

# **FORTH VALLEY NHS BOARD**

## **Standing Financial Instructions**

**March 2021**

**Date Approved: March 2021**

**Review Date: March 2022**



## TABLE OF CONTENTS

### STANDING FINANCIAL INSTRUCTIONS

<u>Topic</u>	<u>Page</u>
1. Introduction	3
2. Responsibilities of the Board Chief Executive as Accountable Officer	8
3. Allocations, Business Planning and Budgetary Control	11
4. Health and Social Care Integration	17
5. Commissioning of Healthcare	21
6. Banking and Investments	25
7. Capital Investments, Private Financing, Fixed Asset Registers and Security of Assets	27
8. Purchasing of Supplies and Services	32
9. Income, Fees and Charges, Security of Cash and other Negotiable Instruments	37
10. Term of Service and Payment of Directors and Staff	41
11. Payment of Accounts and Claims	44
12. Condemnations, Losses and Special Payments	47
13. Endowments and Trust Funds	50
14. Information	52
15. Internal and External Audit	54
16. Annual Accounts	59
17. Stores and Receipt of Goods	60
18. Patient Property	62
19. Risk Management	64
20. Primary Care Contractors	65
21. Standards of Business Conduct	67
22. Suspected Fraud, Theft and other Financial Irregularities	71
Appendix A Tendering and Contract Procedures	73

## SECTION 1 INTRODUCTION

### 1.1 GENERAL

- 1.1.1 These Standing Financial Instructions (SFIs) are issued in accordance with the National Health Service (Financial Provisions) (Scotland) Regulations, 1974, Section 4 together with the subsequent guidance and requirements contained in NHS Circular No.1974 (GEN) 88 and Annex for the regulation of the conduct of Forth Valley NHS Board, its directors, officers and agents in relation to all financial matters. Those regulations are the Health Boards (Membership and Procedure) Regulations 2001. Forth Valley Health Board is the common name of Forth Valley NHS Board. The Board's formal, legal title remains Forth Valley NHS Board and it will be identified as such in certain legal and financial documents. These SFIs are also issued in accordance with NHS MEL (1994) 80 and the guidance in 'Rebuilding Our National Health Service - A Change Programme For Implementing Our National Health' and they shall have the effect as if incorporated in the Standing Orders of Forth Valley NHS Board.
- 1.1.2 These SFIs detail the financial responsibilities, policies and procedures to be adopted by Forth Valley NHS Board. They are designed to ensure that Forth Valley NHS Board financial transactions are carried out in accordance with the law and Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness. They should also be used in conjunction with the Scheme of Delegation adopted by the Board.
- 1.1.3 These SFIs identify the financial responsibilities, which apply to everyone working for the Board and its constituent organisations including Trading Units. They do not provide detailed procedural advice. These statements should therefore be read in conjunction with the detailed departmental and Financial Operating Procedures. The Director of Finance must approve all Financial Operating Procedures.
- 1.1.4 Statutory Instrument (1974) No.468 requires Directors of Finance to design, implement and supervise systems of financial control and NHS circular 1974 (GEN) 88 requires the Director of Finance to:
- (a) approve the financial systems
  - (b) approve the duties of officers operating these systems

- (c) maintain a written description of such approved financial systems, including a list of specific duties

1.1.5 Should any difficulties arise regarding the interpretation or application of any of the SFI's then the advice of the Director of Finance must be sought before acting. The user of these SFIs should also be familiar with and comply with the Provisions of the Board's Standing Orders.

1.1.6 Failure to comply with SFIs is a disciplinary matter, which could result in dismissal.

## **1.2 TERMINOLOGY**

1.2.1 Any expression to which a meaning is given in Health Service Acts, or in directions made under the Acts, shall have the same meaning in these instructions; and:

- (a) "Board" means the Board of Forth Valley NHS Board or such Committee of the Board to which powers have been delegated;
- (b) "Budget" means an allocation of resources, expressed in financial terms, proposed by Forth Valley NHS Board for the purpose of carrying out, for a specific period, any or all of the functions of Forth Valley NHS Board;
- (c) "Chief Executive" means the chief officer of Forth Valley NHS Board and who is directly accountable to the Board;
- (d) "Director of Finance" means the chief financial officer of Forth Valley NHS Board;
- (e) "Budget Holder" means the director or officer of Forth Valley NHS Board who has the delegated authority to manage finances (income and expenditure) for a specific operational area of Forth Valley NHS Board;
- (f) "Legal Adviser" means the properly qualified person appointed by Forth Valley NHS Board to provide legal advice.

1.2.2 Wherever the title Chief Executive, Director of Board, or other nominated officer is used in these instructions, it shall be deemed to include such other officers and agents who have been duly authorised to represent them.

1.2.3 References in these instructions to "officer" shall be deemed to include all employees of Forth Valley NHS Board, including nursing and medical staff, and consultants who practice upon Forth Valley NHS Board premises, as well as the staff of any agency contracted to Forth Valley NHS Board and/or performing financial functions on behalf of Forth Valley NHS Board.

1.2.4 All references in these SFIs to the masculine gender shall be read as equally applicable to the feminine gender.

### **1.3 RESPONSIBILITIES AND DELEGATION**

1.3.1 The Board shall exercise financial supervision and control by:

- (a) requiring the submission and approval of financial plans and budgets within approved allocations/overall income to a pre-determined timetable;
- (b) defining and approving essential features of financial arrangements in respect of important procedures and financial systems (including the need to obtain value for money);
- (c) defining specific responsibilities placed on directors and officers as indicated in the Scheme of Delegation document.

1.3.2 Within the Instructions it is acknowledged that the Chief Executive and Director of Finance shall have joint responsibility for ensuring that the Board meets its obligation to perform its functions within the financial resources available. The Chief Executive has overall responsibility for the Board's activities and is responsible to the Board for ensuring containment within the Board's Revenue Resource Limit, Capital Resource Limit and Cash Limit.

1.3.3 The Chief Executive's responsibilities as Accountable Officer are set out in Section 2.

1.3.4 The Chief Executives of the NHS Health Boards have retained Accountable Officer Status under NHS arrangements.

- 1.3.5 The Chief Executive is ultimately accountable to Forth Valley NHS Board and as Accountable Officer to the Scottish Parliament for ensuring that the Forth Valley NHS Board meets its obligations to perform its functions within the available resources.
- 1.3.6 Forth Valley NHS Board shall delegate executive responsibility for the performance of its functions to the Chief Executive and to the senior management team. Members will exercise financial supervision and control by requiring the submission and approval of financial plans within approved allocations, by defining and approving essential features of financial arrangements in respect of important procedures and financial systems, including the need to obtain value for money and by defining specific responsibilities placed on our officers.
- 1.3.7 So far as is possible, the Chief Executive and Director of Finance will delegate their detailed responsibilities, but retain their overall accountability. The extent of delegation will be kept under review by the NHS Board.
- 1.3.8 It is the duty of the Chief Executive to ensure that existing directors and employees and all new appointees are notified of and understand their responsibilities within these SFIs.
- 1.3.9 Without prejudice to any other functions of officers of Forth Valley NHS Board, the Director of Finance shall be responsible for:
- (a) provision of financial advice to the Board and its officers;
  - (b) setting the Board's accounting policies consistent with Scottish Government and Treasury guidance and generally accepted accounting practice;
  - (c) supervising the implementation of the Board's financial strategies and for co-ordinating any corrective action necessary to further these strategies;
  - (d) ensuring that sufficient records are maintained to show and explain Forth Valley NHS Board transactions, in order to disclose, with reasonable accuracy, the financial position of Forth Valley NHS Board at any time;

- (e) the design, implementation and supervision of systems of financial control incorporating the principles of separation of duties and internal checks;
- (f) the 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 and responsibilities.

1.3.10 All directors and officers of Forth Valley NHS Board, severally and collectively, are responsible for:

- (a) the security of Forth Valley NHS Board property;
- (b) avoiding loss;
- (c) exercising economy and efficiency in the use of Forth Valley NHS Board resources;
- (d) complying with the requirements of ;
  - Standing Orders (including the Scheme of Delegation);
  - Standing Financial Instructions;
  - Financial Operating Procedures; and
  - MEL (1994) 48 Standards of Business Conduct for Staff which will be identified in the Staff Handbook.

1.3.12 The form in which financial records are kept and the manner in which duties are discharged by all directors and officers of Forth Valley NHS Board who carry out a financial function must be to the satisfaction of the Director of Finance.

1.3.13 Any contractor, agent or employee of a contractor who is empowered by Forth Valley NHS Board to commit Forth Valley NHS Board to expenditure or who is authorised to obtain income shall be covered by these instructions. It is the responsibility of the Chief Executive to ensure that such persons are made aware of this.

## **SECTION 2 RESPONSIBILITIES OF HEALTH BOARD CHIEF EXECUTIVE AS ACCOUNTABLE OFFICER**

### **2.1 INTRODUCTION**

- 2.1.1 Under the terms of Section 14 and 15 of the Public Finance and Accountability (Scotland) Act 2000, the Principal Accounting Officer for the Scottish Government has designated the Chief Executive of Forth Valley NHS Board as Accountable Officer.
- 2.1.2 Accountable Officers must comply with the terms of the Memorandum to National Health Service Accountable Officers, and any updates issued to them by the Principal Accountable officer for the Scottish Government. The Memorandum was updated in April 2002.

### **2.2 GENERAL RESPONSIBILITIES**

- 2.2.1 The Accountable Officer is personally answerable to the Scottish Parliament for the propriety and regularity of the public finances for NHS Forth Valley. The Accountable Officer must ensure that the Forth Valley NHS Board takes account of all relevant financial considerations, including any issues of propriety, regularity or value for money, in considering policy proposals relating to expenditure, or income.
- 2.2.2 It is incumbent upon the Accountable Officer to combine his/her duties as Accountable Officer with their duty to the Forth Valley NHS Board, to whom he/she is responsible, and from whom he/she derives his/her authority. The Forth Valley NHS Board is in turn responsible to the Scottish Parliament in respect of its policies, actions and conduct.
- 2.2.3 The Accountable Officer has a personal duty of signing the Annual Accounts of Forth Valley NHS Board for which he/she has responsibility. Consequently, he/she may also have the further duty of being a witness before the Audit Committee of the Scottish Parliament, and be expected to deal with questions arising from the Accounts, or, more commonly, from reports made to Parliament by the Auditor General for Scotland

2.2.4 The Accountable Officer must ensure that any arrangements for delegation promote good management, and that he/she is supported by the necessary staff with an appropriate balance of skills. This requires careful selection and development of staff and the sufficient provision of special skills and services. He/she must ensure that staff are as conscientious in their approach to costs not borne directly by their component organisation (such as costs incurred by other public bodies, or financing costs, e.g. relating to banking and cash flow) as they would be were such costs directly borne.

## **2.3 SPECIFIC RESPONSIBILITIES**

2.3.1 The Accountable Officer must:

- (a) ensure that from the outset, proper financial systems are in place and applied, and that procedures and controls are reviewed from time to time to ensure their continuing relevance and reliability, especially at times of major changes;
- (b) sign the Accounts assigned to him/her, and in doing so accept personal responsibility for ensuring that they are prepared under the principles and in the format directed by Scottish Ministers;
- (c) ensure that proper financial procedures are followed incorporating the principles of separation of duties and internal check, and that accounting records are maintained in a form suited to the requirements of the relevant Accounting Manual, as well as in the form prescribed for published Accounts;
- (d) ensure that the public funds for which he/she is responsible are properly managed and safeguarded, with independent and effective checks of cash balances in the hands of any official;
- (e) ensure that the assets for which he/she is responsible, such as land, buildings or other property, including stores and equipment, are controlled and safeguarded with similar care, and with checks as appropriate;
- (f) ensure that, in the consideration of policy proposals relating to expenditure, or income, for which he/she has responsibilities as Accountable Officer, all relevant financial considerations, including any issues of propriety, regularity or value for money, are taken into account, and where necessary brought to the attention of the Board;
- (g) ensure that any delegation of authority is accompanied by clear lines of control and accountability, together with reporting arrangements;

- (h) ensure that effective management systems appropriate for the achievement of the organisation's objectives, including financial monitoring and control systems have been put in place;
- (i) ensure that risks, whether to achievement of business objectives, regularity, propriety, or value for money, are identified, that their significance is assessed and that systems appropriate to the risks are in place in all areas to manage them;
- (j) ensure that best value from resources is sought, by making proper arrangements to pursue continuous improvement having regard to economy, efficiency and effectiveness, and in a manner which encourages the observance of equal opportunities requirements;
- (k) ensure that managers at all levels have a clear view of their objectives, and the means to assess and measure outputs or performance in relation to these objectives;
- (l) ensure managers at all levels are assigned well defined responsibilities for making the best use of resources (both those assumed by their own commands and any made available to organisations or individuals outside NHS Forth Valley) including a critical scrutiny of output and value for money;
- (m) ensure that managers at all levels have the information (particularly about costs), training and access to the expert advice which they need to exercise their responsibilities effectively.

