



**Health Research  
Authority**

# **Standing orders, reservation and delegation of powers and Standing Financial Instructions**

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## Section A

### INTERPRETATION AND DEFINITIONS FOR STANDING ORDERS AND STANDING FINANCIAL INSTRUCTIONS

Save as otherwise permitted by law, at any meeting the Chair of the HRA shall be the final authority on the interpretation of Standing Orders (on which they are advised by the Chief Executive)

Any expression to which a meaning is given in the Care Act 2014 and other Acts relating to the National Health Service or in the Financial Regulations made under the Acts shall have the same meaning in these Standing Orders and Standing Financial Instructions and in addition:

- 3) **"Accounting Officer"** means the Officer responsible and accountable for resources within the control of the Board, in accordance with the requirements of HM Treasury guidance Managing Public Money. The Accounting Officer for the Board is the Chief Executive.
- 4) **"Authority"** means the Health Research Authority
- 5) **"Board"** means the Chair, Non-Executive Directors, and voting Executive Directors of the Authority collectively as a body.
- 6) **"Budget"** means a resource, expressed in financial terms, proposed by the Board for the purpose of carrying out for a specific period, any or all of the functions of the Authority.
- 7) **"Budget Holder"** means the director or employee with delegated authority to manage finances (Income and Expenditure) for a specific area of the organisation.
- 8) **"Chair of the Board"** is the person appointed by the Secretary of State for Health under Schedule 6 of the NHS Act 2006, to lead the Board and to ensure that the Board as a whole successfully discharges its overall statutory responsibilities. The expression "the Chair of the Authority" shall be deemed to include the Vice-Chair of the Authority if the Chair is absent from the meeting or is otherwise unavailable
- 9) **"Chief Executive"** means the chief officer of the Authority.
- 10) **"Committee"** means a committee or sub-committee created and appointed by the Authority.
- 11) **"Committee members"** mean persons formally appointed by the Board to sit on or to chair specific committees.
- 12) **"Contracting and procuring"** means the systems for obtaining the supply of goods, materials, manufactured items, services, building and engineering services, works of construction and maintenance and for disposal of surplus and obsolete assets.
- 13) **"DHSC"** means the Department of Health and Social Care
- 14) **"Director of Finance"** means the chief financial officer of the Authority. The Director of Finance shall be responsible for the provision of financial advice to the Authority and to its Members and for the supervision of financial control and accounting systems. They shall be responsible along with Chief Executive for ensuring the discharge of obligations under relevant Financial Directions.

- 15) **"HRA Strategic Leadership Team"** means the group which reports to the HRA Board. A Quorum will be at least 3 members.
- 16) **"Member"** means Non Executive or voting Executive member of the Board. Member in relation to the Board does not include its Chair.
- 17) **"Nominated officer"** means an officer charged with the responsibility for discharging specific tasks within Standing Orders and Standing Financial Instructions.
- 18) **"Non-Executive member"** means a member of the board appointed under paragraph 3 of Schedule A1 of the NHS Act
- 19) **"Officer"** means employee of the Authority or any other person holding a paid appointment or office with the Authority.
- 20) **"Officer Member"** means a member of the Authority who is also an officer, that is an Executive Director
- 21) **"Secretary"** means a person appointed to act independently of the Board to provide advice on corporate governance issues to the Board and the Chair and monitor the Authority's compliance with the law, Standing Orders, and Department of Health and Social Care guidance, also known as Authority's Corporate Secretary.
- 22) **"Secretary of State"** means the UK Cabinet Minister responsible for the Department of Health and Social Care.
- 23) **"Senior Departmental Sponsor"** means the officer appointed by the Permanent Secretary, who will act as a designated and consistent point of contact within the Department of Health and Social Care. As described in the framework agreement with the DHSC, the Senior Departmental Sponsor is the "Chief Medical Officer". Day to day contact with the Department will be through a team of officials in the Research and Development Directorate.
- 24) **"SFIs"** means the Authority's Standing Financial Instructions.
- 25) **"SOs"** means the Authority's Standing Orders.
- 26) **"Vice Chair"** means the non-officer member appointed by the Board to take on the Chair's duties if the Chair is absent for any reason.

# SECTION B – STANDING ORDERS

## 1. INTRODUCTION

### 1.1 Statutory Framework

- (1) The Health Research Authority is a statutory body, which came into existence on 1<sup>st</sup> January 2015 by virtue of S.I 2014 No. 2473 (C111).
- (2) The Authority's principal place of business is 2<sup>nd</sup> Floor, 2 Redman Place, Stratford, London, E20 1JQ
- (3) The Authority's functions are governed by the Care Act 2014 Chapter 23, Part 3 Health, Chapter 2 Health Research Authority.
- (4) The functions of the Authority are conferred by this legislation.
- (5) The 2011 regulations require the Authority to adopt Standing Orders for the regulation of its proceedings and business. The Authority must also adopt Standing Financial Instructions (SFIs) as an integral part of Standing Orders setting out the responsibilities of individuals.
- (6) The Authority will also be bound by such other statutes and legal provisions which govern the conduct of its affairs.

### 1.2 NHS Framework

- (1) In addition to the statutory requirements the Secretary of State through the Department of Health and Social Care issues further directions and guidance. These are normally issued under cover of a circular or letter.
- (2) The Code of Conduct for NHS Boards and the Code of Accountability for NHS Boards (revised July 2004) require that, inter alia, Boards draw up a schedule of decisions reserved to the Board, and ensure that management arrangements are in place to enable responsibility to be clearly delegated to senior executives (a scheme of delegation). The code also requires the establishment of audit and remuneration committees with formally agreed terms of reference. The Codes of Conduct makes various requirements concerning possible conflicts of interest of Board members and are supported by the Nolan principles.
- (3) The Code of Practice on Openness in the NHS sets out the requirements for public access to information on the NHS.

### 1.3 Delegation of Powers

- 27) Under the Standing Orders relating to the Arrangements for the Exercise of Functions (Standing Order 5) and the Care Act 2014 Schedule 7, the Authority is given powers to *"(2) The HRA may arrange for any of its committees, sub-committees or members or*

*any other person (other than a devolved authority) to exercise any of its functions on its behalf."* Delegated Powers are covered in the document *Reservation of Powers to the Authority and Delegation of Powers*. This document has effect as if incorporated into the *Standing Orders, Failure to comply with Standing Orders*

- 28) Failure to comply with Standing Orders is a disciplinary matter that could result in dismissal.

#### **1.4 Integrated Governance**

- 29) Boards are now encouraged to move away from silo governance and develop integrated governance that will lead to good governance and to ensure that decision-making is informed by intelligent information covering the full range of corporate, financial, information and research governance. Guidance from the Department of Health and Social Care on the move toward and implementation of integrated governance has been issued and will be incorporated in the Authority's Governance Strategy (see *Integrated Governance Handbook 2006*). Integrated governance will better enable the Board to take a holistic view of the organisation and its capacity to meet its legal and statutory requirements and clinical, quality and financial objectives.

## **2. THE AUTHORITY BOARD: COMPOSITION OF MEMBERSHIP AND ROLE OF MEMBERS**

### **2.1 Composition of the Membership of the Authority Board**

- (1) The HRA consists of
  - (a) a chair appointed by the Secretary of State,
  - (b) at least three but no more than four other members appointed by the Secretary of State,
  - (c) a chief executive appointed by the members appointed under paragraphs (a) and (b), and
  - (d) at least two but no more than three other members appointed by the members appointed under paragraphs (a) and (b).
- (2) The members appointed under sub-paragraph (1)(a) and (b)—
  - (a) are not employees of the HRA, and
  - (b) are referred to in this Schedule as the "non-executive members".
- (3) The members appointed under sub-paragraph (1)(c) and (d)—
  - (a) are employees of the HRA, and
  - (b) are referred to in this Schedule as the "executive members".
- (4) The number of non-executive members must exceed the number of executive members.

#### Non-executive members: terms of office

- (1) A person holds office as a non-executive member of the HRA on the terms of that person's appointment.
- (2) A person may not be appointed as a non-executive member for a period of more than four years.
- (3) A person who ceases to be a non-executive member is eligible for re-appointment.
- (4) A person may resign from office as a non-executive member by giving notice to the Secretary of State.
- (5) The Secretary of State may remove a person from office as a non-executive member on any of the following grounds—
  - (a) incapacity;
  - (b) misbehaviour;
  - (c) failure to carry out his or her duties as a non-executive member.
- (6) The Secretary of State may suspend a person from office as a non-executive member if it appears to the Secretary of State that there are or may be grounds to remove that person from office under sub-paragraph (5).

## **2.2 Appointment of Chair and Members of the Authority**

- 30) The regulations for the appointment of the Chair and members and their terms of office are determined by the Secretary of State for Health and Social Care and are set out in the Care Act 2014 Schedule 7 the Health Research Authority. The non-officer members must be appointed by the Secretary of State.

