

**NHS Highland**



Meeting: Board Meeting  
 Meeting date: 28 May 2024  
 Title: Updates to Standing Financial Instructions  
 Responsible Executive/Non-Executive: Heledd Cooper, Director of Finance  
 Report Author: Ruth Daly, Board Secretary

**1 Purpose**

**This is presented to the Board for:**

- Assurance

**This report relates to a:**

- Legal requirement
- Local policy

**This report will align to the following NHSScotland quality ambition(s):**

Safe, Effective and Person Centred

**This report relates to the following Strategic Outcome(s)**

Start Well		Thrive Well		Stay Well		Anchor Well	
Grow Well		Listen Well		Nurture Well		Plan Well	
Care Well		Live Well		Respond Well		Treat Well	
Journey Well		Age Well		End Well		Value Well	
Perform well	✓	Progress well					

**2 Report summary**

**2.1 Situation**

This report asks the Board to approve updates to Standing Financial Instructions to be incorporated into the Board's Code of Corporate Governance and for onward submission to NHS Highland Board on 28 May 2024.

**2.2 Background**

The Code of Corporate Governance includes a wide range of control documents including the Standing Financial Instructions (SFIs).

The most recent update to the Code was agreed at the Board in March. Since this time further revisions have been sought to SFIs.

**2.3 Assessment**

The Audit Committee agreed an update to the Board's Code of Corporate Governance in March 2024. During consideration of the annual update at the Board on 26 March,

members sought inclusion of references to commissioning of care homes/care at home within the Standing Financial Instructions. The Board Secretary undertook to address this with the Director of Finance.

Furthermore, since this time, a request to make further revisions to SFIs was received to make further changes to procurement thresholds.

Appendix A to this report sets out all the changes that are proposed as tracked changes. Consideration of the proposed changes has highlighted an exception in our working practices relating to advance payments to adult social care providers. Current arrangements reflect compliance with previous SFIs provisions and exclusions which pertained particularly to adult social care. Current arrangements support sector stability and a separate paper will be brought to Audit Committee appraising of this position at a later date.

Subject to Audit Committee's agreement, updated SFIs will be submitted for agreement at the Board meeting on 28 May.

#### 2.4 Proposed level of Assurance

This report proposes the following level of assurance:

Substantial	<input checked="" type="checkbox"/>	Moderate	<input type="checkbox"/>
Limited	<input type="checkbox"/>	None	<input type="checkbox"/>

### 3 Impact Analysis

#### 3.1 Quality/ Patient Care

#### 3.2 Workforce

#### 3.3 Financial

The Code of Corporate Governance provides a framework which defines the business principles of the NHS Board and the organisation, in support of the delivery of safe, effective, person-centred care and Quality Outcomes. The provision of robust governance arrangements is key to NHS Highland delivering on its key objectives and to improving workforce, clinical and financial governance.

#### 3.4 Risk Assessment/Management

A risk assessment has not been carried out for this paper.

#### 3.5 Data Protection

This report does not involve personally identifiable information.

#### 3.6 Equality and Diversity, including health inequalities

There are no equality or diversity implications arising from this paper.

#### 3.7 Other impacts

No other impacts

#### 3.8 Communication, involvement, engagement and consultation

The outcome of the Review of the Code of Corporate Governance will be communicated to the wider organisation as appropriate on completion and available on the NHS Highland website.

#### 3.9 Route to the Meeting

The contents of this report have been considered by individual governance committees.

### 4 Recommendation

The Board is asked to:

- (a) **take assurance from** the revisions to Standing Financial Instructions;
- (b) **approve** the revisions to the Standing Financial Instructions as recommended by the Audit Committee
- (c) **Note** that a fully revised version of SFIs will be incorporated into the Code of Corporate Governance and uploaded to the web once fully agreed.

#### **4.1 List of appendices**

The following appendix is included with this report:

- Appendix A revised updated Standing Financial Instructions

**Appendix A**

**SECTION C**

**NHS Highland**

**Standing Financial Instructions**

## STANDING FINANCIAL INSTRUCTIONS

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## **1 INTRODUCTION**

1.1 Standing Financial Instructions (SFIs) are issued in accordance with the financial directions made under the provisions of the NHS (Financial Provisions) (Scotland) Regulations 1974, and all other enabling powers, for the regulation of the conduct of the Board, its members, officers and agents in relation to all financial matters. These SFIs form part of the Standing Orders and should be used along with the Standing Orders and Scheme of Delegation.

### **1.2 Terminology**

Any expression to which a meaning is given in the Health Service Acts, Scottish Statutory Instrument number 302 (2001) which brought NHS Boards into being, or in the financial regulations made under the Acts shall have the same meaning in these Instructions; and:

- a) "NHS Highland" means all elements of the NHS under the auspices of Highland Health Board.
- b) "Board" and "Health Board" mean Highland NHS Board, the common name of Highland Health Board.
- c) "Budget" means a resource expressed in financial terms and set by the Board for the purposes of carrying out for a specified period any or all functions of the Health Board.
- d) "Chief Executive" means the Chief Officer of the Health Board.
- e) "Director of Finance" means the Chief Financial Officer of the Health Board.
- f) "Budget Holder" means any individual with delegated authority to manage finances (income and/or expenditure) for a specific area of the Board.

1.3 All staff individually and collectively are responsible for the security of the property of the Board, for avoiding loss, for economy and efficiency in the use of the resources and for conforming with the requirements of the Code of Corporate Governance, including Standing Orders, Standing Financial Instructions and Financial Operating Procedures.

1.4 The Director of Finance, on behalf of the Chief Executive, shall be responsible for supervising the implementation of the Board's Standing Financial Instructions and Financial Operating Procedures and for co-ordinating any action necessary to further these as agreed by the Chief Executive. The Director of Finance shall review these at least every two years and be accountable to the Board for these duties.

1.5 Wherever the title, Chief Executive, Director of Finance, or other nominated officer is used in these Instructions, it shall be deemed to include such other staff who have been duly authorised to represent them.

1.6 All relevant employees and agents shall be provided with a copy of these SFIs and are required to complete a form stating that these Instructions have been read and understood and that the individual will comply with the Instructions. They must also sign for any amendments.

1.7 Should any difficulties arise regarding the interpretation or application of any of the Standing Financial Instructions then the advice of the Director of Finance must be sought before acting

1.8 Failure to comply with Standing Financial Instructions is a disciplinary matter, which could result in dismissal.

1.9 The Standing Financial Instructions along with the Scheme of Delegation and Financial Operating Procedures provide details of delegated financial responsibility and authority.

## **2 KEY RESPONSIBILITIES FOR FINANCIAL GOVERNANCE**

### **The Board and Audit Committee**

2.1 The Board shall approve these SFIs and Scheme of Delegation

2.2 The Board shall ensure and be assured that the SFIs and Scheme of Delegation are complied with at all times.

2.3 The Board shall agree the terms of reference of the Audit Committee which must conform with current relevant Scottish Government Instruction and other guidance on good practice.

