to ensure that benefits payments are made accurately, on time and only in response to genuine claims.

25 Returns of statutory information to government departments, agencies or equivalent bodies should be accurate and timely.

FINANCIAL TRANSACTIONS MANAGEMENT (exchequer services)

Pension payments, superannuation administration and advice

- 26 **Directors of finance should take all reasonable steps to ensure that payments are made and advice is given on time, accurately and in accordance with prevailing regulations, legal requirements and the recipients' entitlements.**

Guidance

- 27 It is likely that specialist systems will be provided for pension and superannuation payments and administration. These should be constructed and maintained in accordance with the general principles set out above to take all reasonable steps to ensure that pensions payments are made accurately and on time.
- 28 Any advice given to employees and other parties must be accurate and demonstrably unbiased.
- 29 Specialist advice must be given only by suitably qualified members.
- 30 Directors of finance should ensure that superannuation advice is given only by people specifically trained to do so.

Banking and other arrangements for handling cash

- 31 **Directors of finance should take all reasonable steps to ensure that**
- 31.1 **Cash is handled with special care to avoid loss, particularly loss through theft.**
- 31.2 **Cash-handling systems are in place that reduce the opportunity for loss and theft.**
- 31.3 **Secure arrangements are in place to deal with the handling of electronic or other cash-less transactions.**

Guidance

- 32 Effective internal controls should be implemented to ensure that cash is accounted for promptly on receipt and stored securely before being banked into an authorised account. Bank accounts should be regularly reconciled with the organisation's accounting system(s).