## **2.3 Terms of Office of the Chair and Members**

- 31) The regulations setting out the period of tenure of office of the Chair and members and for the termination or suspension of office of the Chair and members are contained in the Care Act 2014 Schedule 7 The Health Research Authority.

## **2.4 Appointment and Powers of Vice-Chair**

- (1) Subject to Standing Order No. 2.4 (2) below, the Chair and members of the Authority may appoint one of their numbers, who is not also an officer member, to be Vice-Chair. Any appointment may be for such period, not exceeding the remainder of their term as a member of the Authority as specified on appointment.
- (2) Any member so appointed may at any time resign from the office of Vice-Chair by giving notice in writing to the Chair or, if the office of chair is vacant, the members. The Chair and members may thereupon appoint another

member as Vice-Chair in accordance with the provisions of Standing Order No. 2.4 (1).

(3) Where the Chair of the Authority has died or has ceased to hold office, or where they have been unable to perform their duties as Chair owing to illness or any other cause, the Vice- Chair shall act as Chair until a new Chair is appointed or the existing Chair resumes their duties, as the case may be; and references to the Chair in these Standing Orders shall, so long as there is no Chair able to perform those duties, be taken to include references to the Vice-Chair.

## **2.5 Joint Members**

(1) Where more than one person is appointed jointly to a post on the Board which qualifies the holder for executive Membership or in relation to which an Officer member is to be appointed, those persons shall become appointed as an Officer member jointly, and shall count for the purpose of Standing Order 2.1 and 2.2 as one person.

(2) Where the office of a member of the Board is shared jointly by more than one person:

(a) either or both of those persons may attend or take part in meetings of the Board;

(b) if both are present at a meeting they should cast one vote if they agree;

(c) in the case of disagreements no vote should be cast;

(d) the presence of either or both of those persons should count as the presence of one person for the purposes of Standing Order No. 3.10 Quorum.

## **2.6 Role of Members**

32) The Board will function as a corporate decision-making body. Executive and non- executive members will be full and equal members. Their role as members of the Board will be to consider the key strategic and managerial issues facing the Authority in carrying out its statutory and other functions.

### **(1) Officer Members**

(Executive Directors). Executive Directors shall exercise their authority within the terms of these Standing Orders and Standing Financial Instructions and the Scheme of Delegation.

### **(2) Chief Executive**

The Chief Executive shall be responsible for the overall performance of the executive functions of the Authority. They are the Accounting Officer for the Authority and shall be responsible for ensuring the discharge of obligations under the "Directions to the Health Research Authority". As Accounting Officer the Chief Executive has the responsibilities as set out in HM Treasury guidance Managing Public Money, including ensuring that the Board acts in accordance with the legislative framework that established it and with the terms of the

Framework agreement agreed between the Board and the Department of Health and Social Care. The Chief Executive is also responsible for the ensuring the discharge of the Board's obligations under any Financial Directions.

**(3) Director of Finance**

The Director of Finance is responsible for the provision of financial advice to the Board and to its members, and for the supervision of financial control and accounting systems. He/she will be responsible along with the Chief Executive for ensuring the discharge of obligations under relevant Financial Directions.

**(4) Non executive members**

The Non-Executive Members shall not be granted nor shall they seek to exercise any individual executive powers on behalf of the Authority. They may however, exercise collective authority when acting as members of, or when chairing a committee of the Authority which has delegated powers.

**(5) Chair**

The Chair shall be responsible for the operation of the Board and will chair all Board meetings when present. The Chair has certain delegated executive powers. The Chair must comply with the terms of appointment and with these Standing Orders. The Chair will take responsibility either directly or indirectly for the induction of non- executive members, their portfolio of interests and assignments and their performance. The Chair shall work in close harmony with the Chief Executive and shall ensure that key and appropriate issues are discussed by the Board in a timely manner with all the necessary information and advice being made available to the Board to inform the debate and ultimate resolutions.

**2.7 Corporate role of the Board**

- (1) All business shall be conducted in the name of the Authority.
- (2) The powers of the Authority established under statute shall be exercised by the Board meeting in public session except as otherwise provided for in Standing Order No. 3.
- (3) The Board shall define and regularly review the functions it exercises on behalf of the Secretary of State.

**2.8 Schedule of Matters reserved to the Board and Scheme of Delegation**

- (1) The Board has resolved that certain powers and decisions may only be exercised by the Board in formal session. These powers and decisions are set out in the 'Schedule of Matters Reserved to the Board' and shall have effect as if incorporated into the Standing Orders. Those powers which it has delegated to officers and other bodies are contained in the Scheme of Delegation.

**2.9 Lead Roles for Board Members**

- (1) The Chair will ensure that the designation of lead roles or appointments of Board members as required by statute, the Department of Health and Social

Care or other guidance will be made in accordance with that requirement.

### **3. MEETINGS OF THE AUTHORITY**

#### **3.1 Calling meetings**

- (1) Ordinary meetings of the Board shall be held at such times and places as the Board may determine
- (2) Meetings of the board may be called by the Chair at any time.
- (3) At least one third of the total number of members (excluding the chair or any member suspended) may requisition a meeting in writing. If the Chair refuses, or fails to call a meeting within 21 days of a requisition being presented, the members signing the requisition may forthwith call a meeting.

#### **3.2 Notice of Meetings and the Business to be transacted**

- (1) Before each meeting of the Authority, the board secretary shall send (by appropriate means including, without limitation, by email or post or via the Authority's website) a written notice of the meeting which specifies the principal business proposed to be transacted. The notice should be signed by the chair or by an officer of the Authority authorised by the chair to sign on his behalf and should, be available to members at least seven clear days before the meeting. Want of service of such a notice on any member shall not affect the validity of a meeting.
- (2) No business shall be transacted at the meeting other than that specified on the agenda, or emergency motions allowed under Standing Order 3.6.
- (3) A member desiring a matter to be included on an agenda shall make his/her request in writing to the Chair at least 15 clear days before the meeting. The request should state whether the item of business is proposed to be transacted in the presence of the public and should include appropriate supporting information. Requests made less than 15 days before a meeting may be included on the agenda at the discretion of the Chair.
- (4) Before each meeting of the Board a public notice of the time and place of the meeting, and the public part of the agenda, shall be made publicly available at least three clear days before the meeting, in accordance with the requirements of the Public Bodies (Admission to Meetings) Act 1960 Section 1 (4) (a).

#### **3.3 Agenda and Supporting Papers**

The Agenda will be sent to members 7 days before the meeting and supporting papers, whenever possible, shall accompany the agenda, but will certainly be despatched no later than three clear days before the meeting, save in emergency.



### **3.4 Notice of Motion**

(1) Subject to the provision of Standing Orders 3.6 'Motions: Procedure at and during a meeting' and 3.7 'Motions to rescind a resolution', a member of the Board wishing to move a motion shall send a written notice to the Chief Executive who will ensure that it is brought to the immediate attention of the Chair.

(2) The notice shall be delivered at least 15 clear days before the meeting. The Chief Executive shall include in the agenda for the meeting all notices so received that are in order and permissible under governing regulations. This Standing Order shall not prevent any motion being withdrawn or moved without notice on any business mentioned on the agenda for the meeting.

### **3.5 Emergency Motions**

Subject to the agreement of the Chair, and subject also to the provision of Standing Order 3.6 'Motions: Procedure at and during a meeting', a member of the Board may give written notice of an emergency motion after the issue of the notice of meeting and agenda, up to one hour before the time fixed for the meeting. The notice shall state the grounds of urgency. If in order, by agreement, it shall be declared to the Authority Board at the commencement of the business of the meeting as an additional item included in the agenda. The Chair's decision to include the item shall be final.

### **3.6 Motions: Procedure at and during a meeting**

#### **i) Who may propose**

A motion may be proposed by the Chair of the meeting or any member present. It shall be seconded by another member.

#### **ii) Contents of motions**

The Chair may exclude from the debate at their discretion any such motion of which notice was not given on the notice summoning the meeting other than a motion relating to:

- the reception of a report;
- consideration of any item of business before the Authority Board;
- the accuracy of minutes;
- that the Board proceed to next business;
- that the Board adjourn;
- that the question be now put.

#### **iii) Amendments to motions**

A motion for amendment shall not be discussed unless it has been proposed and seconded.

Amendments to motions shall be moved relevant to the motion and shall not have the effect of negating the motion before the Board.

