

# Code of Practice for Electronic Transactions

## Background and status of this code

Financial Regulations have for some time recognised aspects of e-transactions particularly relating to the use of the Council finance system (FINEST). The range of electronic systems and procedures has and continues to expand particularly as a result of the e-government programme. In order to ensure existing financial regulations relating to Systems and Procedures (Section D) remain relevant in supporting and guiding staff they need to be amended and developed. Not all staff have access to electronic systems and some developments still need to be rolled out. As a result, regulations relating to manual procedures need to remain. Rather than expand the existing regulations, the opportunity has been taken to develop a "Code of Practice relating to Electronic Transactions". This code forms an appendix to the existing financial regulations.

It incorporates those existing regulations that cover e-procedures such as the FINEST electronic approval procedures, together with changes and additions as appropriate. The major changes reflect developments allowing electronic ordering, internet purchases, procurement cards and the receipt of electronic invoices. In the case of the latter, the code incorporates new procedures to cover developments such as electronic "one Bills" and self billing. The use of electronic systems also means that documentation previously held on paper may now be stored electronically thereby significantly reducing the need to print and store information in hard copy formats. The code also covers developments allowing electronic returns to enable income to be allocated to accounting codes.

## Code of Practice relating to Electronic Transactions

Within the code references are made to staff and line managers. The responsibilities identified are set within the accountability frameworks of directorates for which Service Directors take overall responsibility.

### 1. Overall Electronic controls

User IDs and passwords are individual and must be kept secure. Passwords give access to functions that equate to signatures and must not be disclosed to anyone else.

### 2. Orders for goods and services

The Council's preferred method of ordering is the issuing of an order in electronic format from FINEST or through an approved electronic interface with an approved supplier.

#### 2.1 Control of access to ordering systems

Heads of Service are responsible for the control of access to systems which generate orders in accordance with the detailed standards below.

Heads of Service are responsible for determining limits of personal authority to order, i.e. setting spending limits and purchasing areas; the budgets against which orders may be committed; the suppliers which may be used; ensuring that staff issuing orders have received appropriate purchasing training.

Electronic orders shall include sufficient details to ensure that the standards, quality and quantity of goods and services required are clearly specified the agreed price, contract terms and times of delivery are stated; where appropriate, the contract number is stated to ensure preferred rates or discounts are obtained.

## **2.2 Authorisation process**

Heads of Service are responsible for authorising orders entered to the system; ensuring that budget provision exists for all purchases and any commitments created are reflected in future decision making and ensuring that goods and services which are ordered are required for service delivery.

## **2.3 Manual orders**

Manual ordering is not to be used to circumvent limits on spending authority or lack of budget provision.

## **3. Payment of Accounts**

The Councils' preferred method for receipt of invoices is electronic. The Chief Finance Officer will determine the detailed requirements and maintain these having regard to developments in the available technology. All payments for supplies and services will be made in accordance with legislation and the Council's policy for payment of invoices within terms. The Chief Finance Officer will maintain arrangements for the receipt of all invoices in electronic formats. In broad terms the following will apply:-

### **3.1 Continuous supplies**

Invoices for continuous supplies – such as energy, water, telephony services will, where electronic systems have been developed, be dealt with centrally and posted to FINEST as certified claims. Responsible Officers will be advised of the arrival of the claim and will be responsible for verifying the accuracy of the claim. Any discrepancies will be raised by the responsible officer with the supplier for correction in the next billing cycle. The claim will, subject to credibility checks, be paid automatically on the due date. Responsible Officers must ensure that any errors are corrected and credits are received. Where difficulties are experienced, for example expected credits are not processed by the supplier, the Director of Finance or his nominated officer must be notified.

### **3.2 Discrete supplies to be input to FINEST**

Electronic Invoices in respect of goods or services supplied in response to a FINEST order will be imported to FINEST as claims, automatically matched against the order and the originator notified of the invoices' arrival. Managers are responsible for ensuring that arrangements are in place so that pending claims are checked and certified promptly.