## **2.4 REGULARITY AND PROPRIETY OF EXPENDITURE**

2.4.1 The Accountable Officer has a particular responsibility for ensuring compliance with parliamentary requirements in the control of expenditure. A fundamental requirement is that funds should be applied only to the extent and for the purposes authorised by Parliament in Budget Acts (or otherwise authorised by section 65 of the Scotland Act 1998). Parliament's attention must be drawn to losses or special payments by appropriate notation of the organisation's Accounts. In the case of expenditure approved under the Budget Act, any payments must be within the scope and amount specified in that Act.



## **SECTION 3 ALLOCATIONS, BUSINESS PLANNING, BUDGETS AND BUDGETARY CONTROL**

### **3.1 GENERAL**

- 3.1.1 The Board is required by statutory provisions made under Section 85 of the National Health Service (Scotland) Act (1978), as amended by the Health Services Act 1980, to perform its functions within the total funds allocated by the Scottish Ministers. All plans and financial approval systems shall be designed to meet this obligation.

### **3.2 ALLOCATIONS**

- 3.2.1 The Director of Finance of the Board will review, as a minimum annually, the bases and assumptions used for distributing allocations to ensure such allocations are fair, realistic and secure the Board's entitlement to funds.

### **3.3 BUSINESS PLANNING AND BUDGETS**

- 3.3.1 The Chief Executive will prepare and submit to the board the Annual Operational Plan and an Annual Plan. This Plan shall include forecasts of available resources, financial targets and spending proposals
- 3.3.2 The Director of Finance shall, on behalf of the Chief Executive, prepare and submit to the Board for its approval, an annual financial plan for all revenue funds and capital where applicable, within the limits of available funds as determined by the notified allocations.
- 3.3.3 The Director of Finance shall ensure such plans are reconcilable to budgets that have been produced following discussion with General Managers, Chief Officers, Acute Services Director and Executive Directors. As a consequence, the Director of Finance shall have right of access to all budget holders on budgetary related matters.

### **3.4 BUDGETARY CONTROL**

- 3.4.1 The Board shall delegate the management of the Financial Plan to the Chief Executive. The Chief Executive within limits approved by the Board, can

delegate responsibility for a budget or part of a budget to individual Senior Managers. The terms of delegation shall include, in writing, a clear definition of individual responsibilities for control of expenditure, exercise of virement, achievement of performance levels and the provision of regular reports on the discharge of these delegated functions. The delivery of this delegation shall be included within the performance review of appropriate officers.

3.4.2 In performance of their duties:

- (a) The Chief Executive will not exceed the budgetary or virement limits or exclusions set by the Board or by the Scottish Government Health and Social Care Directorate.
- (b) Senior Managers will not exceed the budgetary or virement limits set by the Board and Chief Executive.
- (c) The Chief Executive may exercise virement or vary the budgetary limit of a Senior Manager within the Chief Executives own budgetary limit.

3.4.3 The Board shall approve and review annually a Scheme of Delegation that will form part of the Standing Orders of the Board. The Scheme of Delegation shall specify: -

- (a) areas of responsibility;
- (b) nominated officers;
- (c) financial value;
- (d) virement levels.

3.4.4 Expenditure for which no provision has been made in approved plans and budgets and outwith delegated virement limits may only be incurred after authorisation by the Chief Executive or the Director of Finance acting on their behalf, or the NHS Board dependent on the nature and level of expenditure. There shall be a financial limit of £500,000 in respect of the delegated authority of the Chief Executive on a non-recurring basis (No individual item shall exceed £100,000) .The Director of Finance shall have authority within the Chief Executive's limit of £250,000.

- 3.4.5 The Director of Finance, on behalf of the Chief Executive, shall monitor the financial performance against the plan, the use of delegated budgets to ensure that financial control is maintained and that the Board's plans and policies are implemented.
- 3.4.6 The Director of Finance has a responsibility to ensure that adequate training is delivered on an on-going basis to budget-holders to help them to manage successfully.
- 3.4.7 The Director of Finance shall ensure that:
- (a) the system of internal financial controls is sufficient and adequate to ensure the achievement of objectives and compliance with standards and regulations.
  - (b) adequate statistical and financial systems are in place to monitor and control all agreements for patients' services and facilitate the compilation of estimates, forecasts and investigations as may be required.
  - (c) reports provide all financial, statistical and other relevant information as necessary for the compilation of estimates and forecasts.
  - (d) the Chief Executive and the Board are informed of the financial consequences of changes in policy, pay awards and other events and trends affecting budgets or projections and shall advise on the financial and economic aspects of future plans and projects.
  - (e) the issue of timely, accurate and comprehensible advice, and monthly financial reports to each budget holder, covering the areas for which they are responsible.
- 3.4.8 The Director of Finance shall provide the Board with regular reports including as follows: -
- (a) monthly financial reports for all expenditure to the Board in an approved format, inclusive of:
    - income and expenditure to date and forecast year-end position;
    - movements in working capital;
    - capital project spend and projected outturn against plan;

- explanation of significant variances from plan plus corrective action if appropriate, including an assessment as to whether such actions are sufficient to correct the situation;
- monitoring of management action to correct variances;
- cash spending to date and forecast year-end position;
- report on budgetary transfers;
- Board financial position including projections.

### **3.5 ALIGNED AND POOLED BUDGETS**

- 3.5.1 Partnership arrangements have been developing to give Health Boards and Local Authorities the flexibility to be able to work with other agencies to respond effectively to improve services, either by joining up existing services, or developing new, co-ordinated services. Such partnership arrangements provide for aligned and pooled budgets. Areas covered by Health and Social care Integration are contained in Section 4.
- 3.5.2 An Aligned Budget is the position when clearly identified financial resources are being used jointly. The funds are identified by the partner organisations and grouped together in a joint “pot”, but the funds are still technically held within each partner organisation in separate distinct budgets. This enables each partner organisation to identify and account for their own contribution to the joint “pot”.
- 3.5.3 A Pooled Budget is a mechanism by which each partner to the agreement contributes funding to form a discrete “fund” for the partnership arrangement or organisation. Initially, the funding contributed by each partner will be identifiable to each partner, but in time the origin of individual contributions may become less easily identifiable. The partners must therefore agree at the outset the purpose, scope and outcome for services within the agreement meeting their own statutory obligations and justifying their contribution to the fund. A Pooled Budget resides in a “host” partner, either a Health Board or a Local Authority organisation, which manages it on behalf of the partners.
- 3.5.4 Partnership arrangements entered into by Forth Valley NHS Board must comply with the guidance on aligned and pooled budgets issued by the Scottish Government. The following paragraphs relate mainly to Aligned Budgets (as opposed to Pooled Budgets).

- 3.5.5 As a non-statutory body, the responsibility for the functions carried out by a partnership body will remain with each partner organisation.
- 3.5.6 A Partnership Agreement or Heads of Agreement must be drawn up between the partner organisations which will specify the services to be managed jointly, the governance arrangements, the accountability arrangements, the budgetary control arrangements and the financial reporting and monitoring arrangements. The partnership agreement must be approved by the Director of Finance of each partner organisation before budgetary control can be devolved to a partnership body.
- 3.5.7 Each partner will agree the level of its contribution in advance of each financial year. The level of contribution from the Board will be agreed by the Board taking account of the need to balance the amount of flexibility that Forth Valley NHS Board want to enable through the aligned budget against the risk of being able to fulfill all service needs. Levels of contribution will have to allow, among other things, for decisions about inflation levels, developments, service pressures, Corporate Plan priorities, capital charges and savings targets.
- 3.5.8 The contribution to the Aligned Budget must be used on the agreed services set out in the partnership agreement. The aligned budget will be discrete, and will be ring-fenced to the extent specified in the partnership agreement. The Partnership Agreement must also specify the mechanism for changing in-year levels of contribution.
- 3.5.9 Accountability will be discharged at two levels in Aligned Budget arrangements, i.e. within the partnership body, and to the Boards or Management Committees of each partner organisation.
- 3.5.10 Each partnership body will appoint a lead officer who will be accountable to the relevant Partnership Board for the combined budget.
- 3.5.11 The Chief Executive will remain accountable to the Scottish Government for the financial contribution made by their organisation.
- 3.5.12 Partnership bodies will be subject to both financial and value for money audit by both Internal Audit and the Auditor General for Scotland.
- 3.5.13 A Memorandum Income and Expenditure Account may require to be included in the Annual Accounts for Aligned Budget arrangements which show income received, expenditure incurred and the remaining surplus or deficit for the financial year.
- 3.5.14 The lead officer of the partnership body shall prepare a Constitution which will set out compliance with the Codes of Conduct, Accountability and Practice on Openness and the underlying principles of good Corporate Governance as set

out in the Cadbury and Nolan Reports and the detailed guidance issued by the Scottish Government and others.

- 3.5.15 The lead officer of the partnership body shall issue Financial Regulations consistent with the SFIs in order to regulate the conduct of the Partnership Board, both members and officers, in all financial matters. Such regulations and instructions will specify the arrangements for the provision of financial advice to the Partnership Board.
- 3.5.16 The partnership body's Constitution and Financial Regulations shall be agreed by the Forth Valley NHS Board and shall have the effect as if incorporated in the Standing Orders and SFIs of the Board.
- 3.5.17 The above instructions will equally apply to new formal partnership arrangements with Local Authorities which the Board may develop in future years.

## **SECTION 4 HEALTH AND SOCIAL CARE INTEGRATION**

### **4.1 GENERAL**

4.1.1 The Public Bodies (Joint Working) (Scotland) Act 2014 established the framework for the integration of adult health and social care services in Scotland. Two Integrated Joint Boards (IJBs) have been established in Forth Valley under the body corporate arrangement. The approved Integration Schemes set out the detail of the integration arrangement, including those services delegated by NHS Forth Valley to the IJBs.

### **4.2 FINANCIAL ARRANGEMENTS**

4.2.1 Each partner will agree the formal budget setting timelines and reporting periods as defined in the Financial Regulations.

4.2.2 The initial budget for the NHS contribution to the Integrated Joint Board budget for delegated functions under the Public Bodies (Joint Working) (Scotland) Act 2014 will be set in accordance with the Integration Schemes and the due diligence process as described in the Scottish Government Integrated Resource Advisory group guidance.

4.2.3 In subsequent financial years the NHS Board will evaluate the case for the Integrated Budget against its other priorities and will agree its contributions accordingly. The business case put forward by the IJB will be evidenced based and will detail assumptions made.

4.2.4 Following on from the budget process, the IJB Chief Officer and Chief Financial Officer will prepare a financial plan supporting the Strategic plan and once approved by the IJB issue Directions with defined payment levels to the NHS Board. 'Payment' does not mean an actual cash transaction but a representative allocation for the delivery of Integration Functions in accordance with the Strategic Plan.

4.2.5 If at the outset the NHS Board does not believe the direction can be achieved for the payment being offered then it shall notify the IJB that in line with section 28 (4) of the Public Bodies (Joint Working) (Scotland) Act 2014 additional funding would be necessary to comply with the direction.

- 4.2.6 Once the payments to be made by the IJB to the NHS Board for the delegated functions have been agreed they will, for the directly managed functions, form the basis of annual budgets to be issued to the relevant budget holder. The payments for the set aside budgets will form part of the budgets to be issued to the relevant NHS budget holder.
- 4.2.7 Where the Chief Officer is the budget holder they will comply with these SFIs unless the SFIs explicitly state otherwise. In further delegating budgetary authority to managers in their structure the Chief Officer is responsible for ensuring all transactions processed by the NHS comply with these SFIs and any further detailed procedural NHS Board guidance relevant to the transaction.
- 4.2.8 It is envisaged that the Chief Officer, in due course, will have a structure including joint management posts who are responsible for both Health and Council expenditure.