If there are a number of amendments, they shall be considered one at a time. When a motion has been amended, the amended motion shall become the substantive motion before the meeting, upon which any further amendment may be moved.

iv) **Rights of reply to motions**

a) **Amendments**

The mover of an amendment may reply to the debate on their amendment immediately prior to the mover of the original motion, who shall have the right of reply at the close of debate on the amendment, but may not otherwise speak on it.

b) **Substantive/original motion**

The member who proposed the substantive motion shall have a right of reply at the close of any debate on the motion.

v) **Withdrawing a motion**

A motion, or an amendment to a motion, may be withdrawn.

vi) **Motions once under debate**

When a motion is under debate, no motion may be moved other than:

- an amendment to the motion;
- the adjournment of the discussion, or the meeting;
- that the meeting proceed to the next business;
- that the question should be now put;
- the appointment of an 'ad hoc' committee to deal with a specific item of business;
- that a member/director be not further heard;

a motion under Section I (2) or Section I (8) of the Public Bodies (Admissions to Meetings) Act 1960 resolving to exclude the public, including the press (see Standing Order 3.17).

In those cases where the motion is either that the meeting proceeds to the 'next business' or 'that the question be now put' in the interests of objectivity these should only be put forward by a Member of the Board who has not taken part in the debate and who is eligible to vote.

If a motion to proceed to the next business or that the question be now put, is carried, the Chair should give the mover of the substantive motion under debate a right of reply, if not already exercised. The matter should then be put to the vote.

### **3.7 Motion to Rescind a Resolution**

(1) Notice of motion to rescind any resolution (or the general substance of any resolution) which has been passed within the preceding six calendar

months shall bear the signature of the member who gives it and also the signature of three other members, and before considering any such motion of which notice shall have been given, the Authority Board may refer the matter to any appropriate Committee or the Chief Executive for recommendation.

(2) When any such motion has been dealt with by the Authority Board it shall not be competent for any director/member other than the Chair to propose a motion to the same effect within six months. This Standing Order shall not apply to motions moved in pursuance of a report or recommendations of a Committee or the Chief Executive.

### **3.8 Chair of meeting**

(1) At any meeting of the Authority Board the Chair, if present, must preside. If the Chair is absent from the meeting, the Vice-Chair (if the Board has appointed one), if present, shall preside.

(2) If the Chair and Vice-Chair are absent, such member (who is not also an Officer Member of the Authority) as the members present shall choose who shall preside.

### **3.9 Chair's ruling**

The decision of the Chair of the meeting on questions of order, relevancy and regularity (including procedure on handling motions) and their interpretation of the Standing Orders and Standing Financial Instructions, at the meeting, shall be final.

### **3.10 Quorum**

(i) No business shall be transacted at a meeting unless at least four members are present, three of whom must be a non-executive member.

(ii) An Officer in attendance for an Executive Director (Officer Member) but without formal acting up status will not count towards the quorum.

(iii) If the Chair or member has been disqualified from participating in the discussion on any matter and/or from voting on any resolution by reason of a declaration of a conflict of interest (see SO No.7) that person shall no longer count towards the quorum. If a quorum is then not available for the discussion and/or the passing of a resolution on any matter, that matter may not be discussed further or voted upon at that meeting. Such a position shall be recorded in the minutes of the meeting. The meeting must then proceed to the next business.

### **3.11 Voting**

(i) Save as provided in Standing Orders 3.12 - Suspension of Standing Orders and 3.13 - Variation and Amendment of Standing Orders, every question put to a vote at a meeting shall be determined by a majority of the votes of members present and voting on the question. In the case of an equal vote, the person presiding (i.e.: the Chair of the meeting shall have a second,

and casting vote.

(ii) At the discretion of the Chair, all questions put to the vote shall be determined by oral expression or by a show of hands (and if any person is attending by telephone, teleconference or video or computer link such person shall cast their vote verbally and such vote will be recorded in the minutes), unless the Chair directs otherwise or it is proposed, seconded and carried that a vote be taken by paper ballot (in which case any person attending by telephone, teleconference or video or computer link shall cast their vote verbally)

(iii) If at least one third of the members present so request, the voting on any question may be recorded so as to show how each member present voted or did not vote (except when conducted by paper ballot).

(iv) If a member so requests, their vote shall be recorded by name.

(v) The Board may agree that its Members can participate in its meetings by telephone, teleconference, and video or computer link. Participation in a meeting in this manner shall be deemed to constitute a presence in person at the meeting.

(vi) A manager who has been formally appointed to act up for an Officer Member during a period of incapacity or temporarily to fill an Executive Director vacancy shall be entitled to exercise the voting rights of the Officer Member.

(vii) A manager attending the Authority Board meeting to represent an Officer Member during a period of incapacity or temporary absence without formal acting up status may not exercise the voting rights of the Officer Member. An Officer's status when attending a meeting shall be recorded in the minutes.

(viii) For the voting rules relating to joint members see Standing Order 2.5.

### **3.12 Suspension of Standing Orders**

(i) Except where this would contravene any statutory provision or any direction made by the Secretary of State or the rules relating to the Quorum (SO 3.11), any one or more of the Standing Orders may be suspended at any meeting, provided that at least two-thirds of the whole number of the members of the Board are present (including at least one Member who is an Officer Member of the Authority and one Member who is not) and that at least two-thirds of those members present signify their agreement to such suspension. The reason for the suspension shall be recorded in the Authority Board's minutes.

(ii) A separate record of matters discussed during the suspension of Standing Orders shall be made and shall be available to the board.

(iii) No formal business may be transacted while Standing Orders are suspended.

(iv) The Audit Committee shall review every decision to suspend Standing Orders.

### **3.13 Variation and amendment of Standing Orders**

These Standing Orders shall not be varied except in the following circumstances:

- upon a notice of motion under Standing Order 3.5;
- upon a recommendation of the Chair or Chief Executive included on the agenda for the meeting;
- that two-thirds of the Board Members are present at the meeting where the variation or amendment is being discussed, and that at least half of the Authority's Non-Officer members vote in favour of the amendment;
- providing that any variation or amendment does not contravene a statutory provision or direction made by the Secretary of State.

### **3.14 Record of Attendance**

The names of the Chair and members present at a meeting must be recorded in the minutes.

### **3.15 Minutes**

The minutes of the proceedings of a meeting must be drawn up and submitted for agreement at the next ensuing meeting where they shall be signed by the person presiding at that next meeting.

No discussion shall take place upon the minutes except upon their accuracy.

### **3.16 Admission of public and the press**

(i) Admission and exclusion on grounds of confidentiality of business to be transacted.

The public and representatives of the press may attend all meetings of the Authority, but shall be required to withdraw upon the Authority Board resolving as follows:

'that representatives of the press, and other members of the public, be excluded from the remainder of this meeting having regard to the confidential nature of the business to be transacted, publicity on which would be prejudicial to the public interest', Section 1 (2), Public Bodies (Admission to Meetings) Act 1960;

(ii) General disturbances

The Chair or the person presiding over the meeting shall give such directions as they think fit with regard to the arrangements for meetings and accommodation of the public and representatives of the press such as to ensure that the Authority's business shall be conducted without interruption and disruption and, without prejudice to the power to exclude on grounds of the confidential nature of the business to be transacted, the public will be required

to withdraw upon the Authority Board resolving as follows:

`That in the interests of public order the meeting adjourn for (the period to be specified) to enable the Authority Board to complete its business without the presence of the public'. Section 1(8) Public Bodies (Admissions to Meetings) Act 1960.

(iii) Business proposed to be transacted when the press and public have been excluded from a meeting

Matters to be dealt with by the Authority Board following the exclusion of representatives of the press, and other members of the public, as provided in (i) and (ii) above, shall be confidential to the Members of the Board.

Members and Officers or any employee of the Authority in attendance shall not reveal or disclose the contents of papers marked 'In Confidence' or minutes headed

'Items Taken in Private' outside of the Authority, without the express permission of the Authority. This prohibition shall apply equally to the content of any discussion during the Board meeting which may take place on such reports or papers.

(iv) Use of Mechanical or Electrical Equipment for Recording or Transmission of Meetings

Nothing in these Standing Orders shall be construed as permitting the introduction by the public, or press representatives, of recording, transmitting, video or similar apparatus into meetings of the Authority or Committee thereof. Such permission shall be granted only upon resolution of the Authority.

### **3.17 Observers at Authority meetings**

The Authority will decide what arrangements and terms and conditions it feels are appropriate to offer in extending an invitation to observers to attend and address any of the Authority Board's meetings and may change, alter or vary these terms and conditions as it deems fit.

## **4. APPOINTMENT OF COMMITTEES AND SUB-COMMITTEES**

### **4.1 Appointment of Committees**

Subject to such directions as may be given by the Secretary of State for Health, the Authority Board may, and if so directed by the Secretary of State must, appoint committees of the Authority which may consist wholly or partly of members of the Authority or wholly of persons who are not members of the Authority.

The Authority shall determine the membership and terms of reference of committees and sub-committees and shall receive and consider reports of such committees.

#### **4.2 Applicability of Standing Orders and Standing Financial Instructions to Committees**

The Standing Orders and Standing Financial Instructions of the Authority, as far as they are applicable, shall as appropriate apply to meetings of any committees established by the Authority. In which case the term “Chair” is to be read as a reference to the Chair of other committee as the context permits, and the term “member” is to be read as a reference to a member of other committee also as the context permits. (There is no requirement to hold meetings of committees established by the Authority in public.)