2.4 The Board shall perform its functions within the total funds allocated by the Scottish Government.

#### **The Chief Executive (Accountable officer)**

2.5 The Chief Executive as Accountable Officer for the organisation is ultimately responsible for ensuring that the Board meets its obligations to perform its functions within the allocated financial resources. The Director of Finance is responsible for providing a sound financial framework that assists the Chief Executive when fulfilling these commitments.

2.6 The Board shall delegate executive responsibility for the performance of its functions to the Chief Executive. Board Members shall exercise financial supervision and control by requiring the submission and approval of budgets within approved allocations, by defining and approving essential features of the arrangements in respect of important procedures and financial systems, including the need to obtain value for money, and by defining specific responsibilities placed on individuals.

2.7 It shall be the duty of the Chief Executive to ensure that existing staff and all new employees and agents are notified of their responsibilities within these Instructions.

#### **The Director of Finance**

2.8 Without prejudice to any other functions of employees of the Board, the duties of the Director of Finance shall include the provision of financial advice to the Board and its employees, the design, implementation and supervision of systems of financial control and preparation and maintenance of such accounts, certificates, estimates, records and reports as the Board may require for the purpose of carrying out its statutory duties.

2.9 The Director of Finance shall keep records of the Board's transactions sufficient to disclose with reasonable accuracy at any time the financial position of the Board.

2.10 The Director of Finance shall require any individual who carries out a financial function to discharge their duties in a manner, and keep any records in a form, that shall be to the satisfaction of the Director of Finance.

2.11 The Director of Finance shall prepare, document and maintain detailed financial procedures and systems incorporating the principles of separation of duties and internal checks to supplement these Standing Financial Instructions.

2.12 The Director of Finance shall be responsible for setting the Board's accounting policies, consistent with the Scottish Government and Treasury guidance and generally accepted accounting practice.

2.13 The Director of Finance will either undertake the role of Fraud Liaison Officer or nominate another senior manager to the role, to work with Counter Fraud Services and co-ordinate the reporting of Fraud and Thefts.

2.14 The Director of Finance is entitled without necessarily giving prior notice to require and receive:

- access to all records, documents and correspondence relating to any financial or other relevant transactions, including documents of a confidential nature;
- access at all reasonable times to any land, premises or employee of the health board;
- the production of any cash, stores or other property of the health board under an employee's control; and
- explanations concerning any matter under investigation.

#### **All Directors and Employees**

2.15 All directors and employees, individually and working together, are responsible for:

Keeping the property of the Board secure, and to apply appropriate routine security practices as may be determined by the Board. This includes:

- a) ensuring that the assets within their area of responsibility are included within the appropriate asset register (see Section 7);
- b) ensuring that asset records/registers are kept up-to-date;
- c) performing verification exercises to confirm the existence and condition of the assets, and the completeness of the appropriate asset register; and
- d) following any prescribed procedures to notify the organisation of any theft, loss or damage to assets.
  - Avoiding loss;
  - Securing Best Value in the use of resources; and
  - Following these SFIs and any other policy or procedure that the Board may approve.

2.16 All budget holders shall ensure that:

- Information is provided to the Director of Finance to enable budgets to be compiled;
- Budgets are only used for their stated purpose; and
- Budgets are never exceeded.

2.17 When a budget holder expects their expenditure will exceed their delegated budget, they must secure an increased budget, or seek explicit approval to overspend before doing so.

2.18 All NHS staff who commit NHS resources directly or indirectly must be impartial and honest in their conduct of business and all employees must remain beyond suspicion.

2.19 All employees shall observe the requirements of MEL (1994) 48, which sets out the Code of Conduct for all NHS staff. There are 3 crucial public service values which underpin the work of the health service:

#### **Conduct**

There should be an absolute standard of honesty and integrity which should be the hallmark of all personal conduct in decisions affecting patients, staff and suppliers; in the use of information acquired in the course of NHS duties; in dealing with the assets of the NHS.

#### **Accountability**

Everything done by those who work in the NHS must be able to stand the test of parliamentary and public scrutiny, judgements on propriety and professional codes of conduct.

#### **Openness**

The Board should be open about its activities and plans so as to promote confidence between the component parts of NHS Highland, other health organisations and its staff, patients and the public.

2.20 All employees shall:

- Ensure that the interest of patients remain paramount at all times;
- Be impartial and honest in the conduct of their official business;
- Use the public funds entrusted to them to the best advantage of the service, always ensuring value for money; and
- Demonstrate appropriate ethical standards of personal conduct.

2.21 Furthermore, all employees shall not:

- Abuse their official position for the personal gain or to the benefit of their family or friends;
- Undertake outside employment that could compromise their NHS duties; and
- Seek to advantage or further their private business or interest in the course of their official duties.



- 2.22 The Director of Finance shall publish supplementary guidance and procedures in the form of Financial Operating Procedures to ensure that the above principles are understood and applied in practice.
- 2.23 The Chief Executive shall establish procedures for voicing complaints or concerns about misadministration, breaches of the standards of conduct, suspicions of criminal behaviour (e.g. theft, fraud, bribery) and other concerns of an ethical nature.
- 2.24 All employees must protect themselves and the Board from any allegations of impropriety by seeking advice from their line manager, or from the appropriate contact point, whenever there is any doubt as to the interpretation of these standards

### **3 AUDIT**

#### **Audit Committee**

- 3.1 In accordance with Standing Orders the Board shall formally establish an Audit Committee, with clearly defined terms of reference.
- 3.2 Where the Audit committee feels there is evidence of ultra vires transactions, evidence of improper acts, or if there are other important matters that the committee wish to raise, the Chairperson of the Audit Committee should raise the matter at a full meeting of the Board. In considering whether to do so, the Committee must be mindful of the arrangements with NHS Counter Fraud Services (CFS) and the role of the Fraud Liaison Officer (FLO). Exceptionally, the matter may need to be referred to the Scottish Government Health & Social Care Directorates (SGHSCD).
- 3.3 It is the responsibility of the Audit Committee to ensure an effective internal audit service is provided and this will be largely influenced by the professional judgement of the Director of Finance.

#### **Director of Finance**

- 3.4 The Director of Finance is responsible for:
- a) Ensuring there are arrangements to measure, evaluate and report on the effectiveness of internal control and efficient use of resources, including the establishment of a professional internal audit function headed by a Chief Internal Auditor;
  - b) Ensuring that Internal Audit is adequate and meets the mandatory NHS internal audit standards;
  - c) Taking appropriate steps, in line with SGHSCD guidance, to involve CFS and/or the Police in cases of actual or suspected fraud, misappropriation, and other irregularities;
  - d) Ensuring that the Chief Internal Auditor prepares the following risk based plans for approval by the Audit Committee:
    - Strategic audit plan covering the coming four years,
    - A detailed annual plan for the coming year.
  - e) Ensuring that an annual internal audit report is prepared by the Chief Internal Auditor, in accordance with the timetable laid down by the Audit Committee, for the consideration of the Audit Committee and the Board.

The report should include:

    - A clear statement on the adequacy and effectiveness of internal control;
    - Main internal control issues and audit findings during the year;
    - Extent of audit cover achieved against the plan for the year.
  - f) Progress on the implementation of internal audit recommendations including submission to the Audit Committee.