### **4.3 DELEGATED AUTHORITY**

- 4.3.1 Where a manager has delegated authority for both health and council expenditure they must ensure the VAT treatment is in line with the Integrated Resource Advisory Group and any HMRC guidance. If in doubt they should seek advice from the Director of Finance for any expenditure that might previously have been made from NHS budgets.
- 4.3.2 Where a council employee has been given delegated authority for NHS budgets a signed declaration that they have received and will comply with these SFIs is required. This should also be signed by the Chief Officer, who will further undertake to pursue any breaches of the NHS SFIs through the council line management structure if required.
- 4.3.3 The arrangements for the virement of budgets are specified in the scheme of delegation of the Parties and virement levels will be agreed in the Strategic Plan.

- 4.3.4 Notwithstanding that a budget virement lies within the Chief Officers level of authority it can only be executed if detailed consideration of the financial impact confirms any risks associated with it are acceptable. If there is a difference of opinion between the Chief Officer and NHS finance as to the acceptability of the risk, the Chief Officer and Director of Finance of the NHS will first seek to reach an acceptable solution. Failing that the Chief Executive of the NHS will consider the level of risk, involving the SLT if necessary for a wider view. Should there still not be agreement the IJB would be invited to review this and set out how it would mitigate the stated risk.
- 4.3.5 In managing these operational budgets the Chief Officer will comply with these SFIs unless the SFIs explicitly state otherwise.

#### **4.4 MANAGEMENT OF IN YEAR VARIANCES**

- 4.4.1 Where there is a projected overspend against an element of the Integrated Budget, the Chief Officer, the Chief Finance Officer of the IJB and the relevant finance officer and operational manager of the constituent party must agree a recovery plan to balance the overspending budget.
- 4.4.2 Underspends on either arm of the Integrated Budget should be returned from the relevant Party to the IJB and carried forward through the reserves. This will require adjustments to the allocations from the IJB to the relevant Party for the sum of the underspend.

#### **4.5 FINANCIAL MANAGEMENT AND REPORTING ARRANGEMENTS**

- 4.5.1 The NHS Director of Finance is responsible for providing the Chief Officer (as with all budget holders) with regular financial information to allow them to manage their budgets. The NHS Director of Finance is also responsible for providing the Chief finance officer of the IJB with the financial information required by the integration scheme as expanded by subsequent agreements, to meet the reporting requirement to the IJB. In advance of each financial year a timetable will be agreed with the IJB.
- 4.5.2 The IJB Chief Financial Officer will be responsible for the preparation of the annual financial statements as required by section 39 of the Public Bodies (Joint Working) (Scotland) Act 2014 and the statutory annual accounts. The

Accounting Standards as adapted for the public sector will apply to the Integration Joint Board. The Code of Practice on Local Authority Accounting in the UK will be the applicable guidance for their interpretation. The financial statements of the Integration Joint Board will be completed to meet the audit and publication timetable specified in regulations (Regulations under section 105 of the Local Government (Scotland) Act 1973). Although the responsibility lies with the Chief Finance Officer of the IJB the Director of Finance will ensure such information is supplied from the NHS as is required to fulfill these obligations.

- 4.5.3 The financial ledger transactions relating to the Integration Joint Board will be carried out prior to the end of the financial year with post year-end adjustments for material information only. Year-end balances and transactions will be agreed timeously in order to allow completion of the Accounts in line with required timescales. This date will be agreed annually by the Integration Joint Board, the Health Board and the Local Authority.
- 4.5.4 Detailed Financial Regulations governing the Integration Joint Board will be agreed between the Local Authority and the Health Board and approved by the Integration Joint Board. Once agreed the NHS Director of Finance will be responsible for ensuring any NHS obligations are fulfilled.
- 4.5.5 Although the Public Bodies (Joint Working) (Scotland) Act 2014 will supersede most of the previous joint working arrangements, it remains possible that there could be pooled or aligned budgets with community partners, such as for children's services, that fall outwith that. Section 3 has therefore been retained in case they should be required.

## **SECTION 5 COMMISSIONING OF HEALTHCARE**

### **5.1 FINANCIAL TARGETS**

- 5.1.1 The Scottish Government sets 3 budget limits at a Health Board level on an annual basis. These limits are:
- (a) Revenue Resource Limit: a resource budget for ongoing operations;
  - (b) Capital Resource Limit: a resource budget for net capital investment;
  - (c) Cash requirement: a financing requirement to fund the cash consequences of the ongoing operations and net capital investment.
- 5.1.2 Health Boards are required to contain their net expenditure within these limits, and will report on any variation from the limits as set.
- 5.1.3 The Director of Finance shall be responsible for ensuring that an adequate system of monitoring financial performance is in place to enable the Board to fulfill its statutory responsibility while achieving its financial targets.

### **5.2 GENERAL - HEALTH NEEDS ASSESSMENT**

- 5.2.1 The Director of Public Health, on behalf of the Chief Executive is responsible for the production of Health Needs Assessments, and for the monitoring of Health Status.
- 5.2.2 The Health Needs Assessment Reports incorporate historical and projected financial information. The Director of Finance is responsible for the provision of historical financial details and for the financial impact/implication of each Needs Assessment.

### **5.3 GENERAL - HEALTH PLANNING**

- 5.3.1 The Chief Executive is responsible for the production of the Corporate Plan. The Corporate Plan will be informed amongst others by
- (a) plans arising from Health Needs Assessments;

- (b) socio-demographic trends;
- (c) public opinion;
- (d) resource availability.
- (e) Business unit pressures

5.3.2 To prepare health strategies or develop plans for individual care groups or service areas, planning groups may be established. The Director of Finance has responsibility for ensuring that where appropriate the remit of such groups outlines the financial parameters within which the group may operate. On occasion these groups may also cover Local Authority services. In this instance the parameters should be agreed with the appropriate individuals within Local Authorities.

5.3.3 The Director of Finance is responsible for the provision of financial advice and plans in respect of the affordability of the Corporate Plan

#### **5.4 PRIMARY HEALTH CARE**

5.4.1 Primary Health Care Services include;

- (a) all Family Practitioner Services
- (b) Practice Staff
- (c) Primary Health Care Computing
- (d) Cost Rent and Improvement Grant Schemes

5.4.2 Primary Health Care Services fall within the scope of Integration Authorities. Resources are allocated from the Integration Authority via direction in line with the Strategic Plans. Any variations proposed to budgets must be approved by the Director of Finance of Forth Valley NHS Board.

#### **5.5 COMMUNITY SERVICES**

5.5.1 Community Services include

- (a) mental health (inclusive of elderly, frail elderly, long-stay and community)
- (b) learning disability

- (c) palliative hospice care
- (d) community health services
- (e) drugs and alcohol
- (f) healthcare in prisons

5.5.2 Local Community Health Care Services are managed by either the Chief Officers or a General Manager. Resources managed by the Chief Officers fall within the scope of Integration Authorities. Resources managed by the General Manager may fall within the scope of Integration Authorities. Resources are allocated from the Integration Authority via direction in line with the Strategic Plans. Any variations proposed to budgets must be approved by the Director of Finance of Forth Valley NHS Board

Resources are managed by the General Manager which do not fall within the scope of Integration Authorities. Resources are transferred on a monthly basis in accordance with the annual financial plan and any subsequent agreed variations. Such variations must be signed by the Director of Finance of Forth Valley NHS Board.

5.5.3 NHS Boards outwith the Forth Valley area may also provide these services to local residents. In such instances service agreements will be prepared. Resources are transferred on a monthly basis in accordance with the annual financial plan and any subsequent agreed variations. Such variations must be signed by both the Director of Finance of the Forth Valley NHS Board and the Director of Finance of the appropriate Health Board.

## **5.6 INPATIENT AND OTHER SERVICES**

### **5.6.1 These include**

- (a) Emergency and urgent care
- (b) Acute inpatients and Community Hospital beds
- (c) Ambulatory Care and Day Surgery
- (d) Outpatient Services
- (e) Cancer Services

- (f) Allied Health Professionals
- (g) Diagnostic Services
- (h) Women and Children Services

5.6.2 Local Acute Services are managed by the relevant General Manager.

Resources managed by the General Manager may fall within the scope of Integration Authorities. Resources are allocated from the Integration Authority via direction in line with the Strategic Plans. Any variations proposed to budgets must be approved by the Director of Finance of Forth Valley NHS Board

Resources are managed by the General Manager which do not fall within the scope of Integration Authorities. Resources are transferred on a monthly basis in accordance with the annual financial plan and any subsequent agreed variations. Such variations must be signed by the Director of Finance of Forth Valley NHS Board.

5.6.3 NHS Boards outwith the Forth Valley area may also provide these services to local residents. In such instances service agreements will be prepared. Resources are transferred on a monthly basis in accordance with the annual financial plan and any subsequent agreed variations. Such variations must be signed by both the Director of Finance of the Forth Valley NHS Board and the Director of Finance of the appropriate Health Board.

## **SECTION 6 BANKING AND INVESTMENTS**

### **6.1 INTRODUCTION**

6.1.1 The Director of Finance is responsible for managing Forth Valley NHS Board banking arrangements and for advising Forth Valley NHS Board on the provision of banking services and the operation of bank accounts. This advice will take into account such guidance and directions as may be issued by the Scottish Government Health and Social Care Directorate.

### **6.2 BANK ACCOUNTS**

6.2.1 The Director of Finance is responsible for:

- (a) Establishing exchequer bank accounts as directed by Scottish Government Health and Social Care Directorate
- (b) establishing separate bank accounts for Forth Valley NHS Board non exchequer funds;
- (c) ensuring payments made from accounts do not exceed the amount credited to the account except where arrangements have been made;
- (d) reporting to the Board all arrangements made with Forth Valley NHS Board bankers for accounts to be overdrawn.

6.2.2 All funds shall be held in accounts in the name of Forth Valley NHS Board. No officer other than the Director of Finance plus one other signatory shall open or close any bank account in the name of Forth Valley NHS Board.

6.2.3 The Director of Finance will advise the Bankers in writing of the conditions under which each account shall be operated.

### **6.3 BANKING PROCEDURES**

6.3.1 The Director of Finance shall prepare procedural instructions on the operation of accounts. These instructions must include:

- (a) the conditions under which each account is to be operated;
- (b) the limit to be applied to any overdraft;
- (c) those authorised to sign cheques or other payments on Forth Valley NHS Board accounts;

6.3.2 The Director of Finance shall ensure appropriate arrangements are in place for the use of debit/credit card transactions.

6.3.3 An authorised signatory shall advise the bankers of the officers authorised to release money from or make electronic payment from each bank account.

6.3.4 An authorised signatory shall notify the bankers promptly of the cancellation of any authorisation to draw on Forth Valley NHS Board accounts

6.3.5 Where an agreement is entered into with a Health Board or other body for payment to be made on behalf of Forth Valley NHS Board from bank accounts maintained in the name of that Health Board or other body, or by electronic funds transfer (BACS), the Director of Finance shall ensure that satisfactory security regulations of the Health Board or other body relating to any such accounts exist and are observed.

## **6.4 INVESTMENTS**

6.4.1 Temporary cash surpluses shall be held only in accordance with SGHSCD guidance.

6.4.2 All balances remain within National accounts with required amounts transferred to the commercial bank accounts as required.

6.4.3 In accordance with HDL (2001) 49 the amount of working cash held in commercial bank accounts at Board level should be limited to no more than £50,000. Any excess funds available at Board level sit in the NatWest Account.

## **SECTION 7            CAPITAL INVESTMENT, PRIVATE FINANCING, FIXED ASSET REGISTERS AND SECURITY OF ASSETS**

### **7.1 CAPITAL INVESTMENT**

7.1.1            The overall control of all capital investment and fixed assets shall be the responsibility of the Chief Executive, advised by the Director of Finance and Director of Estates and Facilities.

7.1.2            Whilst the Board reserves decision making with regard to the Five Year Capital Plan and the Annual Capital Plan, the Chief Executive:

- (a) shall ensure that there is an adequate appraisal and approval process in place for determining capital investment priorities and the effect of each proposal on the Board Health Strategy and Annual Plan in accordance with the guidance contained in the Scottish Capital Investment Manual (SCIM);
- (b) is responsible for the management of all stages of capital schemes and for ensuring that schemes are delivered on time and to cost;
- (c) will ensure that capital investment is not undertaken without confirmation of the availability of resources to finance all revenue consequences.