#### **4.3 Terms of Reference**

Each such committee shall have such terms of reference and powers and be subject to such conditions (as to reporting back to the Board), as the Board shall decide and shall be in accordance with any legislation and regulation or direction issued by the Secretary of State. Such terms of reference shall have effect as if incorporated into the Standing Orders.

#### **4.4 Delegation of powers by Committees to Sub-Committees**

Where committees are authorised to establish sub-committees they may not delegate executive powers to the sub-committee unless expressly authorised by the Authority Board.

#### **4.5 Approval of Appointments to Committees**

The Board shall approve the appointments to each of the committees which it has formally constituted. Where the Board determines, and regulations permit, that persons, who are neither members nor officers, shall be appointed to a committee the terms of such appointment shall be within the powers of the Board as defined by the Secretary of State. The Board shall define the powers of such appointees and shall agree allowances, including reimbursement for loss of earnings, and/or expenses in accordance where appropriate with national guidance.

#### **4.6 Committees established by the Authority Board**

The committees, sub-committees, and joint-committees established by the Board are:

##### **4.6.1 Audit and Risk Committee**

In line with the requirements of the NHS Audit Committee Handbook, NHS Codes of Conduct and Accountability, and more recently the Higgs report, an Audit and Risk Committee will be established and constituted to provide the Board with an independent and objective review on its financial systems, financial information, governance arrangements and compliance with laws,

guidance, and regulations governing the NHS. The Terms of Reference will be approved by the Board and reviewed on a periodic basis. The Higgs report recommends a minimum of three non-executive directors be appointed.

#### **4.6.2 Pay and Remuneration Committee**

In line with the requirements of the NHS Codes of Conduct and Accountability, and more recently the Higgs report, a Pay and Remuneration Committee will be established and constituted by the spring of 2015 at the latest.

The Higgs report recommends the committee be comprised exclusively of non-executive directors, a minimum of three, who are independent of management.

The purpose of the Committee in due course will be to advise the Authority Board about appropriate remuneration and terms of service for the Chief Executive and the Directors covered by Very Senior Managers Terms and Conditions including:

- (i) all aspects of salary (including any performance-related elements/bonuses);
- (ii) provisions for other benefits, including pensions and cars;
- (iii) arrangements for termination of employment and other contractual terms.

#### **4.6.3 Other Committees**

The Board may also establish such other committees as required to discharge the Authority's responsibilities

## **5. ARRANGEMENTS FOR THE EXERCISE OF AUTHORITY FUNCTIONS BY DELEGATION**

### **5.1 Delegation of Functions to Committees, Officers or other bodies**

Subject to such directions as may be given by the Secretary of State, the Board may make arrangements for the exercise, on behalf of the Board, of any of its functions by a committee, sub-committee appointed by virtue of Standing Order No. 4, or by an officer of the Authority, or by another body as defined in Standing Order 5.4 below, in each case subject to such restrictions and conditions as the Authority thinks fit.

### **5.2 Emergency Powers and urgent decisions**

The powers which the Board has reserved to itself within these Standing Orders (see Standing Order 2.8) may in emergency or for an urgent decision be exercised by the Chair and the Chief Executive after having consulted at least one other non-officer members. The exercise of such powers shall be reported to the next formal meeting of the Authority Board in public session for formal ratification.

### **5.3 Delegation to Committees**

5.3.1 The Board shall agree from time to time to the delegation of



executive powers to be exercised by other committees, or sub-committees, which it has formally constituted in accordance with directions issued by the Secretary of State. The constitution and terms of reference of these committees, or sub-committees, and their specific executive powers shall be approved by the Board.

5.3.2 When the Board is not meeting as the Authority in public session it shall operate as a committee and may only exercise such powers as may have been delegated to it by the Authority in public session.

#### **5.4 Delegation to Officers**

5.4.1 Those functions of the Authority which have not been retained as reserved by the Board or delegated to other committee or sub-committee shall be exercised on behalf of the Authority by the Chief Executive. The Chief Executive shall determine which functions they will perform personally and shall nominate officers to undertake the remaining functions for which they will still retain accountability to the Authority.

5.4.2 The Chief Executive shall prepare a Scheme of Delegation identifying their proposals which shall be considered and approved by the Board. The Chief Executive may periodically propose amendment to the Scheme of Delegation which shall be considered and approved by the Board.

5.4.3 Nothing in the Scheme of Delegation shall impair the discharge of the direct accountability to the Board of the Director of Finance to provide information and advise the Board in accordance with statutory or Department of Health and Social Care requirements. Outside these statutory requirements the roles of the Director of Finance shall be accountable to the Chief Executive for operational matters.

#### **5.5 Schedule of Matters Reserved to the Authority and Scheme of Delegation of powers**

The arrangements made by the Board as set out in the "Schedule of Matters Reserved to the Board" and "Scheme of Delegation" of powers shall have effect as if incorporated in these Standing Orders.

#### **5.6 Duty to report non-compliance with Standing Orders and Standing Financial Instructions**

If for any reason these Standing Orders are not complied with, full details of the non-compliance and any justification for non-compliance and the circumstances around the non-compliance, shall be reported to the next formal meeting of the Board for action or ratification. All members of the Authority Board and staff have a duty to disclose any non-compliance with these Standing Orders to the Chief Executive as soon as possible.

## **6. OVERLAP WITH OTHER AUTHORITY POLICY STATEMENTS/ PROCEDURES, REGULATIONS AND THE STANDING FINANCIAL INSTRUCTIONS**

### **6.1 Policy statements: general principles**

The Authority Board delegates to the Chief Executive the agreement and approval of Policy statements/ procedures which will apply to all or specific groups of staff employed by the Authority. The decisions to approve such policies and procedures will be reported to the Board and will be deemed where appropriate to be an integral part of the Authority's Standing Orders and Standing Financial Instructions.

### **6.2 Specific Policy statements**

Notwithstanding the application of S.O. No. 6.1 above, these Standing Orders and Standing Financial Instructions must be read in conjunction with the following Policy statements:

- the Authority's code of conduct for all staff;
- ABPI Code of Professional Conduct relating to hospitality / gifts from pharmaceutical/external industry;
- the staff Disciplinary and Appeals Procedures adopted by the Authority both of which shall have effect as if incorporated in these Standing Orders.

### **6.3 Standing Financial Instructions**

Standing Financial Instructions adopted by the Authority Board in accordance with the Financial Regulations shall have effect as if incorporated in these Standing Orders.

### **6.4 Specific guidance**

Notwithstanding the application of S.O. No. 6.1 above, these Standing Orders and Standing Financial Instructions must be read in conjunction with guidance issued by the Secretary of State for Health and applicable legislation.

## **7. DUTIES AND OBLIGATIONS OF BOARD MEMBERS/DIRECTORS AND SENIOR MANAGERS UNDER THESE STANDING ORDERS**

### **7.1 Declaration of Interests**

#### **7.1.1 Requirements for Declaring Interests and applicability to Board Members**

- i) The NHS Code of Accountability requires Authority Board Members to declare interests which are relevant and material to the NHS Board of which they are a member. All existing Board Members should declare such interests. Any Board Members appointed subsequently should do so on appointment.

#### **7.1.2 Interests which are relevant and material**

- (i) Interests which should be regarded as "relevant and material" are:

- a) Directorships, including non-executive directorships held in private companies or PLCs (with the exception of those of dormant companies);
  - b) Ownership or part-ownership of private companies, businesses or consultancies likely or possibly seeking to do business with the Authority;
  - c) Majority or controlling share-holdings in organisations likely or possibly seeking to do business with the Authority;
  - d) A position of authority in a charity or voluntary organisation in the field of health and social care;
  - e) Any connection with a voluntary or other organisation contracting for HRA services.
  - f) Research funding/grants that may be received by an individual or their department;
  - g) Interests in pooled funds that are under separate management.
  - h) Any connection with an organisation, entity or company considering entering into or having entered into a financial arrangement with the HRA, including but not limited to lenders or banks.
- (ii) Any Member of the Authority Board who comes to know that the Authority has entered into or proposes to enter into a contract in which they or any person connected with them (as defined in Standing Order 7.3 below and elsewhere) has any pecuniary interest, direct or indirect, the Board Member shall declare their interest by giving notice in writing of such fact to the Authority as soon as practicable.

#### **7.1.3 Advice on Interests**

If Board Members have any doubt about the relevance of an interest, this should be discussed with the Chair or the Authority's Board Secretary.

Financial Reporting Standard No 8 (issued by the Accounting Standards Board) specifies that influence rather than the immediacy of the relationship is more important in assessing the relevance of an interest. The interests of partners in professional partnerships including general practitioners should also be considered.