- 3.5 The Director of Finance shall refer audit reports to the appropriate officers designated by the Chief Executive and failure to take any necessary remedial action within a reasonable period shall be reported to the Chief Executive.

### **Internal Audit**

- 3.6 Internal Audit shall adopt the Public Sector Internal Audit Standards (PSIAS), which are mandatory and which define internal audit as “an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”

Minor deviations from the PSIAS should be reported to the Audit Committee. More significant deviations should be considered for inclusion in the Annual Governance Statement.

- 3.7 Internal Audit activity must evaluate and contribute to the improvement of governance, risk management and control processes using a systematic and disciplined approach. Internal Audit activity and scope is fully defined within the Audit plan, approved by the Audit Committee.
- 3.8 Whenever any matter arises which involves, or is thought to involve, irregularities concerning cash, stores, or other property or any suspected irregularity in the exercise of any function of a pecuniary nature, the Director of Finance, or the nominated FLO, must be notified immediately, and before any detailed investigation is undertaken.
- 3.9 The Chief Internal Auditor is entitled without necessarily giving prior notice to require and receive:
- a) Access to all records, documents and correspondence relating to any financial or other relevant transactions, including documents of a confidential nature (in which case they shall have a duty to safeguard that confidentiality), within the confines of the data protection act.
  - b) Access at all reasonable times to any land, premises or employees of the Board;
  - c) The production or identification by any employee of any cash, stores or other property of the Board under an employee’s control; and
  - d) Explanations concerning any matter under investigation.
- 3.10 The Chief Internal Auditor, or appointed representative, will normally attend Audit Committee meetings; and has a right of access to all Audit Committee members, the Chairperson and Chief Executive of the Board.
- 3.11 The Chief Internal Auditor shall be accountable to the Director of Finance. The reporting and follow-up systems for internal audit shall be agreed between the Director of Finance, the Audit Committee and Chief Internal Auditor. The agreement shall comply with the guidance on reporting contained in Government Internal Audit Standards.

### **External Audit**

- 3.12 The External Auditor is concerned with providing an independent assurance of the Board’s financial stewardship including value for money, probity, material accuracy, compliance with guidelines and accepted accounting practice for NHS accounts. Responsibility for securing the audit of the Board rests with Audit Scotland. The appointed External Auditor’s statutory duties are contained in the Public Finance and Accountability (Scotland) Act 2000 which supersedes the Local Government (Scotland) Act 1973 (Part VII) as amended by the National Health Services and Community Care Act 1990.
- 3.13 The appointed auditor has a general duty to satisfy themselves that:
- The Board’s accounts have been properly prepared in accordance with the Direction of the Scottish Ministers to comply with the accounting principles and disclosure

requirements of the edition of the Government Financial Reporting Manual (FRM) which is in force for the year for which the statement of accounts are prepared;

- Proper accounting practices have been observed in the preparation of the accounts;
- The Board has made proper arrangements for securing economy, efficiency and effectiveness in the use of its resources.

3.14 In addition to these responsibilities, Audit Scotland's Code of Audit Practice requires the appointed auditor to consider:

- a) Whether the statement of accounts presents fairly the financial position of the Board;
- b) The Board's main financial systems;
- c) The arrangements in place at the Board for the prevention and detection of fraud and corruption;
- d) Aspects of the performance of particular services and activities;
- e) The Board's management arrangements to secure economy, efficiency and effectiveness in the use of resources.

3.15 The Board's Audit Committee provides a forum through which Non-Executive Members can secure an independent view of any major activity within the appointed auditor's remit. The Audit Committee has a responsibility to ensure that the Board receives a cost-effective audit service and that co-operation with Board senior managers and Internal Audit is appropriate.

3.16 The External Auditor, or appointed representative, will normally attend Audit Committee meetings; and has a right of access to all Audit Committee members, the Chairperson and Chief Executive of the Board

## **4 FINANCIAL MANAGEMENT**

This section applies to both revenue and capital budgets.

### **Planning**

4.1 The Scottish Government has set the following financial targets for all boards:

- To operate within the revenue resource limit, see 4.2.
- To operate within the capital resource limit.
- To operate within the cash requirement.

4.2 All Boards are required to develop a balanced plan over a three year period. This requires Boards to deliver a break even position over a three year period. In each year, Boards have flexibility to underspend or overspend up to one per cent of their annual resource budgets.

All Boards will be required to develop a balanced plan over a three-year period in order to benefit from the increased flexibility. Where this is not delivered, the NHS Board Performance Escalation Framework will be put in place.

The Chief Executive shall produce an Annual Operational Plan. The Chief Executive shall submit a Plan for approval by the Board that takes into account financial targets and forecast limits of available resources. The Annual Operational Plan shall contain:

- a statement of the significant assumptions within the Plan; and
- details of major changes in workload, delivery of services or resources required to achieve the plan.

4.3 Before the financial year begins, the Director of Finance shall prepare and present a financial plan to the Board. The report shall:

- show the total allocations received from the Scottish Government and their proposed uses, including any sums to be held in reserve;
- be consistent with the Annual Operational Plan;
- be consistent with the Board's financial targets;
- identify potential risks;
- identify funding and expenditure that is of a recurring nature; and

- identify funding and expenditure that is of a non-recurring nature.

- 4.4 The Health Board shall approve the financial plan for the forthcoming financial year.
- 4.5 The Director of Finance shall continuously review the financial plan, to ensure that it meets the Board's requirements and the delivery of financial targets.
- 4.6 The Director of Finance shall regularly update the Board on significant changes to the allocations and their uses.
- 4.7 The Director of Finance shall keep the Chief Executive and the Board informed of the financial consequences of changes in policy, pay awards and other events and trends affecting budgets and shall advise on the financial and economic aspects of future plans and projects.
- 4.8 The Director of Finance shall establish the systems for identifying and approving how the Board's capital allocation will be used, consisting of proposals for individual schemes, major equipment, IT developments, backlog maintenance, statutory compliance works and minor scheme provision. The approval of business cases shall be as described in the Scheme of Delegation.
- 4.9 The Director of Finance shall release capital funds allowing for project start dates and phasing.

#### **Budgetary Control**

- 4.10 The Board shall approve the opening budgets for each financial year on an annual basis.
- 4.11 The Chief Executive shall delegate the responsibility for budgetary control to designated budget holders. The Scheme of Delegation sets out the delegated authorities to take decisions and approve expenditure for certain posts.
- 4.12 4.12 Employees shall only act on their delegated authority when there is an approved budget in place to fund the decisions they make.
- 4.13 4.13 Delegation of budgetary responsibility shall be in writing and be accompanied by a clear definition of:
- the amount of the budget;
  - the purpose(s) of each budget heading;
  - what is expected to be delivered with the budget in terms of organisational performance; and
  - how the budget holder will report and account for their budgetary performance.
- 4.14 The Chief Executive/Director of Finance may agree a virement (administrative transfer of funds) procedure for non-pay expenditure that would allow budget holders to transfer resources from one budget heading to another
- 4.15 The Director of Finance shall devise and maintain systems of budgetary control. These will include:
- monthly financial reports to the Board in a form approved by the Board containing:
    - a) net expenditure of the Board for the financial year to date; and
    - b) a forecast of the Board's expected net expenditure for the remainder of the year on a monthly basis from the month 2 position onwards.
    - c) capital project spend and projected outturn against plan;
    - d) explanations of any material variances from plan and/or emerging trends;
    - e) details of any corrective action where necessary and the Chief Executive's and/or Director of Finance's view of whether such actions are sufficient to correct the situation;
  - the issue of timely, accurate and comprehensible advice and financial reports to each budget holder, including those responsible for capital schemes, for the areas that they are responsible for;
  - investigation and reporting of variances from agreed budgets;

- monitoring of management action to correct variances and/or emerging adverse trends; and
- ensuring that adequate training is delivered on an on-going basis to budget holders.