7.1.3            The Chief Executive will also ensure that, for every capital expenditure proposal:

- (a) where required, a business case is prepared setting out an option appraisal of potential benefits compared with known costs to determine the option with the most favourable ratio of benefits to costs in accordance with the guidance contained in the Scottish Capital Investment Manual (SCIM);
- (b) the Director of Finance has certified professionally to the costs and revenue consequences; and
- (c) appropriate project management and control arrangements are set in place.

7.1.4            On approval of a capital investment scheme in accordance with the Scheme of Delegation, the Director of Finance shall issue the following to the manager responsible for the capital investment project:

- (a) specific authority to commit expenditure;
- (b) authority to proceed to tender;
- (c) authority to accept a successful tender.

7.1.5 The Director of Finance shall ensure that procedures are in place for the regular reporting of actual expenditure against authorisation of capital expenditure.

7.1.6 For capital schemes where the contracts stipulate stage payments, the Chief Executive will issue procedures for their management, incorporating the recommendations of the Scottish Capital Investment Manual (SCIM).

7.1.7 The Chief Executive will issue a scheme of delegation for capital investment management which will be in accordance with:

- (a) SCIM guidance;
- (b) Forth Valley NHS Board Standing Orders;
- (c) the schedule of financial limits.

7.1.8 Competitive tendering processes as per Section 8 must be followed with the exception being when the supply is proposed under special arrangements negotiated by the Scottish Government in which event the said special arrangements must be complied with. This is applicable to processes under the auspices of Frameworks Scotland and Hub Company where the formal tendering process has been deemed to have been completed in arriving at the principal supply chain partners.

7.1.9 The Director of Finance will issue procedures governing the financial management of capital investment projects, including variations to contract and valuation for accounting purposes.

## **7.2 PRIVATE FINANCE**

7.2.1 When Forth Valley NHS Board proposes to use finance, which is to be provided other than through NHS Finances (as determined by its Capital Allocation), the following procedures shall apply:

- (a) the Director of Finance shall demonstrate that the use of private finance represents value for money and genuinely transfers risk to the private sector;
- (b) where the sum involved exceeds the limits of approval delegated to the Board, a business case must be prepared, and approved by the Board;
- (c) the Business case must then be referred to the Scottish Government Health and Social Care Directorate for approval.

### **7.3 FIXED ASSET REGISTERS**

7.3.1 The Chief Executive who has overall control of fixed assets will delegate responsibility for ensuring the maintenance of registers of assets and for prescribing the form and content of any register and the method of updating.

7.3.2 The minimum data set to be held within these registers shall be as specified in the NHS Scotland Capital Accounting Manual as issued by the Scottish Government Health and Social Care Directorate

7.3.3 A fixed asset control procedure shall be approved by the Director of Finance. This procedure shall make provision for:

- (a) recording the managerial responsibility for each asset,
- (b) identification of additions and disposals,
- (c) physical security of assets, and
- (d) periodic verification of the existence of, condition of and title to assets.

7.3.4 Additions to the fixed asset register must be clearly identified to an appropriate budget holder and be validated by reference to:

- (a) properly authorised and approved agreements, architect's certificates, supplier's invoices and other documentary evidence in respect of purchases from third parties;
- (b) stores requisitions and wages records for own materials and labour including appropriate overheads;
- (c) lease agreements in respect of assets held under a finance lease and capitalised.

- 7.3.5 The Director of Finance shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.
- 7.3.6 The value of each asset shall be indexed to current values in accordance with the methods specified in the NHS Scotland Capital Accounting Manual as issued by the Scottish Government Health and Social Care Directorate.
- 7.3.7 The value of each asset shall be depreciated using methods and rates as specified in the NHS Scotland Capital Accounting Manual as issued by the Scottish Government Health and Social Care Directorate.
- 7.3.8 The value of each asset shall be indexed to current values in accordance with the methods specified in the Capital Accounting Manual by the Scottish Government Health and Social Care Directorate
- 7.3.9 Registers shall also be maintained by responsible nominated officers and receipts retained for:
- (a) equipment on loan; and
  - (b) all contents of furnished lettings.
- 7.3.10 On the closure of any facility, a check shall be carried out and a responsible officer will certify an inventory of items held pending eventual disposal.
- 7.3.11 The Director of Finance shall approve a procedure for the calculation and payment of capital charges as specified in the NHS Scotland Capital Accounting Manual issued by the Scottish Government Health and Social Care Directorate.

## **7.4 SECURITY OF ASSETS**

- 7.4.1 The Chief Executive is responsible for the overall control of the fixed assets of Forth Valley NHS Board but all staff have a responsibility for the security of property of the Board. It shall be the responsibility of senior staff in all disciplines to apply appropriate routine security practices in relation to NHS

property. Persistent breach of agreed security practices should be reported to the Chief Executive.

- 7.4.2 Wherever practicable, items of equipment shall be indelibly marked as Forth Valley NHS Board property.
- 7.4.3 The Director of Finance shall prepare procedural instructions on the security and checking and disposal of assets (including cash, cheques and negotiable instruments, and also including donated assets). This procedure shall make provision for:
- (a) recording managerial responsibility for each asset;
  - (b) identification of additions and disposals;
  - (c) identification of all repairs and maintenance expenses;
  - (d) physical security of assets;
  - (e) periodic verification of the existence of, condition of, and title to, assets recorded;
  - (f) identification and reporting of all costs associated with the retention of an asset;
  - (g) reporting, recording and safekeeping of cash, cheques and negotiable instruments (see Section 8).
- 7.4.4 Any damage to Forth Valley NHS Board premises, vehicles and equipment, or any loss of equipment, stores or supplies must be reported by directors, heads of department or employees in accordance with the procedure for reporting losses.

## **SECTION 8 PURCHASING OF SUPPLIES AND SERVICES**

### **8.1 DELEGATION OF AUTHORITY**

- 8.1.1 The Forth Valley NHS Board will approve the total level of non-pay expenditure on an annual basis and the Director of Finance will determine the level of delegation to budget holders.
- 8.1.2 The Director of Finance will set out:
- (a) the list of managers who are authorised to approve requisitions for the supply of goods and services;
  - (b) the maximum level of each requisition and the process for authorisation above that level;
  - (c) the procedures to be adopted for the seeking of professional advice regarding the supply of goods and services.
- 8.1.3 All non-pay expenditure will be incurred within the limits of the non-pay budgets delegated to budget holders.
- 8.1.4 Section 21 sets out Standards of Business Conduct, which must be adhered to by members and officers of Forth Valley NHS Board.

### **8.2 SYSTEMS AND PROCEDURES FOR REQUISITIONING, ORDERING AND RECEIVING GOODS AND SERVICES**

- 8.2.1 Supplies and services must be purchased through national contracts including framework agreements in accordance with CEL 05 (2012) where these are available. Only in exceptional circumstances and only with the authority of the Head of Procurement and the Director of Finance shall supplies and services available on contract be ordered outwith national contracts.

All formal contract arrangements must include Information Governance requirements including appropriate patient confidentiality, information security, data protection and Freedom of Information requirements. The Head of Information Governance should be contacted for clarification in terms of use of

standard wording and to resolve any queries that arise. The Caldicott Guardian has overall responsibility for Patient Information security.

Standard wording for inclusion within contracts has been prepared and the Head of Procurement should be contacted to confirm / advise on standard clauses. The Head of Procurement is responsible for compliance with this component of SFIs and ensuring compliance with CEL 05 (2012)

8.2.2 In line with the Procurement Reform (Scotland) Bill competitive tenders for the supply of all goods and services not available to the Board through national or regional contracts will be invited by advertising on the Public Contracts Scotland website unless:

- (a) the estimated value of the contract is (exclusive of VAT):-
- less than £50,000 for building and engineering works;
  - less than £50,000 for other supplies;
  - less than £1,000 for disposals.
- (b) the supply or disposal is for goods or services of a special nature or character in respect of which it is not possible or desirable to obtain competitive tenders;
- (c) in cases of emergency where it is not practicable or where the delay would result in further expense to the NHS Board. Such cases must be reported immediately to the Chief Executive.

8.2.3 Written quotations shall be obtained from firms on approved lists (where possible) where the expenditure will be more than £5,000 but less than £50,000.

8.2.4 Where competitive tenders have been obtained, the lowest shall normally be accepted or, for disposals, the highest. If other than the lowest (highest for disposals) is being recommended, the approval of the Chief Executive or the Director of Finance shall be obtained before acceptance and the reasons entered in the Register of Tenders.

8.2.5 Any Board Member or Officer concerned with a contract who has a pecuniary interest in that contract shall declare his interest in writing to the Chief

Executive who shall maintain a register of all such declarations. The NHS Board Member or Officer concerned must withdraw from the decision making process of the purchasing/contracting arrangements concerning that item. (See Section 20 – Standards of Business Conduct).

8.2.6 The requisitioner, in choosing the item to be supplied (or the service to be performed) shall always obtain the best value for money for Forth Valley NHS Board. In so doing, the advice of Forth Valley NHS Board sourcing adviser on supply shall be sought. Where this advice is not acceptable to the requisitioner, the Director of Finance (and/or the Chief Executive) shall be consulted before any order is placed.

8.2.7 The Director of Finance shall:

- (a) advise the Board regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; and, once approved, the thresholds must be incorporated in Forth Valley NHS Board Standing Financial Instructions and regularly reviewed; and
- (b) prepare procedural instructions on the obtaining of goods, services and works, incorporating the thresholds set by the Board.

8.2.8 No order may be placed for any item or items for which there is no budget provision unless authorisation is provided by the Director of Finance on behalf of the Chief Executive.

8.2.9 All goods, services, or works must be ordered on an official order except works and services executed in accordance with a contract and purchases from petty cash. Suppliers/Contractors shall be notified that they should not accept orders unless on an official form.

8.2.10 Managers must ensure that they comply fully with the guidance and limits specified by the Director of Finance and that:

- (a) all contracts, leases, tenancy agreements and other commitments which may result in a liability are notified to the Director of Finance in advance of any commitment being made;

- (b) contracts above specified thresholds are advertised and awarded in accordance with EC and GATT rules and comply with other such legislation on public procurement;
- (c) where consultancy advice is being obtained, the procurement of such skills must be in accordance with guidance issued by the Scottish Government Health and Social Care Directorate;
- (d) in accordance with Section 21 – Standards of Business Conduct, no order is issued for any item or items to any firm which has made an offer of gifts, reward or benefit to Directors or employees, other than:
  - isolated gifts of a trivial character or inexpensive seasonal gifts, such as calendars;
  - conventional hospitality, such as lunches in the course of working visits;
- (e) verbal orders are only issued in exceptional circumstances, in cases of emergency or urgent necessity, and only by an officer designated by the Chief Executive; these must be confirmed by an official order no later than the next working day, and clearly marked “Confirmation Order”;
- (f) orders are not split or otherwise placed in a manner devised so as to avoid the financial thresholds;
- (g) goods are not taken on trial or loan in circumstances that could commit Forth Valley NHS Board to a future uncompetitive purchase;
- (h) changes to the list of directors/employees authorised to certify invoices are notified to the Head of Financial Services;
- (i) purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Director of Finance;
- (j) petty cash records are maintained in a form as determined by the Director of Finance.

8.2.11 All tenders shall be addressed to the Chief Executive.

8.2.12 Official orders must:

- (a) be consecutively numbered;

- (b) be in a form approved by the Director of Finance;
- (c) include such information concerning prices or costs as may be appropriate;
- (d) incorporate an obligation on the contractor to comply with the conditions printed thereon as regards delivery, carriage, documentation, variations, etc.

8.2.13 The Chief Executive must ensure that Forth Valley NHS Board Standing Orders are compatible with the requirements issued by the Scottish Government Health and Social Care Directorate in respect of building and engineering contracts (PROCEDURE) and land and property transactions (ESTATECODE). The technical audit of these contracts shall be the responsibility of the relevant Director. The Director of Finance shall ensure that the arrangements for financial control and audit of building and engineering contracts and property transactions comply with the guidance contained within these codes.

8.2.14 In accordance with Scottish Procurement Policy Note SPPN 2/2010 any contractor or sub-contractor performing security industry services will be required to be registered with the SIA Approved Contractors Scheme for the category of security service being provided/performed under the contract.