#### **7.1.4 Recording of Interests in Authority Board minutes**

At the time Board members' interests are declared, they should be recorded in the Authority Board minutes.

Any changes in interests should be declared at the next Authority Board meeting following the change occurring and recorded in the minutes of that meeting.

#### **7.1.5 Publication of declared interests in Annual Report**

Board members' directorships of companies likely or possibly seeking to do

business with the HRA should be published in the Authority's annual report. The information should be kept up to date for inclusion in succeeding annual reports.

#### **7.1.6 Conflicts of interest which arise during the course of a meeting**

During the course of an Authority Board meeting, if a conflict of interest is established, the Member concerned should withdraw from the meeting and play no part in the relevant discussion or decision. (See overlap with SO 7.3).

## **7.2 Register of Interests**

7.2.1 The Chief Executive will ensure that a Register of Interests is established to record formally declarations of interests of Board Members. In particular the Register will include details of all directorships and other relevant and material interests (as defined in SO 7.1.2) which have been declared by both executive Authority Board Members.

7.2.2. These details will be kept up to date by means of an annual review of the Register in which any changes to interests declared during the preceding twelve months will be incorporated.

7.2.3 The Register will be available to the public and the Chief Executive will take reasonable steps to bring the existence of the Register to the attention of interested parties and to publicise arrangements for viewing it.

## **7.3 Exclusion of Chair and Members in proceedings on account of pecuniary interest**

### **7.3.1 Definition of terms used in interpreting 'Pecuniary' interest**

For the sake of clarity, the following definition of terms is to be used in interpreting this

Standing Order:

(i) "person connected with a member" shall include a spouse (as defined below) and any other person with whom the member has a personal or professional relationship, including but not limited to a family member, friend or acquaintance;

(ii) "spouse" shall include any person who lives with another person in the same household (and any pecuniary interest of one spouse shall, if known to the other spouse, be deemed to be an interest of that other spouse);

(iii) "contract" shall include any proposed contract or other course of dealing;

(iv) " securities" means

a. Shares or debentures, whether or not constituting a charge on the assets of a company or other body, or rights or interest in any share or debenture, or

b. Rights (whether actual or contingent) in respect of money lent to, or deposited with, any industrial or provident society; and

(v) “ shares” means shares in the share capital of a company or other body or the stock of a company or other body.

(iv) “ Pecuniary interest”

Subject to the exceptions set out in this Standing Order, a person shall be treated as having an indirect pecuniary interest in a contract, proposed contract or other matter if:-

a) the member, or a nominee of theirs, is a member of a company or other body (not being a public body), with which the contract is made, or is proposed to be made or which has a direct pecuniary interest in the same; or

b) the member is a partner associate or employee of any person with whom the contract is made or is proposed to be made or who has a direct pecuniary interest in the same.

iv) Exception to Pecuniary interests

A member shall not be regarded as having a pecuniary interest in any contract, if:-

a) if the member or any person connected with them has no beneficial interest in any securities of a company of which he or such person appears as a member or

b) any interest in any company, body or person with which the member or any person connected with them, is connected is so remote or insignificant that it cannot reasonably be regarded as likely to influence the member in the consideration or discussion of, or voting on any question with respect to that contract, proposed contract or other matter.

Where a member

a) has an indirect pecuniary interest in a contract, proposed contract or other matter by reason only of a beneficial interest in securities of a company or other body; and

b) those total nominal value of those securities do not exceed £5,000 or one per cent of the total nominal value of the issued share capital of the company or body, whichever is the less; and

c) if the share capital is more than one class, the total nominal value of shares of any one class in which the member has a beneficial interest does not exceed one-per cent of the total share capital of that class,

This standing order does not prohibit the member from taking part in the consideration or discussion of the contract, proposed contract or other matter, or

from voting on any question with respect to it but in such circumstances the member must none the less disclose/declare their interest in accordance with

Standing Order 7.1.2 (ii).

### 7.3.2 Exclusion in proceedings of the Authority Board

- i) Subject to the following provisions of this Standing Order, if a Chair or member of the Authority Board has any pecuniary interest, direct or indirect, in any contract, proposed contract or other matter and is present at a meeting of the Authority Board at which the contract, proposed contract or other matter is the subject of consideration, they shall at the meeting and as soon as practicable after its commencement disclose the interest and must not take part in the consideration or discussion of the contract, proposed contract or other matter or vote on any question with respect to it.
- ii) The Secretary of State may, subject to such conditions as they may think fit to impose, remove any disability imposed by this Standing Order in any case in which it appears to them in the interests of the Health Research Authority that the disability should be removed. (See SO No. 7.3.3 on the 'Waiver' which has been approved by the Secretary of State for Health and Social Care).
- iii) The Authority Board may exclude the Chair or a Member of the Board from a meeting of the Board while any contract, proposed contract or other matter in which they have a pecuniary interest, direct or indirect, is under consideration.
- iv) Any remuneration, compensation or allowance payable to a Member by virtue of paragraph 2 of schedule 6 to the Act (pay and allowances) is not to be treated as a pecuniary interest for the purpose of this Standing Order.
- v) This Standing Order applies to a committee or sub-committee as it applies to the Authority and applies to a member of any such committee or sub-committee (whether or not they are also a member of the Authority) as it applies to a Member of the Authority.

## 7.4 Standards of Business Conduct

### 7.4.1 Authority Policy and National Guidance

All Authority staff and Members of the Authority must comply with the Authority's Code of Conduct and Conflicts of Interest Policy. All staff are also expected to comply with ABPI Code of Professional Conduct relating to hospitality/gifts from pharmaceutical/external industry (see SO 6.2).

### 7.4.2 Interest of Officers in Contracts

- i) Any officer or employee of the Authority who comes to know that the Authority has entered into or proposes to enter into a contract in which they or any person connected with them (as defined in SO 7.3) has any pecuniary interest, direct or indirect, the Officer shall declare their interest by giving notice in writing of such fact to the Chief Executive as soon as practicable.
- ii) An Officer should also declare to the Chief Executive any other

employment or business or other relationship of his, or of a cohabiting spouse, that conflicts, or might reasonably be predicted could conflict with the interests of the Authority.

iii) The Authority will require interests, employment or relationships so declared to be entered in a register of interests of staff.

#### 7.4.3 Canvassing of and Recommendations by Members in Relation to Appointments

i) Canvassing of members of the Authority or of any Committee of the Authority directly or indirectly for any appointment under the Authority shall disqualify the candidate for such appointment. The contents of this paragraph of the Standing Order shall be included in application forms or otherwise brought to the attention of candidates.

ii) Members of the Authority shall not solicit for any person any appointment under the Authority or recommend any person for such appointment; but this paragraph of this Standing Order shall not preclude a member from giving written testimonial of a candidate's ability, experience or character for submission to the Authority.

#### 7.4.4 Relatives of Members or Officers

i) Candidates for any staff appointment under the Authority shall, when making an application, disclose in writing to the Authority whether they are related to any member or the holder of any office under the Authority. Failure to disclose such a relationship shall disqualify a candidate and, if appointed, render them liable to instant dismissal.

ii) Every member and officer of the Authority shall disclose to the Authority Board any relationship between them self and a candidate of whose candidature that member or officer is aware. It shall be the duty of the Chief Executive to report to the Authority Board any such disclosure made.

iii) On appointment, members (and prior to acceptance of an appointment in the case of Executive Directors) should disclose to the Authority whether they are related to any other member or holder of any office under the Authority.

iv) Where the relationship to a member of the Authority is disclosed, the Standing Order headed 'Exclusion of members" in proceedings on account of pecuniary interest' (SO 7) shall apply.

## **8. CUSTODY OF SEAL, SEALING OF DOCUMENTS AND SIGNATURE OF DOCUMENTS**

### **8.1 Custody of Seal**

The application of the HRA's seal must be authenticated by the signature of a member of the HRA or a person who has been authorised (whether generally or

specifically) for the purpose. (Until such time the seal is acquired, The Department of Health and Social Care Seal can be used).

## **8.2 Sealing of Documents**

A document purporting to be duly executed under the HRA's seal or to be signed on its behalf must be received in evidence and, unless the contrary is proved, taken to be so executed or signed.

But this paragraph does not apply in relation to a document which is, or is to be, signed in accordance with the law of Scotland.

## **8.3 Register of Sealing**

The Chief Executive shall keep a register in which he, or another manager of the Authority authorised by them, shall enter a record of the sealing of every document. A report of all sealings will be presented to the Board at least quarterly. The report shall contain details to include the seal number, description of the document and the date sealed.

## **8.4 Signature of documents**

Where any document will be a necessary step in legal proceedings on behalf of the Authority, it shall, unless any enactment otherwise requires or authorises, be signed by the Chief Executive or any Executive Director.