Certification in FINEST will signify that the goods or services have been received and are of the quality and quantity ordered all departmental procedures have been followed; the prices are correct; and where appropriate, entries have been made in inventories, stores records, and stock books.

A certified invoice will be authorised in FINEST which shall signify that the account has been properly checked and certified by an appropriate officer; where an invoice is subject to dispute then the reason for the dispute and the action taken shall be recorded in FINEST.

### **3.3 Discrete supplies to be input to departmental systems**

Where approved departmental systems (such as TRAMS, CAREFIRST, GALAXY) are in place which allow transactions with suppliers the same principles and policies which apply to transactions through FINEST shall apply to the departmental system.

### **3.4 Manual invoices**

Managers are responsible for making arrangements to ensure that all incoming invoices shall be endorsed with the date of receipt. The manager whose staff issues the order shall be responsible for ensuring the examination, certification and either entry to FINEST for payment or submission for central payment of the related invoice.

### **3.5 Self billing**

Certain internal electronic management systems may provide the capacity to calculate and generate payments due to suppliers. Where this is the case consideration should be given to the use of self billing. Arrangements for self billing must be approved by the Chief Finance Officer who in turn will obtain the agreement of HM Revenue & Customs (HMRC). The option to self bill cannot legally be effected without agreement of HMRC.

## **4. Purchasing cards / Corporate Charge Cards**

The Chief Finance Officer will make arrangements for the administration of purchasing cards/corporate charge cards and will issue them where circumstances require. Cardholders are responsible for the security of the cards and associated passwords, pass numbers and PIN numbers.

Heads of Service are responsible for ensuring that such cards used in their Directorate are only held by appropriate staff and are used strictly in compliance with the specific rules issued by the Chief Finance Officer.

## **5. Debit cards**

These may be made available to the holders of Council imprest bank accounts. The Chief Finance Officer will make arrangements for the administration of debit cards and will issue them where circumstances require. Cards will only be issued to signatories to imprest accounts. Cardholders are responsible for the security of the cards and associated passwords, pass numbers and PIN numbers.

Heads of Service are responsible for ensuring that debit cards used in their Directorate are used strictly in compliance with the specific rules issued by the Chief Finance Officer.

## **6. Internet purchases**

The Internet provides the opportunity to obtain goods and services. Trading over the Internet allows opportunity and risk. To minimise risk the following precautions should be taken:-

- only give card details on secure websites;
- ensure only reputable suppliers are involved;
- ensure that the amounts of such payments are appropriate to be paid in advance and do not present unnecessary risk;
- ensure all other reasonable steps are taken to protect the Council from risk and potential loss;

- purchasing & charge cards are preferred over debit cards as the contractual arrangements with the card issuer provide enhanced security.

More detailed requirements will be contained in the arrangements associated with each type of card.

## **6.1 Web portals and suppliers websites**

Arrangements for transacting business with nominated suppliers through web portals will be under arrangements approved by the Chief Finance Officer. Access to such websites shall be controlled by user ID and passwords which shall not be disclosed to anyone else.

## **7. Income**

### **7.1 Payment by charge/ credit /debit cards**

All arrangements for the collection of payments by credit and debit cards using “PDQ machines” shall be coordinated by the Chief Finance Officer. All arrangements for the collection of payments by Inter-active Voice Response (IVR) transactional website and other e-payment methods including telephone shall be under secure arrangements approved by the Chief Finance Officer.

### **7.2 Web sales**

All arrangements for selling goods and services by the council shall be under arrangements approved by the Chief Finance Officer. All such sales shall be subject to the Council’s standard conditions of business and the Council’s privacy policy.

### **7.3 Banking arrangements**

Information to allocate payments shall where-ever possible be collected by web forms or other approved electronic method. The arrangements for web forms shall be controlled by the Chief Finance Officer.