## **SECTION 9 INCOME, FEES AND CHARGES, SECURITY OF CASH AND OTHER NEGOTIABLE INSTRUMENTS**

### **9.1 INCOME SYSTEMS**

- 9.1.1 The Director of Finance shall be responsible for designing and maintaining systems for the proper recording and collection of all monies due, including income due under service agreements for the provision of patient care services. The Director of Finance shall be responsible for establishing reliable systems for financial coding to properly record all transactions.

### **9.2 FEES AND CHARGES**

- 9.2.1 Forth Valley NHS Board shall follow the guidance and advice of the Scottish Government Health and Social Care Directorate in setting prices for Service Agreements.
- 9.2.2 The Director of Finance is responsible for approving and regularly reviewing the level of fees and charges other than those determined by the Scottish Government Health and Social Care Directorate or by Statute.
- 9.2.3 All officers shall inform the Accounting Services Manager of money due to Forth Valley NHS Board arising from transactions which they initiate, including all contracts, leases, tenancy agreements, private patient undertakings and other transactions.

### **9.3 DEBT RECOVERY**

- 9.3.1 The Director of Finance is responsible for taking appropriate recovery action on all outstanding debts.
- 9.3.2 Income not received should be dealt with in accordance with losses procedures.

- 9.3.3 All staff dealing with income transactions are responsible for ensuring that underpayments against sums due are prevented, but where these occur recovery action, as determined by the Director of Finance, should be initiated.
- 9.3.4 The Director of Finance shall establish procedures for the write-off of debts after all reasonable steps have been taken to secure payment.

#### **9.4 SECURITY**

- 9.4.1 All receipt books, tickets, agreement forms or other means of officially acknowledging or recording amounts received or receivable shall be in a form approved by the Director of Finance. Such stationery shall be ordered and controlled by him and subject to the same precautions as are applied to cash.
- 9.4.2 All officers whose duty it is to collect or hold cash shall be provided with a safe or with a lockable cash box, which will normally be deposited in a safe. The officer concerned shall hold only one key and all duplicates shall be lodged with the Board's bankers or other officer authorised by the Director of Finance, and suitable receipts obtained. The loss of any key shall be reported immediately to the Director of Finance. The Director of Finance, on receipt of a satisfactory explanation, shall authorise the release of the duplicate key. The Director of Finance shall arrange for all new safe keys to be dispatched directly to him from the manufacturers. The Director of Finance shall be responsible for maintaining a register of authorised holders of safe keys.
- 9.4.3 All cash, cheques, postal orders and other forms of payment received by an officer other than the cashier shall be entered immediately in an approved form of register. All cheques and postal orders shall be crossed immediately 'Not negotiable - A/C Forth Valley NHS Board'. The remittances shall be passed to the cashier from whom a signature shall be obtained.
- 9.4.4 The opening of coin operated machines (including telephones) and the counting and recording of takings shall be undertaken by two officers together, at frequent intervals, and the coin box keys shall be held by a nominated officer. A reconciliation of monies collected should be carried out where appropriate.

- 9.4.5 The Director of Finance shall prescribe the system for the transporting of cash and un-crossed pre-signed cheques and shall approve, where appropriate, the use of the services of a specialist security firm.
- 9.4.6 Official money shall not, under any circumstances, be used for the encashment of private cheques.
- 9.4.7 All cheques, postal orders, cash etc. shall be promptly banked intact in accordance with Financial Services Operating Procedure Income Collection to the credit of the main receipts account. Disbursements shall not be made from cash received except under arrangements approved by the Director of Finance.
- 9.4.8 The holders of safe keys shall not accept unofficial funds for depositing in their safes.
- 9.4.9 During the absence (e.g. on holiday) of the holder of a safe key or cash box key, the officer who acts in his place shall be subject to the same controls as the normal holder of the key. There shall be written discharge for the safe and/or cash box contents on the transfer of responsibilities and the discharge document must be retained for inspection.
- 9.4.10 All cheques shall be in a form approved by the Director of Finance. All unused cheques and other orders shall be ordered and controlled by him and subject to the same security precautions as are applied to cash. Bulk stocks of cheques shall normally be retained by the Board's Bankers and released by them only against a requisition signed in accordance with instructions issued by the Director of Finance.
- 9.4.11 The use of cheques with a pre-printed signature included shall be subject to such special security precautions as may be required from time-to-time by the Director of Finance.
- 9.4.12 Any loss or shortfall of cash, cheques or other negotiable instruments, however occasioned, shall be reported immediately in accordance with the agreed

procedure for reporting losses. (See Section 11 - Condemnations, Losses and Special Payments).

## **9.5 OTHER**

- 9.5.1 Staff, on appointment, shall be informed in writing by the appropriate departmental or Senior Manager, of their responsibilities and duties for the collection, handling or disbursement of cash, cheques etc.
  
- 9.5.2 Operating Procedure - Cash describes detailed guidance in respect of the handling of cash and cheques.

## **SECTION 10 TERMS OF SERVICE AND PAYMENT OF DIRECTORS AND STAFF**

### **10.1 REMUNERATION AND TERMS OF SERVICE**

- 10.1.1 The Board shall establish a Staff Governance Remuneration Sub-Committee whose composition and remit will be set out in the Forth Valley NHS Board, Corporate Governance- Standing Orders.
- 10.1.2 The Staff Governance Remuneration Sub-Committee will operate within the Terms of Reference described in the Forth Valley NHS Board, Corporate Governance – Standing Orders.
- 10.1.3 The remuneration of the Chairman and Non-Executive Directors will be set in accordance with the instructions issued by the Scottish Ministers.
- 10.1.4 The Committee shall report in writing to the Board the bases for its recommendations. The Board shall use the report as the basis for their decisions, but remain accountable for taking decisions on the remuneration and terms of service of executive directors.

### **10.2 FUNDED ESTABLISHMENT**

- 10.2.1 The establishment plans incorporated within the annual budget will form the funded establishment of the Forth Valley NHS Board.
- 10.2.2 The Director of Finance shall be responsible for designing a system of funded establishment control. The funded establishment of any department may only be varied in accordance with the approved establishment control system.

### **10.3 STAFF APPOINTMENTS**

- 10.3.1 No director or officer may engage, re-engage or re-grade staff, either on a permanent or temporary basis, or hire agency staff, or agree to changes in any aspect of remuneration unless:
- (a) so authorised by the Chief Executive; and

(b) within the limit of the approved budget and funded establishment.

10.3.2 The Board will approve procedures presented by the Chief Executive for the determination of commencing pay rates, conditions of service, etc., for employees.

9.3.3 A certified appointment form and such other documents as may be required shall be sent to the Payroll Services Manager immediately upon the employee commencing duty.

#### **10.4 CONTRACT OF EMPLOYMENT**

10.4.1 Each employee shall be issued with a Contract of Employment by the Director of Human Resources, which shall comply with current employment legislation and be in a form approved by the Board.

10.4.2 The Director of Human Resources shall be responsible for dealing with variations to, or termination of, contracts of employment.

#### **10.5 STAFF CHANGES**

10.5.1 A variation to contract of employment shall be issued in all cases of changes to existing contract.

10.5.2 Confirmation of a change in the status of employment shall be completed and submitted electronically to the Payroll Services Manager.

10.5.3 A termination of employment form and such other documents as he/she may require shall be completed and submitted electronically to the Payroll Services Manager immediately upon the effective date of an employee's resignation, retirement or termination being known. Where an employee fails to report for duty in circumstances which suggest he has left without notice, the Director of Human Resources shall be informed and Payroll Services Manager thereafter.

## **10.6 PAYROLL**

- 10.6.1 All pay records, related electronic records and their notification shall be in a form approved by the Director of Finance and shall be certified and submitted in accordance with their instructions.
- 10.6.2 The Director of Finance shall be responsible for the final determination of any pay including the verification that the rate of pay and relevant conditions of service are in accordance with current agreements, the proper compilation of the payroll and for payments made.
- 10.6.3 The Director of Finance shall determine the dates on which the payment of salaries and wages are to be made, having regard to the general rule that it is undesirable to make payments in advance.
- 10.6.4 All employees shall be paid monthly (by bank electronic transfer) (BACS) unless otherwise agreed by the Director of Finance.
- 10.6.5 It is the duty of each member of staff to report, immediately in the first instance, to the Payroll Services Manager, any irregular payment which has been made from funds for payroll purposes.

## **10.7 TRAVEL AND OTHER STAFF EXPENSES**

- 10.7.1 All claims for payment of car allowances, subsistence, removal and disturbance allowances, travelling and incidental expenses shall be submitted in a form approved by the Director of Finance.
- 10.7.2 The Director of Finance shall reimburse all expenses claimed by employees of the Board or outside parties in line with the relevant Whitley Council regulations. Arrangements for the certification of such claims by the appropriate Head of Department shall be subject to the approval of the Director of Finance
- 10.7.3 The Director of Finance shall ensure that Inland Revenue regulations with regard to travel and other staff expenses are complied with.

## **SECTION 11            PAYMENTS FOR ACCOUNTS AND CLAIMS**

### **11.1    RESPONSIBILITIES FOR NOTIFYING AND MAKING PAYMENTS**

- 11.1.1            All employees must comply with the approved scheme of delegation contained in the Board's Standing Orders when initiating all non-pay transactions
- 11.1.2            The Director of Finance shall be responsible for the prompt payment of all properly authorised accounts and claims. Payment of contract invoices shall be undertaken promptly in accordance with contract terms, or otherwise, in accordance with national guidance.
- 11.1.3            All Directors, officers and agents shall inform the Director of Finance promptly of all monies payable by Forth Valley NHS Board arising from transactions which they initiate, including contracts, leases, tenancy agreements and other transactions.
- 11.1.4            Family Health Service Payments and Administration has been delegated to NSS under a Partnership Agreement. NSS will act as agents of the Board in accordance with the Partnership Agreement.

### **11.2    SYSTEMS AND PROCEDURES FOR MAKING PAYMENTS**

- 11.2.1            The Director of Finance shall be responsible for designing and maintaining a system for the verification, recording and payment of all amounts payable by Forth Valley NHS Board. The system shall provide for:
- (a)            a list of officers authorised to certify invoices, together with specimens of their signatures;
- (b)            certification that:
- where contracts are based on measurement of time, materials or expenses, that each are in accordance with the appropriate independent certified measures;
  - where appropriate, the expenditure is in accordance with regulations and all necessary authorisations have been obtained;

- the account is arithmetically correct;
  - the account is in order for payment;
- (c) a timetable and system for submission to the Director of Finance of accounts for payment; provision shall be made for the early submission of accounts where cash discounts can be obtained or for those accounts which otherwise require early payment;
- (d) instructions to employees regarding the handling and payment of accounts within Financial Services;
- (e) a process which ensures that payment for goods and services is only made once the goods and services have been received by Forth Valley NHS Board (except as allowed for below).

11.2.2 In the case of contracts for building or engineering works, which require payment to be made on account during progress of the works, the Director of Finance shall make payment on receipt of a certificate from the appropriate technical consultant. Without prejudice to the responsibility of any consultant or works officer appointed to a particular building or engineering contract, a contractor's account shall be subject to such financial examination by the Director of Finance and such general examination by a works officer as may be considered necessary, before the person responsible to Forth Valley NHS Board for the contract, issues the final certificate.

11.2.3 Where a contract is based on the measurement of time, materials or expenses, the checks to be carried out must provide confirmation that:

- (a) the time charged is in accordance with the time sheets;
- (b) the rates of labour are in accordance with the appropriate rates;
- (c) the materials have been checked as regards quantity, quality, and price;
- (d) the charges for the use of vehicles, plant and machinery have been examined.

11.2.4 Where an officer certifying accounts or claims relies upon other officers to do preliminary checking, he shall, wherever possible, ensure that those who check delivery or execution of work act independently of those who have placed orders and negotiated prices and terms.

### **11.3 OTHER**

- 11.3.1 All employees must comply with the terms of NHS Circular MEL (1994) 48 which specifies Standards of Business Conduct for NHS Staff. Any query on the application of the standards must be raised with the Head of Corporate Services.

## **SECTION 12 CONDEMNATIONS, LOSSES AND SPECIAL PAYMENTS**

### **12.1 FRAUD POLICY AND RESPONSE PLAN**

12.1.1 The Director of Finance shall prepare a Fraud Policy and Response Plan, which shall be approved by the Board.

### **12.2 DISPOSALS AND CONDEMNATIONS**

12.2.1 The Director of Finance shall prepare detailed procedures for the disposal of assets including condemnations, and ensure that these are notified to managers.