In land transactions, the approval of the Department of Health and Social Care will always be required and advice must be obtained from the Director of Finance for all property related transactions. The signing of certain supporting documents will be delegated to Managers and set out clearly in the Scheme of Delegation but will not include the main or principal documents effecting the transfer (e.g. sale/purchase agreement, lease, contracts for construction works and main warranty agreements or any document which is required to be executed as a deed).

# **9 MISCELLANEOUS**

## **9.1 Standing Orders to be given to Officers and Members**

The Chief Executive will ensure that existing Members and Officers and new appointees are notified of and understand their responsibilities within SOs and SFIs. Updated copies shall be made available electronically to all staff.



# SECTION C - SCHEME OF RESERVATION AND DELEGATION

## DECISIONS RESERVED TO THE BOARD

THE BOARD	DECISIONS RESERVED TO THE BOARD
THE BOARD	<p data-bbox="416 517 797 547"><b>General Enabling Provision</b></p> <p data-bbox="416 603 1912 667">The Board may determine any matter, for which it has delegated or statutory authority, it wishes in full session within its statutory powers.</p>
THE BOARD	<p data-bbox="416 708 752 738"><b>Regulations and Control</b></p> <ol data-bbox="416 762 1912 1369" style="list-style-type: none"> <li>1. Approve Standing Orders (SOs), a schedule of matters reserved to the Board and Standing Financial Instructions (SFIs) and a Scheme of Delegation for the regulation of its proceedings and business.</li> <li>2. Suspend Standing Orders.</li> <li>3. Vary or amend the Standing Orders.</li> <li>4. Ratify any urgent decisions taken by the Chair and Chief Executive in public session in accordance with SO 5.2.</li> <li>5. Approve a Scheme of Delegation of Powers from the Board to committees.</li> <li>6. Require and receive the declaration of Board members' interests which may conflict with those of the Authority and determining the extent to which that member may remain involved with the matter under consideration.</li> <li>7. Require and receive the declaration of officers' interests which may conflict with those of the Authority.</li> <li>8. Approve arrangements for dealing with complaints.</li> <li>9. Adopt the organisation structures, processes and procedures to facilitate the discharge of business by the Authority and to agree modifications thereto.</li> </ol>

	<p>10. Receive reports from committees including those which the Authority is required by the Secretary of State or other regulation to establish and to take appropriate action thereon.</p> <p>11. Confirm the recommendations of the Authority's committees where the committees do not have Executive powers.</p> <p>12. Establish terms of reference and reporting arrangements of all committees and sub-committees which are established by the Board.</p> <p>13. Authorise request to use the DHSC seal;</p> <p>14. Ratify or otherwise of instances of failure to comply with Standing Orders brought to the Chief Executive's attention in accordance with SO 5.6.</p> <p>15. Discipline of members of the Board or employees who are in breach of statutory requirements or SOs.</p>
THE BOARD	<p><b>Appointments/ Dismissal</b></p> <p>1. Appoint the Vice Chair of the board</p> <p>2. Appoint and dismiss committees (and individual members) which are directly accountable to the Board.</p> <p><b>3. Confirm appointment of members of any committee of the Authority as representatives on outside bodies.</b></p>

THE BOARD	DECISIONS RESERVED TO THE BOARD
THE BOARD	<p data-bbox="488 220 891 252"><b>Strategy, Plans and Budgets</b></p> <ol data-bbox="488 276 1895 991" style="list-style-type: none"> <li>1. Define the strategic aims and objectives of the Authority, subject to DHSC approval</li> <li>2. Approve the business plan, subject to DHSC approval</li> <li>3. Approve the Authority's policies and procedures for the management of risk.</li> <li>4. Approve outline and final business cases for capital investment.</li> <li>5. Approve annual budget and longer-term financial plans within resource limits</li> <li>6. Ratify proposals for acquisition, disposal or change of use of land and/or buildings.</li> <li>7. Approve Private Finance Initiative (PFI) proposals.</li> <li>8. Approve the opening of bank accounts (with Department of Health and Social Care agreement).</li> <li>9. Approve proposals in individual cases for the write off of losses or making of special payments above the limits of delegation to the Chief Executive and Director of Finance (for losses and special payments) previously approved by the Board, subject to the need to obtain DHSC approval</li> <li>10. Approve individual compensation payments, subject to the need to gain DHSC approval as set out in the Sponsor Framework Agreement.</li> <li>11. Approve proposals for action on litigation against or on behalf of the Authority.</li> </ol>
THE BOARD	<p data-bbox="488 1046 786 1078"><b>Policy Determination</b></p> <ol data-bbox="488 1118 1794 1190" style="list-style-type: none"> <li>1. Approve management policies including personnel policies incorporating the arrangements for the appointment, removal and remuneration of staff.</li> </ol>
THE BOARD	<p data-bbox="488 1249 573 1281"><b>Audit</b></p> <ol data-bbox="488 1305 1693 1331" style="list-style-type: none"> <li>1. To receive reports of the Audit and Risk Committee meetings and take appropriate action.</li> </ol>

	<p>2. Receive the annual management letter from the External Auditor and agreement of Board's proposed action, taking account of the advice, where appropriate, of the Audit and Risk Committee</p>
THE BOARD	<p><b>Annual Reports and Accounts</b></p> <p>1. Receipt and approval of the Authority's Annual Report and Annual Accounts as prepared by the Chief Executive and Director of Finance.</p>
THE BOARD	<p><b>Annual Reports and Accounts</b></p> <p>1. Receipt and approval of the Authority's Annual Report and Annual Accounts as prepared by the Chief Executive and Director of Finance.</p>
THE BOARD	<p><b>Monitoring</b></p> <p>1. Receive of such reports as the Board sees fit from committees in respect of their exercise of powers delegated.</p> <p>2. Continuous appraisal of the affairs of the Authority by means of the provision to the Board as the Board may require from directors, committees, and officers of the Authority as set out in management policy statements. All monitoring returns required by the Department of Health and Social Care shall be reported, at least in summary, to the Board.</p> <p>3. Receive reports from Director of Finance on financial performance against budget and Resource Limits</p>

## DECISIONS/DUTIES DELEGATED BY THE BOARD TO COMMITTEES

COMMITTEE	DECISIONS/DUTIES DELEGATED BY THE BOARD TO COMMITTEES
<p>AUDIT AND RISK COMMITTEE</p> <p>Ref: Audit Committee Handbook Section 3 and Corporate Governance Manual section 1.4 SFI 11.1.1</p>	<p>The Committee will:</p> <ol style="list-style-type: none"> <li>1. advise the Board on Internal and External Audit services;</li> <li>2. review the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of the Authority's activities (both clinical and non-clinical), that supports the achievement of the Authority's objectives and make recommendations to the Board;</li> <li>3. monitor compliance with Standing Orders and Standing Financial Instructions and make recommendations to the Board;</li> <li>4. review schedules of losses and compensations and make recommendations to the Board;</li> <li>5. review the accounting policies, annual accounts and annual report and make recommendations to the Board.</li> <li>6. report in writing to the Board</li> </ol>
<p>REMUNERATION AND TERMS OF SERVICE COMMITTEE</p> <p>Ref: Corporate Governance Manual section 1.5 SFI 18.1.2</p>	<p>The Committee will:</p> <ol style="list-style-type: none"> <li>1. advise the Board about appropriate remuneration and terms of service for the Chief Executive, other Executive Directors and those on Very Senior Manages Terms and Conditions of Service including: <ol style="list-style-type: none"> <li>a) all aspects of salary (including any performance-related elements/bonuses);</li> <li>b) provisions for other benefits, including pensions and cars;</li> </ol> </li> <li>33) arrangements for termination of employment and other contractual terms;</li> </ol>

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|  | <ul style="list-style-type: none"><li>d). make recommendations to the Board on the remuneration and terms of service of the Chief Executive, other Executive Directors and those on Very Senior Manages Terms and Conditions of Service to ensure they are fairly rewarded for their individual contribution to the Authority - having proper regard to the Authority's circumstances and performance and to the provisions of any national arrangements for such staff;</li><li>e) . proper calculation and scrutiny of termination payments taking account of such national guidance as is appropriate, advise on and oversee appropriate contractual arrangements for such staff;</li><li>f). he Committee shall report in writing to the Board the basis for its recommendations.</li></ul> |
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## SPECIFIC SCHEME OF DELEGATION TO CHIEF EXECUTIVE, CHAIR AND DIRECTOR OF FINANCE

REF	DELEGATED TO	DUTIES DELEGATED
	CHIEF EXECUTIVE (CE)	Accountable to Parliament and the Board for stewardship of Authority resources.
	CE AND DIRECTOR OF FINANCE (DOF)	Ensure the accounts of the Authority are prepared under principles and in a format directed by SofS. Accounts must disclose a true and fair view of the Authority's income and expenditure and its state of affairs. Sign the accounts on behalf of the Board.
	CE	Ensure a signed statement is included with the accounts outlining the Chief Executive's responsibilities as the Accounting Officer. Sign a statement in the accounts outlining responsibilities in respect of Internal Control.
	CE	<i>Ensure effective management systems that safeguard public funds and assist Authority Chair to implement requirements of corporate governance including ensuring managers:</i> have a clear view of their objectives and the means to assess achievements in relation to those objectives; be assigned well defined responsibilities for making best use of resources; have the information, training and access to the expert advice they need to exercise their responsibilities effectively.
	CE	Implement requirements of corporate governance.
	CE	Achieve value for money from the resources available to the Authority and avoid waste and extravagance in the organisation's activities.  Follow through the implementation of any recommendations affecting good practice as set out on reports from such bodies as the Audit Commission and the National Audit Office (NAO).
	DoF	Operational responsibility for effective and sound financial management and information.
	CE	Primary duty to see that DoF discharges this function.
	CE	Ensuring that expenditure by the Authority complies with Parliamentary requirements.