### **Monitoring**

- 4.16 The Director of Finance shall provide monthly reports in the form requested by the Cabinet Secretary showing the charge against the Board's resource limits on the last day of each month

## **5 ANNUAL ACCOUNTS AND REPORTS**

- 5.1 The Director of Finance, on behalf of the Board, shall prepare, certify and submit audited Annual Accounts to the SGHSCD in respect of each financial year in such a form as the SGHSCD may direct.
- 5.2 The Director of Finance will ensure that the Annual Accounts and financial returns are prepared in accordance with the Annual Accounts Manual as issued by SGHSCD together with the guidance contained in the Government Financial Reporting Manual (FReM), detailing the accounts and returns to be prepared, the accounting standards to be adopted and the timetable for submission to the SGHSCD.
- 5.3 The Audit Committee will ensure that the Annual Accounts are reviewed and submitted to the Board for formal approval and the Chief Executive will ensure that they are recorded as having been so presented. The Annual Accounts will be subject to statutory audit by the external auditor appointed by Audit Scotland.
- 5.4 The Director of Finance shall prepare a Financial Statement for inclusion in the Board's Annual Report, in accordance with relevant guidelines, for submission to Board members and others who need to be aware of the Board's financial performance.
- 5.5 The Board shall publish an Annual Report, in accordance with the Scottish Government's guidelines on local accountability requirements.

## **6 BANKING AND CASH HANDLING**

- 6.1 The Director of Finance shall manage the Board's banking arrangements and advise the Board on the provision of banking services and operation of accounts. This advice shall take into account guidance/Directions issued from time to time by the Scottish Government.
- 6.2 The Director of Finance shall ensure that the banking arrangements operate in accordance with the Scottish Government banking contract (GBS) and the Scottish Public Finance Manual.
- 6.3 The Board shall approve the banking arrangements. No employee may open a bank account for the Board's activities or in the Board's name, unless the Board has given explicit approval.
- 6.4 The Director of Finance shall:
- Establish separate bank accounts for non-exchequer funds;
  - Ensure payments made from bank or GBS accounts do not exceed the amount credited to the account, except where arrangements have been made;
  - Ensure money drawn from the Scottish Government against the Cash Requirement is required for approved expenditure only, and is drawn down only at the time of need;
  - Promptly bank all monies received intact. Expenditure shall not be made from cash received that has not been banked, except under exceptional arrangements approved by the Director of Finance; and
  - Report to the Board all arrangements made with the Board's bankers for accounts to be overdrawn.
- 6.5 The Director of Finance shall prepare detailed instructions on the operation of bank and GBS accounts, which must include:

- The conditions under which each bank and GBS account is to be operated;
- Ensuring that the GBS account is used as the principal banker and that the amount of cleared funds held at any time within exchequer commercial bank accounts is limited to a maximum of £50,000 (of cleared funds).
- The limit to be applied to any overdraft;
- Those authorised to sign cheques or other orders drawn on the Board's accounts; and
- The required controls for any system of electronic payment.

6.6 The Director of Finance shall:

- Approve the stationery for officially acknowledging or recording monies received or receivable, and keep this secure;
- Provide adequate facilities and systems for employees whose duties include collecting and holding cash, including the provision of safes or lockable cash boxes, the procedures for keys, and for coin operated machines; and
- Approve procedures for handling cash and negotiable securities on behalf of the Board.

6.7 Money in the custody of the Board shall not under any circumstances be used for the encashment of private cheques.

6.8 The holders of safe keys shall not accept unofficial funds for depositing in their safes other than in exceptional circumstances. Such deposits must be in special sealed envelopes or locked containers. It shall be made clear to the depositors that the Board is not to be held liable for any loss, and written indemnities must be obtained from the organisation or individuals absolving the Board from responsibility for any loss.

## **7 SECURITY OF ASSETS**

7.1 Overall responsibility for the security of the Board's assets rests with the Board's Chief Executive. All members and employees have a responsibility for the security of property of the Board and it shall be an added responsibility of senior staff in all disciplines to apply appropriate routine security practices in relation to NHS property. Any significant breach of agreed security practice should be reported to the Chief Executive

7.2 Wherever practicable, items of equipment shall be marked as property of Highland NHS Board.

7.3 The Chief Executive shall define the items of equipment to be controlled, and officers designated by the Chief Executive shall maintain an up-to-date register of those items. This shall include separate records for equipment on loan from suppliers, and lease agreements in respect of assets held under a finance lease and capitalised.

7.4 The Director of Finance shall approve the form of register and the method of updating which shall incorporate all relevant requirements for capital assets.

7.5 Additions to the capital asset register must be added to the records based on the documented cost of the asset at the time of acquisition.

7.6 Where capital assets are sold, scrapped, lost or otherwise disposed of, their value must be removed from the accounting records and each disposal must be validated by reference to authorised documentation.

7.7 The value of each asset where applicable shall be indexed to current values and depreciated using methods and rates as suggested in the Capital Accounting Manual and notified by the SGHSCD.

7.8 Revaluation of land and buildings will be provided by the Board's recommended Valuation Agent on a rolling annual programme designed to ensure that all such assets are revalued once every five years.

- 7.9 Annual indexation for land and buildings not included in the revaluation exercise in any given year will be provided by the Board's recommended Valuation Agent.
- 7.10 Any damage to the Board's premises, vehicles and equipment, or any loss of equipment or supplies shall be reported by staff in accordance with the procedure for reporting losses.

## **8 PAY**

### **Remuneration Committee**

- 8.1 The Board shall approve the terms of reference for the Remuneration Committee, in line with any relevant guidance or requirements.
- 8.2 The Board shall remunerate the Chair and other non-executive directors in accordance with instructions issued by Scottish Government.