12.2.2 When it is decided to dispose of an 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.

12.2.3 All unserviceable articles shall be:

- (a) condemned or otherwise disposed of by an employee authorised for that purpose by the Director of Finance;
- (b) 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.

12.2.4 The condemning officer shall satisfy himself as to whether or not there is evidence of negligence in use and shall report such evidence to the Director of Finance who will take the appropriate action.

### **12.3 LOSSES AND SPECIAL PAYMENTS**

12.3.1 The Director of Finance shall prepare procedural instructions on the recording of and accounting for losses and special payments.

- 12.3.2 Any officer discovering or suspecting a loss of any kind shall forthwith inform his Head of Department, who shall immediately inform the Chief Executive and Director of Finance.
- 12.3.3 Where a criminal offence is suspected, the Board's Fraud Policy and Response Plan will be implemented.
- 12.3.4 The Director of Finance shall notify the Scottish Government Health and Social Care Directorate of all frauds in accordance with Board Manual of Accounts (SFR 18).
- 12.3.5 For losses apparently caused by theft, fraud, arson, neglect of duty or gross carelessness, except if trivial and where fraud is not suspected, the Director of Finance shall immediately notify:
- (a) the Forth Valley NHS Board, and
  - (b) the Statutory Auditor
- 12.3.6 For all Family Health Service reported instances of fraud and other cases as may be determined by Scottish Government Health and Social Care Directorate, the Board will refer these matters to the NHS in Scotland Counter Fraud Service in accordance with guidance received from Scottish Government Health and Social Care Directorate.

#### **12.4 WRITING OFF OF LOSSES**

- 12.4.1 The Director of Finance shall maintain a losses and compensation register in which details of all losses shall be recorded, as they are known. Write-off action shall be recorded against each entry in the register.
- 12.4.2 The Chief Executive and Director of Finance acting jointly will approve the writing off of losses within the delegated limits to the Board. The Director of Finance will make recommendations to the Board for the writing off of losses

and compensation, which exceed the delegated limits of Forth Valley NHS Board.

- 12.4.3 The Director of Finance shall be authorised to take any necessary steps to safeguard Forth Valley NHS Board interest in bankruptcies and company liquidations.
- 12.4.4 No special payments exceeding the delegated limits determined by the Board shall be made without the prior approval of the Director of Finance.
- 12.4.5 Losses are classified in accordance with SFR 18.1 “Details of Losses and Special Payments” issued by the Scottish Government Health and Social Care Directorate in the NHS Boards Accounts Manual for Accounts.
- 12.4.6 In accordance with the Scheme of Delegation, the Chief Executive may, acting together with the Director of Finance, approve the writing –off of losses within the limits delegated to the Board by the Scottish Government Health and Social Care Directorate.
- 12.4.7 The delegated limits of authority for each type of loss are contained in the Scheme of Delegation shown in the Forth Valley NHS Board Corporate Governance: Standing Orders (June 2012)

## **SECTION 13 ENDOWMENTS AND TRUST FUNDS (NON-EXCHEQUER FUNDS)**

### **13.1 INTRODUCTION**

- 13.1.1 Endowment and Trust Funds are those gifts, donations and endowments made under the relevant charities legislation and held on trust for purposes relating to the National Health Service, the objects of which are for the benefit of the National Health Service in Scotland. They are administered by the Board acting as trustees or by Special Trustees appointed by the Scottish Ministers or by other persons under a trust. An Endowments Committee will be responsible for the management of Forth Valley NHS Board Endowment and Trust Funds.
- 13.1.2 The discharge of the Board's corporate trustee responsibilities are distinct from its responsibilities for exchequer funds and may not necessarily be discharged in the same manner, but there must still be adherence to the overriding general principles of financial regularity, prudence and propriety.
- 13.1.3 These Standing Financial Instructions shall apply equally to Non-Exchequer Funds as to other funds except that expenditure from Non-Exchequer Funds shall be restricted to the purpose(s) of the appropriate Fund.
- 13.1.4 The Director of Finance shall maintain such accounts and records as may be necessary to record and protect all transactions and funds of Forth Valley NHS Board as trustees of non-exchequer funds, including an Investments Register.
- 13.1.5 All share and stock certificates and property deeds shall be deposited either with Forth Valley NHS Board Bankers or Investment Advisers, or in a safe, or a compartment within a safe, to which only a designated responsible officer will have access.
- 13.1.6 The Director of Finance shall prepare detailed procedural instructions concerning the receiving, recording, investment and accounting for endowment funds.

- 13.1.7 The Director of Finance shall be required to advise the Board on the financial implications of any proposal for fund raising activities, which Forth Valley NHS Board may initiate, sponsor or approve.
- 13.1.8 The Director of Finance shall be kept informed of all enquiries regarding legacies and shall keep an appropriate record. After the death of a testator all correspondence concerning a legacy shall be dealt with on behalf of Forth Valley NHS Board by the Director of Finance who alone shall be empowered to give an executor a good discharge.
- 13.1.9 Endowment and Trust Funds shall be invested by the Director of Finance in accordance with Forth Valley NHS Board policy and subject to statutory requirements. The Director of Finance shall have authority to obtain professional advice on investments.
- 13.1.10 Where it becomes necessary for Forth Valley NHS Board to obtain Grant of Probate, or to make application for grant of letters of administration, in order to obtain a legacy due to Forth Valley NHS Board under the terms of a Will, the Director of Finance shall be Forth Valley NHS Board nominee for the purpose.

## **SECTION 14 INFORMATION**

### **14.1 RESPONSIBILITIES**

- 14.1.1 The Chief Executive shall be responsible for ensuring the maintenance of archives for all documents required to be retained under the direction contained in CEL (31)2010 and the requirements of the Freedom of Information Act 2002 which is effective from 1st January 2005.
- 14.1.2 The documents held in archives shall be capable of retrieval by authorised persons.
- 14.1.3 Documents held shall only be destroyed at the express instigation of the Chief Executive.
- 14.1.4 The Director of Finance shall be primarily responsible for the accuracy and security of the computerised financial data of Forth Valley NHS Board.
- 14.1.5 The Director of Finance shall ensure that an updated Information Work Plan is prepared annually with associated information systems and technology plans as required by NHS Circular MEL (1994) 64.

### **14.2 FINANCIAL SYSTEMS MANAGEMENT**

- 14.2.1 The Director of Finance shall:
- (a) devise and implement any necessary procedures to ensure adequate (reasonable) protection of Forth Valley NHS Board and individuals from inappropriate use or misuses of any financial and other information held on computer files, for which he is responsible after taking account of the Data Protection Act 1998, the Computer Misuse Act 1990 and the Freedom of Information Act 2002;

- (b) ensure that adequate data controls exist over data entry, processing, storage, transmission and output to ensure security, privacy, accuracy, completeness and timeliness of the data, as well as the efficient and effective operation of the system, including the use of any external agency arrangement;
- (c) ensure that adequate controls exist such that the computer operation is separated from development, maintenance and amendment;
- (d) ensure that an adequate management (audit) trail exists through the computerised system and that such computer audit reviews as he/she may consider necessary are being carried out.
- (e) Ensure that contingency planning is undertaken and that adequate contingency arrangements are in place.

14.2.2 The Director of Finance shall satisfy themselves that new financial systems and amendments to current financial systems are developed in a controlled manner and thoroughly tested prior to implementation. Where this is undertaken by another organisation, assurances of adequacy will be obtained from them prior to implementation.

14.2.3 Where computer systems have an impact on corporate financial systems the Director of Finance shall satisfy themselves that:

- (a) systems acquisition, development and maintenance are in line with corporate policies such as an Information Technology Strategy;
- (b) data produced for use with financial systems is adequate, accurate, complete, timely and in a form determined by the Director of Finance, and that a management (audit) trail exists;
- (c) finance staff have access to such data;
- (d) such computer audit reviews as are considered necessary are being carried out.

## **SECTION 15 INTERNAL AND EXTERNAL AUDIT**

### **15.1 AUDIT COMMITTEE**

15.1.1 In accordance with Standing Orders (and as set out in guidance issued by the Scottish Government Health and Social Care Directorate), the Board shall establish an Audit Committee which will provide an independent and objective view of when considering the following;

- (a) Internal control and corporate governance;
- (b) Internal Audit including the approval of the Strategic Audit Plan;
- (c) External Audit;
- (d) Standing Orders and Standing Financial Instructions;
- (e) Accounting Policies;
- (f) Annual Accounts (including the schedule of losses and compensations);
- (g) Risk Management

15.1.2 Where the Audit Committee consider 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. Exceptionally, the matter may need to be referred to the Scottish Government Health and Social Care Directorate.

15.1.3 It is the responsibility of the Director of Finance to ensure an adequate internal audit service is provided to Forth Valley Health Board and that this is reviewed regularly by the Audit Committee. The Audit Committee should be consulted on any decision to change the internal audit service provider and shall participate in the selection process for any new service provider.

### **15.2 DIRECTOR OF FINANCE**

15.2.1 The Director of Finance shall be responsible for ensuring that internal audit is adequate for the needs of Forth Valley Health Board and meets the NHS mandatory audit standards. The Director of Finance will ensure that there are arrangements to measure, evaluate and report on the effectiveness of internal

control and efficient use of resources by the establishment of an adequate internal audit function headed by a Chief Internal Auditor of sufficient status.

- 15.2.2 It shall be the responsibility of the Director of Finance to review, appraise, and to report to management upon the adequacy of follow-up action to Audit Reports in accordance with the policy approved by the Audit Committee, which shall be reviewed at least biennially.
- 15.2.3 The Director of Finance shall ensure that an annual internal audit report is prepared by the Chief Internal Auditor and presented to the Audit Committee, in accordance with its timetable which contains:
- (a) a clear statement on the adequacy and effectiveness of internal control
  - (b) details of major internal control weaknesses discovered;
  - (c) a summary of progress against plan in the previous year;
  - (d) quality measures as defined within the service specification
- 15.2.4 The Director of Finance shall be notified immediately whenever any matter arises which involves, or is thought to involve, irregularities involving cash, stores, other property of Forth Valley Health Board, or any suspected irregularity in the exercise of any function of a financial nature and shall inform the Chief Internal Audit. The Director of Finance shall comply with the requirements of the Scottish Government Health and Social Care Directorate and of the Board's Fraud Policy in the resolution of these matters.

### **15.3 INTERNAL AUDIT**

- 15.3.1 The Chief Internal Auditor shall be responsible directly to the Director of Finance for the provision of a professional and comprehensive Internal Audit Service to Forth Valley Health Board. In carrying out this responsibility the Chief Internal Auditor shall normally attend the meetings of the Audit Committee and will have the right of direct access to the Chief Executive, the Chairperson or other members of the Audit Committee.

- 15.3.2 The objectives and scope of Internal Audit are set out in the Government Internal Audit Standards (GIAS). Internal Audit will review, appraise and report upon:
- (a) the extent of compliance with, and the financial effect of, relevant established policies, plans and procedures;
  - (b) the adequacy and application of financial and other related management controls;
  - (c) the suitability of financial and other related management data;
  - (d) the extent to which Forth Valley Health Board assets and interests are accounted for and safeguarded from loss of any kind, arising from:
    - fraud and other offences
    - waste, extravagance or inefficient administration
    - poor value for money
    - other causes.
- 15.3.3 The Chief Internal Auditor shall be 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 he shall have a duty to safeguard the confidentiality);
  - (b) access to any land, premises or employee of the board;
  - (c) the production or identification by any employee of any Board cash, stores or other property under the employee's control;
  - (d) explanations concerning any matter under investigation or review.
- 15.3.4 Where a matter arises which involves, or is thought to involve, irregularities concerning cash, stores or other property of the Board, or any suspected irregularity in the function of a pecuniary nature, officers shall act in accordance with the provisions of Section 11, the Board's Fraud Policy and the requirements of the Scottish Government Health and Social Care Directorate.

15.3.5 The Chief Internal Auditor shall report in accordance with the reporting protocol approved by the Audit Committee which shall be reviewed at least biennially.