CE		To ensure that the Authority maintains an effective system of policies and reviews and updates these policies on a regular basis. To report to the Board on at least an annual basis on the policies in operation and the dates of their review. On consideration of this report the Board to resolve which policies they wish to approve prior to them being adopted by the Authority
CE		To ensure personal compliance with The Codes of Conduct and Accountability issued to NHS Boards by the Secretary of State and to ensure compliance by other Directors and staff
CE and DoF		Chief Executive, supported by Director of Finance, to ensure appropriate advice is given to the Board on all matters of probity, regularity, prudent and economical administration, efficiency and effectiveness.
CE		If CE considers the Board or Chair is doing something which might infringe probity or regularity, they should set this out in writing to the Board and they should ask the Audit and Risk Committee to inquire and if necessary refer the matter to the Department of Health and Social Care.
CE		If the Board is contemplating a course of action which raises an issue not of formal propriety or regularity but affects the CE's responsibility for value for money, the CE should draw the relevant factors to the attention of the Board. If the outcome is that the CE is over-ruled it is normally sufficient to ensure that their advice and the overruling of it are clearly apparent from the papers. Exceptionally, the CE should inform the DHSC. In such cases the CE should as a member of the Board vote against the course of action rather than merely abstain from voting.



## SCHEME OF DELEGATION DERIVED FROM THE CODES OF CONDUCT AND ACCOUNTABILITY

REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
1.3.1.7	THE BOARD	Approve procedure for declaration of hospitality and sponsorship.
1.3.1.8	THE BOARD	Ensure proper and widely publicised procedures for voicing complaints, concerns about maladministration, breaches of Code of Conduct, and other ethical concerns.
1.31.9 & 1.3.2.2	THE BOARD	Subscribe to Code of Conduct.
1.3.2.4	THE BOARD	Board members share corporate responsibility for all decisions of the Board.
1.3.2.4	CE	The Chief Executive is responsible for monitoring the executive management of the organisation and is responsible to the SofS for the discharge of those responsibilities.
1.3.2.4	THE BOARD	<p>The Board has six key functions for which it is held accountable by the Department of Health and Social Care on behalf of the Secretary of State:</p> <ol style="list-style-type: none"> <li>1. to ensure effective financial stewardship through value for money, financial control and financial planning and strategy;</li> <li>2. to ensure that high standards of corporate governance and personal behaviour are maintained in the conduct of the business of the whole organisation;</li> <li>3. to appoint, appraise and remunerate senior executives;</li> <li>4. on the recommendation of the Chief Executive [and Strategic Leadership Team], to ratify the strategic direction of the organisation within the overall policies and priorities of the Government , define its annual and longer-term objectives and agree plans to achieve them;</li> <li>5. to oversee the delivery of planned results by monitoring performance against objectives and ensuring corrective action is taken when necessary;</li> <li>6. to ensure an effective dialogue with the stakeholders on their plans and performance and that these are responsive to the community's needs.</li> </ol>
1.3.2.4	THE BOARD	<p>It is the Board's duty to:</p> <ol style="list-style-type: none"> <li>1. act within statutory financial and other constraints;</li> <li>2. be clear what decisions and information are appropriate to the Board and draw up Standing Orders, a Schedule of Decisions Reserved to the Board and Standing Financial Instructions to reflect these;</li> </ol>

		<p>3. ensure that management arrangements are in place to enable responsibility to be clearly delegated to senior executives for the main programmes of action and for performance against programmes to be monitored and senior executives held to account;</p> <p>4. establish performance and quality measures that maintain the effective use of resources and provide value for money;</p> <p>5. specify its requirements in organising and presenting financial and other information succinctly and efficiently to ensure the Board can fully undertake its responsibilities;</p> <p>6. establish Audit and Remuneration Committees on the basis of formally agreed terms of reference which set out the membership of the sub-committee, the limit to their powers, and the arrangements for reporting back to the main Board.</p>
1.3.2.5	CHAIR	<p>It is the Chair' role to:</p> <ol style="list-style-type: none"> <li>1. provide leadership to the Board;</li> <li>2. enable all Board members to make a full contribution to the Board's affairs and ensure that the Board acts as a team;</li> <li>3. ensure that key and appropriate issues are discussed by the Board in a timely manner;</li> <li>4. ensure the Board has adequate support and is provided efficiently with all the necessary data on which to base informed decisions;</li> <li>5. appoint non-executive Board members to an Audit and Risk Committee of the main Board;</li> <li>6. appraise the Board members and advise the DHSC Senior Sponsor and Secretary of State on their performance</li> </ol>
1.3.2.5	CHIEF EXECUTIVE	<p>The Chief Executive is accountable to the Chair and non-executive members of the Board for ensuring that the Board's decisions are implemented, that the organisation works effectively, in accordance with Government policy and public service values and for the maintenance of proper financial stewardship.</p> <p>The Chief Executive should be allowed full scope, within clearly defined delegated powers, for action in fulfilling the decisions of the Board;</p> <p>The other duties of the Chief Executive as Accountable Officer are laid out in the Accounting Officer letter of appointment.</p>
1.3.2.6	NON-EXECUTIVE MEMBERS	<p>Non-Executive Directors are appointed by the Secretary of State to bring independent judgement to bear on issues of strategy, performance, key appointments and accountability through the Department of Health and Social Care to Ministers and to the local community.</p>

1.3.2.8	THE BOARD AND STRATEGIC LEADERSHIP TEAM	Declaration of conflict of interests.
1.3.2.9	THE BOARD	Arms-Length Body's Boards must comply with legislation and guidance issued by the Department of Health and Social Care on behalf of the Secretary of State, respect agreements entered into by themselves or in on their behalf and establish terms and conditions of service that are fair to the staff and represent good value for taxpayers' money.

## SCHEME OF DELEGATION FROM STANDING ORDERS

SO REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
Section A	CHAI	Final authority in interpretation of SOs.
2.1	THE BOARD	Appointment of Vice Chair
2.2	CHAI	Call meetings.
3.1	CHAI	Chair all Board meetings and associated responsibilities.
3.2	CHAI	Give final ruling in questions of order, relevancy and regularity of meetings.
3.1.1	CHAI	Having a second or casting vote
3.1.2	THE BOARD	Suspension of Standing Orders.
3.1.2.1	AUDIT AND RISK COMMITTEE	Audit and Risk Committee to review every decision to suspend Standing Orders (power to suspend Standing Orders is reserved to the Board).
3.1.2.2	THE BOARD	Variation or amendment of Standing Orders.
4.1	THE BOARD	The Board shall approve the appointments to each of the committees which it has formally constituted.
5.3	THE BOARD	Formal delegation of powers to committees, sub-committees or joint committees and approval of their constitution and terms of reference. (Constitution and terms of reference of sub committees may be approved by the Chief Executive.)
5.4.2	CHIEF EXECUTIVE	The Chief Executive shall prepare a Scheme of Delegation identifying his/her proposals which shall be considered and <u>approved by the Board</u> , subject to any amendment agreed during the discussion.
5.6	ALL MEMBERS AND STAFF	Disclosure of non-compliance with Standing Orders to the Chief Executive as soon as possible.
7.1	THE BOARD	Declare relevant and material interests.
7.2	C	Maintain Register(s) of Interests.

7.5. 1	ALL MEMBERS AND STAFF	Comply with code of conduct for the authority
7.5. 4	ALL MEMBERS AND STAFF	Disclose relationship between self and candidate for staff appointment. (CE to report the disclosure to the Board.)
8.1/8.3	CHIEF EXECUTIVE	Maintain a register of sealing.
8. 4	THE BOARD	Approve and sign all documents which will be necessary in legal proceedings.

\* Nominated officers and the areas for which they are responsible should be incorporated into the Authority's Scheme of Delegation document.