### **Processes**

- 8.3 The Chief Executive shall establish a system of delegated budgetary authority within which budget holders shall be responsible for the engagement of staff within the limits of their approved budget.
- 8.4 All time records, payroll timesheets and other pay records and notifications shall be in a form approved by the Director of Finance and shall be authorised and submitted in accordance with their instructions. This also includes e-expenses, SSTS and eESS.
- 8.5 The Director of Finance shall be responsible for ensuring that rates of pay and relevant conditions are applied in accordance with current agreements. The Chief Executive, or the Board in appropriate circumstances, shall be responsible for the final determination of pay. There will be no variation to agreed terms and conditions without the prior approval of the Director of Human Resources & Organisational Development and Director of Finance. The Director of Finance shall determine the dates on which the payment of salary and wages are to be made. These may vary due to special circumstances (e.g. Christmas and other Public Holidays). Payments to an individual shall not be made in advance of normal pay, except:
- a) To cover a period of authorised leave, involving absence on the normal pay day; or
  - b) As authorised by the Director of Human Resources & Organisational Development or Director of Finance to meet special circumstances, and limited to the net pay due at the time of payment.
- 8.6 All employees shall be paid by bank credit transfer unless otherwise agreed by the Director of Finance.
- 8.7 The Board shall delegate responsibility to the Director of Human Resources & Organisational Development for ensuring that all employees are issued with a contract of employment in a form approved by the Board and which complies with employment legislation and any existing NHS policies.

## **9 NON PAY**

### **Tendering, Contracting and Purchasing Procedures**

- 9.1 The Director of Finance shall prepare detailed procedural instructions on the obtaining of goods, services and works, incorporating thresholds set by the Board. The current Authorisation Limits are set out in Scheme of Delegation and the Financial Operating Procedures/Delegated level of Authority Matrix.
- 9.2 The Chief Executive shall designate a senior officer as the lead senior officer for procurement, and this person shall oversee the procurement of goods and services, to ensure there is an adequate approval of suppliers and their supplies based on cost and quality.

- 9.3 NSS National Procurement shall undertake procurement activity on a national basis on behalf of boards (including NHS Highland), and the Board shall implement these nationally negotiated contracts where appropriate.
- 9.4 The Board shall operate within the processes established for the procurement of publicly funded construction work.
- 9.5 The Board shall comply with Public Contracts (Scotland) Regulations 2015 (and any subsequent relevant legislation) for any procurement it undertakes directly.
- 9.6 The Director of Finance shall be responsible for the prompt payment of accounts and claims. Payment of contract invoices shall be in accordance with contract terms, or otherwise, in accordance with national guidance.
- 9.7 All other aspects of procurement activity must follow the requirements of the Standing Orders and SFIs. Any decision to depart from the requirements of this section must have the approval of NHS Highland Board.
- 9.8 The Director of Finance shall:
  - Advise the Board regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained in accordance with the Public Contracts (Scotland) Regulations, as issued annually through Scottish Statutory Instrument.
  - Ensure the preparation of comprehensive procedures for all aspects of procurement activity.
- 9.9 The following basic principles shall be generally applied:
  - Procurement activity satisfies all legal requirements;
  - Adequate contracts are in place with approved suppliers for the supply of approved products and services;
  - Segregation of duties is applied throughout the process;
  - Adequate approval mechanisms are in place before orders are raised;
  - All deliveries are checked for completeness and accuracy, and confirmed before approval to pay is made; and
  - All payments made are in accordance with previously agreed terms, and what the Board has actually received.
- 9.10 Limits of Authorisation of Orders shall be in accordance with those designed officers contained with the DLA matrix.

9.11 Contract Implementation and Tendering Matrix

THRESHOLD	PROCEDURE	ELECTRONIC SYSTEM
£GPA threshold	FTS Competitive Tender	PCS-Tender (Mandatory)
£50,000 - £GPA threshold	Regulated Competitive Tender	PCS-Tender (Mandatory)
£1025,000 - £49,999.99	Competitive Quotation (Minimum of 2)	PCS Quick Quote (Mandatory)
£51,000 - £249,999.99	One Written Quotation	
Under £15,000	No Requirement	

[The method for calculating the estimated contract value of a Regulated procurement is exclusive of VAT.](#)

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In the following exceptional circumstances, and except in cases where a Regulated Competitive Tender or the 'Find a Tender Service' (FTS) procedure must be adhered to, the Director of Finance and Chief Executive, as specified in the Scheme of Delegation, can approve the waiving of the above requirements. Where goods and services are supplied on this basis and the value exceeds ~~£24,999,000~~, a "Procurement Waiver Process Authorisation Form" may be granted by completing said form for approval by the appropriate director and the Head of Procurement. Requests with a value between £50,000 and £100,000 will require authorisation from Procurement, Finance and sign off by the Director of Finance. Requests with a value above £100,000 will also require sign off from the Chief Executive. Requests above £250,000 require sign off by the NHS Highland Board.

At least one of the following conditions must be outlined in the Procurement Waiver form for requests between ~~£25,000~~ and £49,999.99:

1. where the repair of a particular item of equipment can only be carried out by the manufacturer;
2. where the supply is for goods or services of a special nature or character in respect of which it is not possible or desirable to obtain competitive quotations or tenders;
3. a contractors special knowledge is required;
4. where the number of potential suppliers is limited, and it is not possible to invite the required number of quotations or tenders, or where the required number do not respond to an invitation to tender or quotation to comply with these SFIs;
5. where, on the grounds of urgency, or in an emergency, it is necessary that an essential service is maintained or where a delay in carrying out repairs would result in further expense to NHS Highland.

In the case of 1, 2, 3, and 4 above, the form must be completed in advance of the order being placed, but may be completed retrospectively in the case of 5.

At least one of the following conditions must be outlined in the Procurement Waiver form for requests £50,000 and above:

1. No tenders or no suitable tenders/requests were received in response to an Open or Restricted procedure;
2. The products involved are manufactured purely for the purpose of research, experiment, study or development under the conditions stated in the regulations (for supplies only);
3. The works, supplies or services can be provided only by a particular economic operator for one of the following reasons:
  - Absence of competition for technical reasons.
  - Procurement aimed at the creation/acquisition of a unique work of art or performance.
  - Protection of exclusive rights, including intellectual property rights.
4. Extreme urgency brought about by events unforeseeable for the contracting authority and in accordance with the strict conditions stated in the regulations.
5. Deliveries by the original supplier ordered under the strict conditions stated in the regulations.
6. New works/services, constituting a repetition of existing works/services and ordered in accordance with the strict conditions stated in the regulations.
7. Service contract to be awarded to the winner(s) under the rules of a design contest.

8. Procurement of supplies quoted and purchased on a commodity market.
9. Purchase from the liquidator in an insolvency procedure, an arrangement with creditors or a similar procedure under national laws and regulations or a supplier winding up its business activity.
10. The procurement falls outside the scope of application of the regulations.
11. The procurement is for Health & Social Care & falls below the regulated threshold of £663,540 including VAT (indicative value excluding 20% VAT (£552,950)).
12. The procurement is for Works and falls below the regulated threshold of £42,000,000.

The Director of Finance will maintain a record of all such exceptions.

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Where additional works, services or supplies have become necessary and a change of supplier/contractor would not be practicable (for economic, technical or interoperability reasons) or would involve substantial inconvenience and/or duplication of cost, an existing contractor may be asked to undertake additional works providing the additional works do not exceed 50% of the original contract value and are provided at a value for money cost which should normally be at an equivalent or improved rate to the original contract.

When goods or services are being procured for which quotations or tenders are not required and for which no contract exists, it will be necessary to demonstrate that value for money is being obtained. Written notes/documentation to support the case, signed by the responsible Budget Holder, must be retained for audit inspection.