15.3.6 Counter Fraud Service (CFS) staff acting on the Director of Finance's behalf may require and receive access to:

- All records, documents and correspondence relating to transactions relevant to an investigation
- At all reasonable times to any premises or land of NHS Forth Valley

#### **15.4 EXTERNAL AUDIT**

15.4.1 The External Auditors for Forth Valley Health Board are appointed by the Auditor General for Scotland.

14.4.2 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.

15.4.3 The appointed External Auditor has a general duty to satisfy himself that:

- (a) The Board's accounts have been properly prepared in accordance with the directions given under the Public Finance and Accountability (Scotland) Act 2000;
- (b) Proper accounting practices have been observed in the preparation of the accounts;
- (c) The Board has made proper arrangements for securing economy, efficiency and effectiveness in the use of its resources

15.4.4 Additionally, Audit Scotland's Code of Audit Practice which covers the conduct of the audit, requires the appointed External Auditor to consider whether the statement of accounts represents a true and fair view of the financial position of the Board.

- 15.4.5 The External Auditor is required to provide an Audit Certificate and opinion to Forth Valley Health Board, Scottish Ministers and Audit Scotland. He is also required to submit a final report to members of Forth Valley Health Board, which summarises significant matters arising during the statutory audit. The auditor will also normally issue management letters to the Chief Executive and the Director of Finance highlighting any significant matters during the course of the audit.
- 15.4.6 The appointed External Auditor has special duties to report directly to the Auditor General should he have reason to believe that a Board decision would involve unlawful expenditure or would be unlawful and cause a loss or deficiency.

## **SECTION 16 ANNUAL ACCOUNTS AND REPORTS**

### **16.1 GENERAL**

- 16.1.1 Forth Valley NHS Board is required under the terms of Section 86(3) of the National Health Service (Scotland) Act 1978 to prepare and transmit Annual Accounts to Scottish Ministers
- 16.1.2 The Director of Finance, on behalf of the Forth Valley NHS Board, shall prepare, certify and submit annual accounts to the Chief Executive in such a form as directed by the Scottish Ministers and in accordance with the guidance and timetable laid down by the Scottish Government Health and Social Care Directorate.
- 16.1.3 The Board's Annual Accounts must be independently audited by an auditor appointed by the Auditor General for Scotland under the terms and provisions of the Public Finance and Accountability (Scotland) Act 2000.
- 16.1.4 On receipt of the audited Annual Accounts and the associated Management Letter, the Director of Finance shall:
- (a) present the proposed management response to the Audit Committee; and
  - (b) ensure that the accounts are submitted by the 30th June each year to the Scottish Executive to be laid before Parliament before being published.
- 16.1.5 The Director of Finance shall prepare and submit annually a financial report to the Board detailing the overall performance for the preceding financial year.
- 16.1.6 The Board shall produce an Annual Report in accordance with the Guidelines issued on 15 October 2007. The document will comply with the NHS Boards Manual for Accounts and be submitted to the Scottish Government Health and Social Care Directorate.

## **SECTION 17 STORES AND RECEIPT OF GOODS**

### **17.1 GENERAL RESPONSIBILITIES**

- 17.1.1 The Chief Executive shall delegate to an officer of Forth Valley NHS Board the responsibility for the overall control of stores.
- 17.1.2 The Director of Finance shall be responsible for design and implementation of the systems of control.
- 17.1.3 The day to day management of stores 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.

### **17.2 SECURITY ARRANGEMENTS**

- 17.2.1 The responsibility for security arrangements and the custody of keys for all stores locations shall be clearly defined in writing by an officer delegated by the Chief Executive and agreed with the Director of Finance.

### **17.3 SYSTEMS AND STORES CONTROL**

- 17.3.1 All stores records shall be in such form and shall comply with such system of control as the Director of Finance shall approve.
- 17.3.2 The Director of Finance shall set out procedures and systems to regulate stores transactions including records for receipt of goods from store and returns to store.
- 17.3.3 Wherever practicable stocks shall be marked as health service property.
- 17.3.4 Controlled stores and department stores established for immediate use should be:

- (a) maintained at the minimum practicable store levels related to operational requirements;
- (b) subject to annual stock take;
- (c) valued at the lower of cost or net realisable value.

17.3.5 The nominated manager/pharmaceutical officer shall be responsible for a system, approved by the Director of Finance, for a review of slow moving and obsolete items and for the condemnation, disposal and replacement of unserviceable articles. The designated officer shall report to the Director of Finance any evidence of significant overstocking and of any negligence or malpractice (See Section 11). Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods.

17.3.6 Stock levels should be kept to a minimum consistent with operational efficiency.

17.3.7 Stocktaking arrangements shall be agreed with the Director of Finance and there shall be a physical check covering all items of stores at least once a year. However, depending on the value and marketability of some items, a system of perpetual inventory checking may be applied.

17.3.8 Those stores designated by the Director of Finance as comprising more than 7 days of normal use should be:

- (a) subjected to annual or continuous stock-take; and
- (b) valued at the lower of cost and net realisable value

## **SECTION 18 PATIENTS' PROPERTY**

### **18.1 GENERAL**

- 18.1.1 The Forth Valley NHS Board has a responsibility under the Adults With Incapacity (Scotland) Act 2000 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.
- 18.1.2 The Chief Executive shall be responsible for informing patients or their guardians, as appropriate, before or at admission that the Board will not accept responsibility or liability for patient’s property brought into health service premises, unless it is handed in for safe custody and a copy of an official patient’s property record is obtained as a receipt.
- 18.1.3 The Director of Finance shall provide detailed written instructions for the receipt, custody, recording, safekeeping, and disposal of patient’s property (including instructions on the disposal of the property of deceased patients and patients transferred to other premises) for all staff who have responsibility for the property of patients. The Director of Finance will also have procedures in place to deal with the loss of patients' property.
- 18.1.4 Where Scottish Government Health and Social Care Directorate instructions require the opening of separate accounts for patients' monies, these shall be opened and operated under arrangements agreed by the Director of Finance.
- 18.1.5 In all cases where property of a deceased patient is of a total value in excess of £5,000 (or such other amount as may be prescribed by any amendment to the Administration of Estates, Small Payments, Act 1965). The production of Probate or Letters of Administration shall be required before any of the property is released. Where the total value of property is £5,000 or less, forms of indemnity shall be obtained.

- 18.1.6 Staff should be informed, on appointment, by the appropriate departmental or senior manager of their responsibilities and duties for the administration of the property of patients.
- 18.1.7 Where patients' property or income is received for specific purposes and held for safekeeping, the property of income shall be used only for that purpose, unless any variation is approved by the donor or patient in writing.
- 18.1.8 The Director of Finance shall prepare an abstract of receipts and payments of patients' private funds in the form laid down in the Board Manual for Accounts. This abstract shall be audited independently and presented to the Audit Committee annually, with the auditor in attendance at the meeting.

## **SECTION 19 RISK MANAGEMENT**

### **19.1 GENERAL**

- 19.1.1 The Chief Executive shall ensure that Forth Valley NHS Board has a programme of risk management, which will be approved and monitored by the Forth Valley NHS Board.
- 19.1.2 The programme of risk management shall include, inter alia:
- a) a process for identifying and quantifying risks and potential liabilities and addressing CNORIS;
  - b) engendering among all levels of staff a positive attitude towards the control of risk;
  - c) management processes to ensure that all significant risks and potential liabilities are addressed, including effective systems of internal control and decisions on the acceptable level of retained risk;
  - d) contingency plans to offset the impact of adverse events;
  - e) audit arrangements including external and internal audit, clinical audit, health and safety review;
  - f) arrangements to review the risk management programme.
  - g) development of a financial risk management strategy to cope with possible in-year variations to the initially set budgets.
- 19.1.3 The existence, integration and evaluation of the above elements will provide a basis for the Audit Committee to make a statement on the effectiveness of internal control and corporate governance to Forth Valley NHS Board.

## SECTION 20 PRIMARY CARE CONTRACTORS

### 20.1 GENERAL

- 20.1.1 In line with Scottish Executive arrangements, the Practitioner Services Division (PSD) of the National Services Scotland (NSS) is the payment agency for all Family Health Service (FHS) contractor payments:
- (a) General Practitioners
  - (b) Dentists
  - (c) Community Pharmacists
  - (d) Optometrists
- 20.1.2 The Director of Finance shall conclude a “Partnership Agreement” with the PSD covering validation, payment, monitoring and reporting and the provision of an audit service by the NSS service auditors. The agreement will be signed off by the Chief Executive of NHS Forth Valley.
- 20.1.3 The relevant Committee will approve additions to, and deletions from, approved lists of contractors, taking into account the health needs of the local population, and the access to existing services. All applications and resignations received will be dealt with equitably, within any time limits laid down in the contractors’ NHS terms and conditions of service.
- 20.1.4 The Director of Finance will:
- (a) ensure that lists of all contractors are maintained and kept up to date; and
  - (b) ensure that systems are in place to deal with applications, resignations, inspection of premises, etc., within the appropriate contractor’s terms and conditions of service.
- 20.1.5 The Director of Finance shall ensure that NSS systems are in place to provide assurance that:

- (a) only contractors who are included on the Board's approved lists receive payments;
- (b) all valid contractors' claims are paid correctly, and are supported by the appropriate documentation and authorisations;
- (c) all payments to third parties are notified to the General Practice Independent Contractors on whose behalf payments are made;
- (d) ensure that regular independent post payment verification of claims is undertaken to confirm that:
  - rules have been correctly and consistently applied;
  - overpayments are prevented wherever possible; if, however, overpayments are detected, recovery measures are initiated;
  - fraud is detected and instances of actual and potential fraud are followed up.
- (e) exceptionally high/low payments are brought to his/her attention;
- (f) payments made via the NSS are reported to NHS Forth Valley;
- (g) payments made on behalf of the Board by the NSS are pre-authorised;
- (h) payments made by the NSS are reconciled with the cash draw-down reported by the Scottish Executive to Health Boards.

20.1.6 The Director of Finance shall prepare operating procedures to cover all payments made by the NSS (both payments made directly or payments made on behalf of the Board).

20.1.7 Payments made to all Primary Care independent contractors and community pharmacists shall comply with their appropriate contractor regulations.

## **SECTION 21 STANDARDS OF BUSINESS CONDUCT**

Detailed information is available in the NHS Forth Valley Policy on Standards of Business Conduct.

MEL (1994) 80 also provides details of the principles for standards of conduct and accountability in situations when there is potential conflict between the private interests of NHS staff and their duties.

### **21.1 GENERAL RESPONSIBILITY**

21.1.1 It will be the responsibility of the Chief Executive to:

- (a) ensure that Scottish Government Health and Social Care Directorate guidelines on standards of business conduct for NHS staff (MEL (1994) 48) are brought to the attention of all staff, and are effectively implemented;
- (b) develop local conflict of interest policies and the machinery to implement them, in consultation with staff and local staff representatives; and
- (c) ensure that such policies and procedures are kept up-to-date.
- (d) ensure that a full operational policy on the Standards of Business Conduct is developed and communicated to staff.

21.1.2 The business of the Board will be conducted in accordance with the Ethical Standards in Public Life etc (Scotland) Act 2002. All members of staff have a duty to maintain strict ethical standards in the conduct of their business as an employee of Forth Valley NHS Board.

21.1.3 It is the responsibility of all staff when acting on NHS Forth Valley's behalf to :

- conduct the business of the organisation professionally, with honesty, integrity, free from bribery and maintain the organisations reputation
- if staff are in any doubt as to what they can or cannot do they must seek advice from their line manager or from the Corporate Services Department.

Breaches may lead to disciplinary action or to dismissal.

#### **21.1.4 BRIBERY ACT 2010**

The Bribery Act 2010 is one of the strictest pieces of legislation on bribery and makes it a criminal offence for any individual (employee, contractor, agent) associated with NHS Forth Valley to give, promise or offer a bribe or to request, agree to receive or accept a bribe (section 1,2 and 6 offences). This can be punishable for an individual by imprisonment of up to 10 years.

In addition, the Act introduces a corporate offence (section 7 offence) which means that NHS Forth Valley can be exposed to criminal liability, punishable by an unlimited fine if it fails to prevent bribery by not having adequate preventative procedures in place that are robust, up-to-date and effective. The corporate offence is not a standalone offence and would follow a bribery/corruption offence committed by an individual associated with NHS Forth Valley in the course of their work.

If a bribery offence is proved to have been committed by an outside body corporate with the consent or connivance of a Director or Senior Officer of NHS Forth Valley, under the Act the Director or Senior Officer would be guilty of an offence (Section 14 offences) as well as the body corporate which paid the bribe.

Whilst the exact definition of bribery and corruption is a statutory matter the following working definitions are given

- Bribery is an inducement or reward offered, promised or provided in order to gain any commercial, contractual, regulatory or personal advantage.
- Broadly, the Act defines bribery as giving or receiving a financial or other advantage in connection with the improper performance of a position of trust, or a function that is expected to be performed impartially or in good faith.
- Bribery does not have to involve cash or an actual payment exchanging hands and can take many forms such as a gift, lavish treatment during a business trip or tickets to an event
- Corruption relates to a lack of integrity or honesty including the use of trust for dishonest gain. It can broadly be defined as the offering or acceptance of inducements, gifts, favours, payments or benefits in kind which may influence the action of any person. Corruption does not always result in a loss. The corrupt person may not benefit directly however they may be unreasonably using their position to give some advantage to another.

## **21.2 GIFTS, HOSPITALITY AND INDUCEMENTS**

21.2.1 The policy on the Standards of Business Conduct applies to all members of staff at all times.

21.2.2 Officers of Forth Valley NHS Board should not accept business gifts, but articles of a low intrinsic value such as chocolates, biscuits, business diaries or calendars, need not necessarily be refused. No gifts of alcohol should be accepted.

- 21.2.2 Care should be taken when accepting hospitality. All hospitality offered, such as lunches and dinners, corporate hospitality events, etc should be reported to the officer's superior before acceptance.
- 21.2.3 Any inducements offered should be reported to the officer's superior.
- 21.2.4 Visits at suppliers' expense to inspect equipment etc should not be undertaken without the prior approval of the Chief Executive and in the case of the Chief Executive by the prior approval of the Chairperson.
- 21.2.5 A register to record gifts reported by staff will be maintained and it is the responsibility of the recipients of such gifts to report all such items received to the Corporate Services Department for recording. The form 'Declaration of Staff interests and Gifts/Hospitality' (Annex 2 of the Policy on Standards of Business Conduct' should be used for this purpose. This register will be published on the NHS Forth Valley website.

### **21.3 ACQUISITION OF GOODS AND SERVICES**

- 21.3.1 If officers are involved in the acquisition of goods and services they should adhere to the ethical code of the Institute of Purchasing and Supply.
- 21.3.2 Officers should ensure that acceptance of commercial sponsorship will not influence or jeopardise purchasing decisions.

### **21.4 DECLARATION OF INTERESTS**

- 21.4.1 To avoid conflicts of interest and to maintain openness and accountability all directors, members of staff and non-executive board members have a responsibility to promptly declare relevant interests and any changes to those interests that may arise from time to time.

Employees are required to register all interests that may have any relevance to their duties / responsibilities. These include any financial interest in a business or any other activity or pursuit that may compete for an NHS contract to supply either goods or services to the NHS or in any other way that could be perceived to conflict with the interests of NHS Forth Valley. The test to be applied when considering appropriateness of registration of an interest is to ask whether a

member of the public acting reasonably might consider the interest could potentially affect the individual's responsibilities to the organisation and/or influence their actions. If in doubt the individual should register the interest or seek further guidance from the Corporate Services Department.

Interests that it may be appropriate to register include :-

- (i) Other employment including self employment
- (ii) Directorships including Non Executive Directorships held in private companies or public limited companies whether remunerated or not
- (iii) Ownership of, or an interest in private companies, partnerships, businesses or consultancies
- (iv) Shareholdings in organisations likely or possibly seeking to do business with the NHS (the value of shareholdings need not be declared)
- (v) Ownership of or an interest in land or buildings which may be significant to, of relevance to, or bear upon the work of NHS Forth Valley
- (vi) Any position of authority held in another public body, trade union, charity or voluntary body
- (vii) Any connection with a voluntary or other body contracting for NHS services
- (viii) Any involvement in joint working arrangements with Clinical or other Suppliers

This list is not exhaustive and should not preclude the registration of other forms of interest where these may give rise to a potential conflict of interest upon the work of NHS Forth Valley. Any interests of spouses, partner or civil partner, close relative or associate or persons living with the individual as part of a family unit will also require registration if a conflict of interest exists.

21.4.2 Forth Valley NHS Board will maintain a Register of Interests and make this available for inspection by members of the public.

## **SECTION 22 SUSPECTED THEFT, FRAUD & OTHER FINANCIAL IRREGULARITIES**

### **22.1. INTRODUCTION**

22.1.1 The following procedures should be followed, as a minimum, in cases of suspected theft, fraud, embezzlement, corruption or other financial irregularities to comply with the Counter Fraud Service Strategy (CEL (2008) 3) and protocols. This procedure also applies to any non-public funds.

### **22.2 THEFT, FRAUD, EMBEZZLEMENT, CORRUPTION AND OTHER FINANCIAL IRREGULARITIES**

22.2.1 The Chief Executive has the responsibility to designate an officer within the Board with specific responsibility for co-ordinating action where there are reasonable grounds for believing that an item of property, including cash has been stolen.

22.2.2 It is the designated officer's responsibility to inform as he deems appropriate the police, the Counter Fraud Services (CFS), the appropriate director, the Appointed Auditor, and the Chief Internal Auditor where such an occurrence is suspected.

22.2.3 Where any officer of the Board has grounds to suspect that any of the above fraud related activities has occurred, his or her local manager should be notified without delay. Local managers should in turn immediately notify the Board's Director of Finance, who should ensure consultation with the CFS, normally by the Chief Internal Auditor. It is essential that preliminary enquiries are carried out in strict confidence and with as much speed as possible.

22.2.4 If, in exceptional circumstances, the Director of Finance and the Chief Internal Auditor are unavailable the local manager will report the circumstances to the Chief Executive who will be responsible for informing the CFS. As soon as possible thereafter the Director of Finance should be advised of the situation.

22.2.5 Where preliminary investigations suggest that prima facie grounds exist for believing that a criminal offence has been committed, the CFS will undertake

the investigation, on behalf of, and in co-operation with, the Board. At all stages the Director of Finance and the Chief Internal Auditor will be kept informed of developments on such cases. All referrals to the CFS must also be copied to the Appointed Auditor.

### **22.3 REMEDIAL ACTION**

- 22.3.1 As with all categories of loss, once the circumstances of a case are known the Director of Finance will require to take immediate steps to ensure that so far as possible these do not recur. However, no such action will be taken if it would prove prejudicial to the effective prosecution of the case. It will be necessary to identify any defects in the control systems, which may have enabled the initial loss to occur, and to decide on any measures to prevent recurrence.

### **22.4 REPORTING TO THE SCOTTISH GOVERNMENT HEALTH AND SOCIAL CARE DIRECTORATE**

- 22.4.1 While normally there is no requirement to report individual cases to the Scottish Government Health and Social Care Directorate (SEHD) there may be occasions where the nature or scale of the alleged offence or the position of the person or persons involved, could give rise to national or local controversy and publicity. Moreover, there may be cases where the alleged fraud appears to have been of a particularly ingenious nature or where it concerns an organisation with which other health sector bodies may also have dealings. In all such cases the SEHD must be notified of the main circumstances of the case at the same time as an approach is made to the CFS.
- 22.4.2 The Director of Finance shall ensure submission of quarterly monitoring forms to Counter Fraud Services as set out in CEL 44 (2008).

### **22.5 RESPONSES TO PRESS ENQUIRIES**

- 22.5.1 Where the publicity surrounding a particular case of alleged financial irregularity attracts enquiries from the press or other media, the Chief Executive should ensure that the relevant officials are fully aware of the importance of avoiding issuing any statements, which may be regarded as prejudicial to the outcome of criminal proceedings.

## **Appendix A TENDERING AND CONTRACT PROCEDURES**

### **1. TENDERING PROCESS**

- 1.1 The Chief Executive shall prescribe standard conditions of contract appropriate to each class of supplies and services and for the execution of all works. All contracts entered into shall incorporate the appropriate set of conditions.
- 1.2 All invitations to potential contractors to tender shall include a notice warning tenderers of the consequences of engaging in any corrupt practices involving Board employees.
- 1.3 In the event of tenders being required notification should be sent to the Head of Corporate Services (Chief Executive's Office) indicating tender request sent out, details of the tender, closing date and time and the number of anticipated submissions.
- 1.3 A record will be maintained of all invitations to tender.
- 1.4 Tenders shall be invited in plain sealed envelopes addressed to the Chief Executive. The envelope shall be marked 'Tender for .....' but shall not bear the name or identity of the sender.
- 1.5 Unopened tenders shall be date stamped and stored unopened in a secure place until after the closing date or time.
- 1.6 Tenders shall be opened as soon as possible after the stated closing date or time by the officer nominated by the Chief Executive, in the presence of an independent witness, normally from the Finance Directorate.
- 1.7 Details of each tender received should be entered into a register or record of tenders and will be signed by both officers. Tender documents shall also be date stamped and signed on the front page and all priced pages initialled by both officers.

- 1.8 Where it is in the interests of the Board, late, amended, incomplete, qualified or not strictly competitive tenders may be considered. In such circumstances a full report shall be made to the Chief Executive who may admit such tenders. This approval must be given in writing by the Chief Executive. Where a Company invited to tender requests a delay in the submission, deferment, if approved, shall be notified to all the Companies concerned. A record of all delays requested and the outcome of the request shall be maintained.
- 1.9 The examination of the tenders received shall include a technical assessment, and a written report on the result, containing a recommendation should be made to the Chief Executive. At the same time, staff responsible for making this recommendation shall declare in writing that they have no pecuniary interest in the recommended Company.
- 1.10 The Chief Executive may accept the tender provided it is the lowest (or for disposals the highest) and has been recommended for acceptance, and that on the advice of the Director of Finance, financial provision is available within the overall Board resource. If it is proposed to accept a tender other than the lowest, the Chief Executive will record the reason for this decision. e.g. best overall lifetime cost.
- 1.11 All officers shall follow guidance from Scottish Government Health and Social Care Directorate.
- 1.12 Payment under the contract shall be made by the Director of Finance who shall have the right to carry out such financial examinations and checks as considered necessary before making payment.
- 1.13 Approval for increases in prices allowed under an appropriate variation of prices clause in a contract for supplies and services shall be given by the Chief Executive.

- 1.14 No contract for the purchase of computer equipment or software outwith the IM&T Department shall be entered into without the Director of Finance's prior written approval.
- 1.15 Post-tender negotiation may be undertaken where it is anticipated that such action will reduce cost to the Board and where such negotiation has specially been approved in advance by the Chief Executive and Director of Finance. In such circumstances the negotiation must take place with not less than two employees of the Board present both of whom must be approved for the purpose by the Chief Executive. A record of the names of those present at the negotiation must be kept along with a record to the final prices and conditions agreed.
- 1.16 Where post-tender negotiation is undertaken with some but not all of the companies who submitted tenders a record of criteria for the selection must be kept by the managers concerned. Companies invited to post-tender negotiation must include those in the following categories:
- (a) Companies who, following analysis of the original tender offers, are one of the cheapest three for each product item.
  - (b) The two companies “winning” the highest number total value of business following analysis of the original tender offers.
- 1.17 In addition to complying with the sections above officers involved in post-tender negotiation should familiarise themselves with the guidance produced by the Central Unit on Purchasing issued by HM Treasury.
- (See: [www.hm-treasury.gov.uk/pub/html/docs/cup/guidance.html](http://www.hm-treasury.gov.uk/pub/html/docs/cup/guidance.html))
- 1.18 For the period between opening of tenders and completion of the post-tender negotiation the tender documents shall be stored in a secure place when not actively under analysis.
- 1.19 Consultants appointed by the Board to be responsible for the supervision of a contract on its behalf shall comply with these Standing Financial Instructions as though they were officers of the Board.

- 1.20 In circumstances where the need for additional work is identified, the process is as follows
- (a) potential for additional work, if feasible, should be identified at the tender specification stage. Tenders should identify a call-off rate applicable should additional work be required.
  - (b) if additional work is identified during the process a written specification must be provided to the tenderer. A written quotation must be received. Approval to accept the written quotation must be provided by the Chief Executive or the Director of Finance together with confirmation that resources are available to meet the quotation. A monitoring report must be prepared on completion of the additional work to confirm work has been undertaken in line with the specification.
  - (c) A separate tender exercise is required if the value of additional work exceeds £20,000