Further detail on the ordering of goods and services and relevant documentation are set out in the Financial Operating Procedures.

When procuring Health & Social Care and Support Services, the Best practice guidance for public bodies on procurement of care and support services shall apply.

In all instances, the Scottish Procurement Policy Handbook and the Scottish Government Procurement Journey must be followed.

- 9.12 No order shall be issued for any item or items for which there is no budget provision unless authorised by the Director of Finance on behalf of the Chief Executive.
- 9.13 Orders shall not be placed in a manner devised to avoid the financial thresholds specified by the Board within the Scheme of Delegation.
- 9.14 All procurement on behalf of the Board must be made on an official order on the approved e-Procurement systems, PECOS, JAC or Maximo.
- 9.15 The Board shall not make payments in advance of need. However payment in advance of the receipt of goods or services is permitted in circumstances approved by the lead senior officer for procurement. Examples of such instances are:
  - Items such as conferences, courses and travel, foreign currency transactions, where payment is to be made at the time of booking.
- 9.16 The Board shall not make payments in advance of need. However payment in advance of the receipt of goods or services is permitted in circumstances approved by the Director of Finance. Examples of such instances are:
  - Where payment in advance of complete delivery is a legal or contractual requirement, e.g. maintenance contracts, utilities, rates.

- Where payment in advance is necessary to support the provision of services/delivery of a project by external providers (e.g. grants to local authorities or voluntary bodies.)
- Purchases from petty cash shall be undertaken in accordance with relevant financial operating procedures.

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### **Commissioning of Patient Services**

- 9.17 The Director of Finance, jointly with the Deputy Chief Executive will ensure service agreements are in place with other healthcare providers for the delivery of patient services, ensuring the appropriate financial details are contained and clarity on reporting of performance, quality and safety issues.
- 9.18 The Director of Finance shall be responsible for maintaining a system for the payment of invoices in respect of patient services in accordance with agreed terms and national guidance and shall ensure that adequate financial systems are in place to monitor and control these.

### **Payment of Invoices**

- 9.19 The Director of Finance shall be responsible for the prompt payment of all invoices. The Director of Finance shall publish the Board's performance in achieving the prompt payment targets in accordance with specified terms and national guidance.
- 9.20 The Director of Finance shall be responsible for designing and maintaining a system for the verification, recording and payment of all amounts payable by the Board. The system shall provide for authorisation by agreed delegated officers, a timetable and system for the payment of invoices and instruction to staff regarding handling, checking and payment of invoices.
- 9.21 The Director of Finance shall ensure that payments for goods and services are made only after goods and services are received. Prepayments will be permitted in exceptional circumstances and with the prior approval of the Director of Finance

### **Additional Matters for Capital Expenditure**

#### **Overall Arrangements for the Approval of the Capital Plan**

- 9.22 The Board shall follow any national instructions on the approval of capital expenditure, such as the Scottish Capital Investment Manual. The authorisation process shall be described in the Scheme of Delegation.
- 9.23 The Chief Executive shall ensure that:
- there is an adequate appraisal and approval process in place for determining capital expenditure priorities within the Property Strategy and the effect of each proposal upon business plans;
  - all stages of capital schemes are managed, and are delivered on time and to cost;
  - capital investment is not undertaken without confirmation that the necessary capital funding and approvals are in place; and
  - all revenue consequences from the scheme, including capital charges, are recognised, and the source of funding is identified in financial plans.

#### **Implementing the Capital Programme**

- 9.24 For every major capital expenditure proposal the Chief Executive shall ensure:
- that a business case as required by the Scottish Capital Investment Manual (SCIM) is produced setting out:
    - a) an option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to costs; and
    - b) appropriate project management and control arrangements; and
  - that the Director of Finance has assessed the costs and revenue consequences detailed in the business case.

- 9.25 The approval of a business case and inclusion in the Board's capital plan shall not constitute approval of the individual elements of expenditure on any scheme. The Chief Executive shall issue to the manager responsible for any scheme:
- specific authority to commit expenditure; and
  - following the required approval of the business case, authority to proceed to tender.
- 9.26 The Scheme of Delegation shall stipulate where delegated authority lies for:
- approval to accept a successful tender; and
  - where Frameworks Scotland applies, authority to agree risks and timelines associated with a project in order to arrive at a target price.
- 9.27 The Director of Finance shall issue procedures governing the financial management of capital investment projects (e.g. including variations to contract, application of Frameworks Scotland) and valuation for accounting purposes.

#### **Public Private Partnerships and other Non-Exchequer Funding**

- 9.28 When the Board proposes to use finance which is to be provided other than through its capital allocations, the following procedures shall apply:
- The Director of Finance shall demonstrate that the use of public private partnerships represents value for money and genuinely transfers significant risk to the private sector.
  - Where the sum involved exceeds the Board's delegated limits, the business case must be referred to the Scottish Government for approval or treated as per current guidelines.
  - Board must specifically agree the proposal.
  - The selection of a contractor/finance company must be on the basis of competitive tendering or quotations.

#### **Disposals of Assets**

- 9.29 The Director of Finance shall issue procedures for the disposal of assets including condemnations. All disposals shall be in accordance with MEL(1996)7: Sale of surplus and obsolete goods and equipment and in accordance with the Property Transaction Handbook.
- 9.30 There is a requirement to achieve Best Value for money when disposing of assets belonging to the Health Board. A competitive process should normally be undertaken.
- 9.31 When it is decided to dispose of a Health Board asset, the head of department or authorised deputy will determine and advise the Director of Finance of the estimated market value of the item, taking account of professional advice where appropriate.
- 9.32 All unserviceable articles shall be:
- Condemned or otherwise disposed of by an employee authorised for that purpose by the Director of Finance.
  - Recorded by the Condemning Officer in a form approved by the Director of Finance which will indicate whether the articles are to be converted, destroyed or otherwise disposed of. All entries shall be confirmed by the countersignature of a second employee authorised for the purpose by the Director of Finance.

#### **Capital Accounting**

- 9.33 The Director of Finance shall be notified when capital assets are sold, scrapped, lost or otherwise disposed of, and what the disposal proceeds were. The value of the assets shall be removed from the accounting records. Each disposal must be validated by reference to authorisation documents and invoices (where appropriate).
- 9.34 The Director of Finance shall approve procedures for reconciling balances on capital assets accounts in ledgers against balances on capital asset registers.

9.35 The value of each asset shall be indexed and depreciated in accordance with methods specified by the Capital Accounting Manual.

9.36 The Director of Finance shall calculate capital charges, which will be charged against the Board's revenue resource limit.

## **10 PRIMARY CARE CONTRACTORS**

10.1 In these SFIs and all other Board documentation, Primary Care contractor means:

- an independent provider of healthcare who is registered to provide general dental, medical, ophthalmic or pharmaceutical services under the National Health Service in the United Kingdom (UK); or
- an employee of an National Health Service organisation in the UK who is registered to provide general dental, medical, ophthalmic or pharmaceutical services under the National Health Service in the UK.

10.2 The relevant Primary Care Managers shall devise and implement systems to control the registers of those who are entitled to provide general dental, medical, ophthalmic or pharmaceutical services under the National Health Service in Highland and Argyll & Bute areas. Systems shall include criteria for entry to and deletions from the registers.

10.3 The Director of Finance shall agree the Service Level Agreement (s) with NHS National Services Scotland for:

- the development, documentation and maintenance of systems for the verification, recording and receipt of NHS income collected by or on behalf of primary care contractors; and
- the development, documentation and maintenance of systems for the verification, recording and payment of NHS expenditure incurred by or on behalf of primary care contractors.

10.4 The agreements at paragraph 10.3 above shall comply with guidance issued from time to time by the Scottish Government. In particular they shall take account of any national systems for the processing of income and expenditure associated with primary care contractors.

10.5 The Director of Finance shall ensure that all transactions conducted for or on behalf of primary care contractors by the Board shall be subject to these SFIs.

## **11 INCOME**

11.1 The Director of Finance shall be responsible for designing and maintaining systems for the proper recording and collection of all monies due.

11.2 The Director of Finance shall take appropriate recovery action on all outstanding debts and shall establish procedures for the write-off of debts after all reasonable steps have been taken to secure payment.

11.3 The Director of Finance is responsible for ensuring the prompt banking of all monies received.

11.4 In relation to business development/income generation schemes, the Director of Finance shall ensure that there are systems in place to identify and control all costs and revenues attributed to each scheme.

11.5 The Director of Finance shall approve all fees and charges other than those determined by the Scottish Government or by Statute.

## **FINANCIAL MANAGEMENT SYSTEM**

12.1 The Director of Finance shall carry prime responsibility for the accuracy and security of the computerised financial data of the Board and shall devise and implement any necessary procedures to protect the Board and individuals from inappropriate use or misuse of any

financial and other information held on computer files for which they are responsible, after taking account of all relevant legislation and guidance.

- 12.2 The Director of Finance shall ensure that contracts for computer services for financial applications with another Board or any other agency shall clearly define the responsibility of all the parties for the security, privacy, accuracy, completeness and timeliness of data during processing, transmission and storage.
- 12.3 The Director of Finance shall ensure that adequate data controls exist to provide for security of financial applications during data processing, including the use of any external agency arrangements.
- 12.4 The Director of Finance should ensure that such computer audit checks as they may consider necessary are being carried out.
- 12.5 The Director of Finance shall ensure that new financial systems and amendments to current financial systems are developed in a controlled manner and are thoroughly tested prior to implementation.
- 12.6 Where another health organisation or any other agency provides a financial system service to the Board, the Director of Finance shall periodically seek assurances, through Audit where appropriate, that adequate controls are in operation and that disaster recovery arrangements are robust.

### **13 CONDEMNATIONS, LOSSES AND SPECIAL PAYMENTS**

- 13.1 Any employee or agent discovering or suspecting a loss of any kind shall forthwith inform their head of department, who shall immediately inform the Chief Executive and the Director of Finance. Where a criminal offence is suspected, the Director of Finance shall follow the Fraud Policy and Action Plan, as set out in the Financial Operating Procedures.
- 13.2 The Director of Finance shall notify the Audit Committee and Counter Fraud Services of all actual or suspected frauds. See 13.10 below.
- 13.3 In all instances where there is any suspicion of fraud then the guidance contained within NHS Circular, HDL (2005) 5: "Tackling Fraud in Scotland – Joint Action Programme. Financial Control: Procedures where criminal offences are suspected" must be followed. The Board's Fraud Liaison Officer (FLO) must be notified immediately of all cases of fraud or suspected fraud.
- 13.4 The Director of Finance shall issue procedures on the recording of and accounting for Losses and special payments to meet the requirements of the Scottish Public Finance Manual. These procedures shall include the steps to be taken where the loss may have been caused by a criminal act.
- 13.5 The Scheme of Delegation shall describe the process for the approval of the write-off of losses and making of special payments.
- 13.6 The Director of Finance shall maintain a Losses and Special Payments Register in which details of all Category 1 and Category 2 losses shall be recorded as they are known. Category 3 losses may be recorded in summary form. Write-off action shall be recorded against each entry in the Register.
- 13.7 No special payments exceeding the delegated limits shall be made without prior approval by the SGHSCD.
- 13.8 The Director of Finance shall be authorised to take any necessary steps to safeguard the Board's interest in bankruptcies and company liquidations.
- 13.9 The Director of Finance is required to produce a report on Condemnations, Losses and Special Payments, where the delegated limits have been exceeded and SGHSCD approval has been requested, to the Audit Committee.

13.10 The Bribery Act came into force in 2010; it aims to tackle bribery and corruption in both the private and public sectors. The Act is fully endorsed by Highland NHS Board. NHS Highland conducts its contracting and procurement practices with integrity, transparency and fairness and has a zero tolerance policy on bribery or any kind of fraud. There are robust controls in place to help deter, detect and deal with it. These controls are regularly reviewed in line with the Standing Financial Instructions and feedback is provided to the Audit Committee. Procurement actively engage with NHS Scotland Counter Fraud Services to ensure that our team is fully trained on spotting potential signs of fraud and knowing how to report suspected fraud. As an existing or potential contractor to NHS Highland, you are required to understand that it may be a criminal offence under the Bribery Act 2010, punishable by imprisonment, to promise, give or offer any gift, consideration, financial or other advantage whatsoever as an inducement or reward to any officer of a public body and that such action may result in the Board excluding the organisation from the selected list of Potential Bidders, and potentially from all future public procurements. It is therefore vital that staff, contractors and agents understand what is expected of them and their duties to disclose and deal with any instances they find.

## **14 RISK MANAGEMENT**

14.1 The Chief Executive shall ensure that the Board has a programme of risk management, which will be approved and monitored by the Board and which complies with the Standards issued by NHS Health Improvement Scotland.

NHS Highland takes part in CNORIS (the Clinical Negligence and Other Risks Indemnity Scheme), a not for profit, mutual Scheme providing a pool of funds to meet financial claims on the NHSS, which provides cover for both clinical and non-clinical claims against NHS Highland.

NHS Highland retains the services of legal advisors, primarily the Central Legal Office who liaise with the Clinical Governance Team regarding claims and inform NHS Highland about the best course of action to take in each case.

14.2 The programme of risk management shall include:

- a) A process for identifying and quantifying risks and potential liabilities, including the establishment and maintenance of a Risk Register;
- b) Encouraging a positive attitude towards the control of risk among all levels of staff;
- c) Management processes to ensure all significant risks and potential liabilities are addressed including effective systems of internal control, cost effective insurance cover and decisions on the acceptable level of retained risk;
- d) Contingency plans to offset the impact of adverse events;
- e) Audit arrangements including internal audit, clinical audit and health and safety review;
- f) Arrangements to review the risk management programme.
- g) A review by each Governance Committee of relevant risks pertaining to their business.

The existence, integration and evaluation of the above elements will provide a basis for the Risk Committee to make a statement on the overall effectiveness of Internal Control and Corporate Governance to the Board.

14.3 The programme of risk management will be underpinned by a Board Assurance Framework, approved, and reviewed annually by the NHS Board.

## **15 RETENTION OF DOCUMENTS**

15.1 The Chief Executive shall be responsible for maintaining archives for all documents in accordance with the NHS Code of Practice on Records Management.

15.2 The documents held in archives shall be capable of retrieval by authorised persons.

15.3 Documents held under the Code shall only be destroyed at the express instigation of the Chief Executive, and records shall be maintained of documents so destroyed.

## **16 PATIENTS'/CLIENTS' PROPERTY AND FUNDS**

- 16.1 The Board has a responsibility to provide safe custody, for money and other personal property (hereafter referred to as "property") handed in by patients, in the possession of unconscious or confused patients, or found in the possession of patients dying in hospital or dead on arrival.
- 16.2 The Chief Executive shall be responsible for ensuring that patients/client or their guardians, as appropriate, are informed before, or at their admission, by: -  
Notices and information booklets  
Hospitals'/Care facilities admission documentation and property records, and  
The oral advice of administrative and nursing staff responsible for admissions, that the Board will not accept responsibility or liability for patients'/clients' monies and personal property brought into Board premises unless it is handed in for safe custody and a copy of an official property record is obtained as a receipt.
- 16.3 The Director of Finance shall provide detailed written instructions on the collection, custody, investment, recording, safekeeping and disposal of patients'/clients' property (including instructions on the disposal of the property of deceased patients/clients and patients/clients transferred to other premises), for all staff whose duty it is to administer, in any way, the property of the patients/clients.
- 16.4 Bank accounts for patients'/clients' monies shall be operated under arrangements agreed by the Director of Finance.
- 16.5 A property record, in a form determined by the Director of Finance, shall be completed.
- 16.6 The Director of Finance is responsible for providing detailed instructions on the Board's responsibility as per the Adults with Incapacity (Scotland) Act 2000 and the updated Part 5 in CEL11(2008) Code of Practice. These instructions are contained within the Financial Operating Procedures.
- 16.7 The Director of Finance shall prepare an abstract of receipts and payments of patients/clients private funds in the form laid down by Scottish Government.

## **17 STORES**

- 17.1 Stores, defined in terms of controlled stores and departmental stores (for immediate use), should be:
- Kept to a minimum;
  - Subject to annual stocktake; and
  - Valued at the lower of cost and net realisable value.
- 17.2 Subject to the responsibility of the Director of Finance for the systems of control, the control of stores throughout the organisation shall be the responsibility of the relevant managers. The day-to-day management may be delegated to departmental officers and stores managers/keepers, subject to such delegation being entered in a record available to the Director of Finance.
- 17.3 The responsibility for security arrangements, and the custody of keys for all stores locations, shall be clearly defined in writing by the manager responsible for the stores and agreed with the Director of Finance. Wherever practicable, stock items, which do not belong to the Board, shall be clearly identified.
- 17.4 All stores records shall be in such form and shall comply with such system of control and procedures as the Director of Finance shall approve.
- 17.5 Stocktaking arrangements shall be agreed with the Director of Finance and there shall be a physical check covering all items in store at least once a year. The physical check shall involve at least one officer other than the Storekeeper, and the Director of Finance and Internal and External Audit shall be notified and may attend, or be represented, at their discretion. The stocktaking records shall be numerically controlled and signed by the officers undertaking the



check. Any surplus or deficiency revealed on stocktaking shall be reported immediately to the Director of Finance, and they may investigate as necessary. Known losses of stock items not on stores control shall be reported to the Director of Finance.

17.6 Where a complete system of stores control is not justified, alternative arrangements shall require the approval of the Director of Finance.

17.7 Instructions for stock take and the basis for valuation will be issued at least once a year by the Director of Finance.

## **18 AUTHORISATION LIMITS**

18.1 ~~18.1~~ The purpose of Standing Financial Instructions is to ensure adequate controls exist for the committing and payment of funds on behalf of NHS Highland. The main principles applied in determining authorisation limits are those of devolved accountability and responsibility. The rules for financial delegation to all levels of management within the Board's established policies and priorities are set out in the Scheme of Delegation and Financial Operating Procedures

18.2 ~~18.2~~ Areas covered by the Scheme of Delegation include:  
Limitation and Authority to vire budgets between one budget heading and another.  
Limitation of level of Authority for the placing of orders or committing resources  
Limitation as to the level of authority to approve receipt of orders, expenses, travel claims, payment of invoices, write off of losses.

## **19 ENDOWMENT FUNDS**

19.1 The Standing Financial Instructions deal with matters related to exchequer income and expenditure for NHS Highland. Whilst Endowment Funds fall outwith the scope of core exchequer funds, it is important that all relevant employees and agents are aware of the arrangements for the financial responsibility and authority for such funds.

19.2 Endowment Funds and are those held in trust for purposes relating to the National Health Service, either by the Board or Special Trustees appointed by the Scottish Ministers or by other persons.

19.3 Members of the Highland Health Board become Trustees of the Board's Endowment Funds. The responsibilities as Trustees are discharged separately from the responsibilities as members of the Board.

19.4 The Director of Finance shall prepare detailed procedural instructions covering the receiving, recording, investment and accounting for Endowment Funds.

19.5 Through the Board's Scheme of Delegation, authority will be given by the Trustees to allow for the day to day management of the funds within specified limits.

19.6 The Authorisation Limits are set out in the Scheme of Delegation and the Financial Operating Procedures.

19.7 The Director of Finance shall prepare annual accounts for the funds held in trust, to be audited independently and presented annually to the trustees.

## **20 JOINT VENTURES**

20.1 Prior to entering into a joint venture (JV) the Board will conduct due diligence to identify whether the JV has or will have in place anti-bribery policies and procedures that are consistent with its own.

20.2 Where the Board has overall control of the JV it should ensure that the JV has anti-bribery controls in place that are consistent with the Board's own policies and procedures.

20.3 Where the Board does not have overall control of the JV it will inform the JV organisations of its policy and procedures and encourage them to adopt these for the venture.

- 20.4 Where due diligence shows that the JV does not have appropriate anti-bribery policies and procedures in place consistent with its own, the Board should ensure that it is protected from litigation arising from acts of bribery by partner organisations in the wording of any contract or agreement. Central Legal Office advice and guidance should be obtained to ensure that the Board is fully protected.
- 20.5 The Board should monitor the programmes and performance of its JV partners in respect of anti-bribery. Anti-bribery should be a standing agenda item on JV meetings and reports should be tabled demonstrating adherence to policy and procedures, identification of any acts of bribery or potential bribery and management actions taken and proposed.
- 20.6 Where the Board determines that the JV policies and practices are inconsistent with its own, the Board will take appropriate action. This may involve insistence by the Board of adoption of appropriate policy and procedures by the JV, putting in place legal protection for the Board, where the partners indemnify the Board against acts of bribery or ultimately withdrawal of the Board from the JV.
- 20.7 Where the Board is unable to ensure that a JV has anti-bribery policy and procedures consistent with its own, it will ensure that it has a plan to exit from the arrangement if bribery occurs or may be reasonably thought to have occurred. Central Legal Office advice and guidance should be sought to ensure that such arrangements are in place in any legal documentation.