## SCHEME OF DELEGATION FROM STANDING FINANCIAL INSTRUCTIONS

SFI REF	DELEGATED TO	AUTHORITIES/DUTIES DELEGATED
10.1.3	DIRECTOR OF FINANCE	Approval of all financial procedures.
10.1.4	DIRECTOR OF FINANCE	Advice on interpretation or application of SFIs.
10.1.6	ALL MEMBERS OF THE BOARD AND EMPLOYEES	Have a duty to disclose any non-compliance with these Standing Financial Instructions to the Director of Finance as soon as possible.
10.2.4	CHIEF EXECUTIVE	Responsible as the Accounting Officer to ensure financial targets and obligations are met and have overall responsibility for the System of Internal Control.
10.2.4	CHIEF EXECUTIVE & DIRECTOR OF FINANCE	Accountable for financial control but will, as far as possible, delegate their detailed responsibilities.
10.2.5	CHIEF EXECUTIVE	To ensure all Board members, officers and employees, present and future, are notified of and understand Standing Financial Instructions.
10.2.6	DIRECTOR OF FINANCE	Responsible for: <ul style="list-style-type: none"> <li>a) Implementing the Authority's financial policies and co-coordinating corrective action;</li> <li>b) Maintaining an effective system of financial control including ensuring detailed financial procedures and systems are prepared and documented;</li> <li>c) Ensuring that sufficient records are maintained to explain Authority's transactions and financial position;</li> <li>d) Providing financial advice to members of Board and staff;</li> <li>e) Maintaining such accounts, certificates etc. as are required for the Authority to carry out its statutory duties.</li> </ul>

10.2.7	ALL MEMBERS OF THE BOARD AND EMPLOYEES	Responsible for security of the Authority's property, avoiding loss, exercising economy and efficiency in using resources and conforming to Standing Orders, Standing Financial Instructions and financial procedures.
10.2.8	CHIEF EXECUTIVE	Ensure that any contractor or employee of a contractor who is empowered by the Authority to commit the Authority to expenditure or who is authorised to obtain income are made aware of these instructions and their requirement to comply.
11.1.1	AUDIT AND RISK COMMITTEE	Provide independent and objective view on internal control and probity.
11.1.2	CHAIR OF AUDIT AND RISK COMMITTEE	Raise the matter in writing to the Board where Audit and Risk Committee considers there is evidence of <i>ultra vires</i> transactions or improper acts or optionally refer to the DHSC Senior Sponsor.
11.1.3 & 11.2.1	DIRECTOR OF FINANCE	Ensure an adequate Internal Audit Service, for which The Director is accountable, is provided (and involve the Audit and Risk Committee in the selection process when/if an Internal Audit Service provider is changed).
11.2.1	DIRECTOR OF FINANCE	Decide at what stage to involve police in cases of misappropriation and other irregularities not involving fraud or corruption.
11.3	HEAD OF INTERNAL AUDIT	Review, appraise and report in accordance with Public Sector Internal Audit Standards and best practice.
11.4.1	AUDIT AND RISK COMMITTEE	Ensure cost-effective External Audit.
11.5	CHIEF EXECUTIVE AND DOF	Monitor and ensure compliance with SofS Directions on fraud and corruption including seeking the support of Counter Fraud Specialists.
11.6	CHIEF EXECUTIVE	Monitor and ensure compliance with Directions issued by the Secretary of State for Health and Social Care on security management.
12.1	CHIEF EXECUTIVE	Overall responsibility for Resource and Cash Limit Control.

12.1.4	DIRECTOR OF FINANCE	Ensure compliance with Department of Health and Social Care requirements; ensure money drawn from DHSC is for approved expenditure only at time of need and ensuring adequate system of monitoring.
13.1.1	DIRECTOR OF FINANCE	Submit to the Authority a report showing the Resource Limits received and their proposed distribution including any sums to be held in reserve
13.2.1	CHIEF EXECUTIVE	Compile and submit to the Board an annual Business Plan which takes into account financial targets and forecast limits of available resources. The plan will contain: a statement of the significant assumptions on which the plan is based, including details of major changes in workload, delivery of services or resources required to achieve the plan.
13.2.2 13.2.3	DIRECTOR OF FINANCE	Submit budgets to the Board for approval. Monitor performance against budget; submit to the Board financial estimates and forecasts.
13.2.5	DIRECTOR OF FINANCE	Ensure adequate training is delivered on an on-going basis to budget holders.
13.3.1	CHIEF EXECUTIVE	Delegate budget to budget holders.
13.3.2	CHIEF EXECUTIVE & BUDGET HOLDERS	Must not exceed the budgetary total or virement limits set by the Board.
13.4.1	DIRECTOR OF FINANCE	Devise and maintain systems of budgetary control.
13.4.2	BUDGET HOLDERS	Ensure that: a) no overspend or reduction of income that cannot be met from virement is incurred without prior consent of the Board; b) approved budget is not used for any other than specified purpose subject to rules of virement
13.4.3	CHIEF EXECUTIVE	Identify and implement cost improvements and income generation activities in line with Financial and Business Plans.
13.6	CHIEF EXECUTIVE	Submit monitoring returns.



14.1	DIRECTOR OF FINANCE	Preparation of annual accounts and reports.
15.1.1	DIRECTOR OF FINANCE	Managing banking arrangements, including provision of banking services, operation of accounts, preparation of instructions and list of cheque signatories.  (Board approves arrangements.)
16.	DIRECTOR OF FINANCE	Income systems, including system design, prompt banking, review and approval of fees and charges, debt recovery arrangements, design and control of receipts, provision of adequate facilities and systems for employees whose duties include collecting or holding cash.
16.2.2	ALL EMPLOYEES	Duty to inform Director of Finance of money due from transactions which they initiate/deal with.
17.	CHIEF EXECUTIVE	Tendering and contracting procedure
17.5.2	CHIEF EXECUTIVE	Waive formal tendering procedures.
17.5.2	CHIEF EXECUTIVE	Report waivers of tendering procedures to the Audit Committee. Responsible for the receipt, endorsement and safe custody of tenders received.
17.6.2	CHIEF EXECUTIVE	Responsible for the receipt, endorsement and safe custody of tenders received.
17.6.3	CHIEF EXECUTIVE	Shall maintain a register to show each set of competitive tender invitations dispatched.
17.6.4	CHIEF EXECUTIVE AND DIRECTOR OF FINANCE	Where one tender is received will assess for value for money and fair price.
17.6.6	CHIEF EXECUTIVE	No tender shall be accepted which will commit expenditure in excess of that which has been allocated by the Authority and which is not in accordance with these Instructions except with the authorisation of the Chief Executive.
17.6.8	CHIEF EXECUTIVE	Shall ensure that appropriate checks are carried out as to the technical and financial capability of those firms that are invited to tender or quote.
17.7.2	CHIEF EXECUTIVE	The Chief Executive or his nominated officer should evaluate the quotation and select the quote which gives the best value for money.

17.7.4	CHIEF EXECUTIVE or DIRECTOR OF FINANCE	No quotation shall be accepted which will commit expenditure in excess of that which has been allocated by the Authority and which is not in accordance with these Instructions except with the authorisation of the Chief Executive.
17.10	CHIEF EXECUTIVE	The Chief Executive shall demonstrate that the use of private finance represents value for money and genuinely transfers risk to the private sector.
17.10	BOARD	All PFI proposals must be agreed by the Board.
17.11	CHIEF EXECUTIVE	The Chief Executive shall nominate an officer who shall oversee and manage each contract on behalf of the Authority.
17.12	CHIEF EXECUTIVE	The Chief Executive shall nominate officers with delegated authority to enter into contracts of employment, regarding staff, Authority staff or temporary staff service contracts.
17.15	CHIEF EXECUTIVE	The Chief Executive shall be responsible for ensuring that best value for money can be demonstrated for all services provided on an in-house basis.
17.14.5	CHIEF EXECUTIVE	The Chief Executive shall nominate an officer to oversee and manage the contract on behalf of the Authority.
18.1.1	THE BOARD	Establish a Pay and Remuneration Committee.
18.1.2	PAY AND REMUNERATION COMMITTEE	Advise the Board on and make recommendations on the remuneration and terms of service of the CE,  other officer members and senior employees to ensure they are fairly rewarded having proper regard to  the Authority's circumstances and any national agreements;  Monitor and evaluate the performance of individual senior employees;  Advise on and oversee appropriate contractual arrangements for such staff, including proper calculation and scrutiny of termination payments.
18.1.3	PAY AND REMUNERATION COMMITTEE	Report in writing to the Board its advice and its bases about remuneration and terms of service of

		directors and senior employees.
18.1.4	CHIEF EXECUTIVE	Advise the Board on the remuneration and terms of service for staff not covered by the Remuneration
18.1.4	THE BOARD	Approve proposals presented by the Chief Executive for setting of remuneration and conditions of service for those employees and officers not covered by the Remuneration Committee.
18.2.2	CHIEF EXECUTIVE	Approval of variation to funded establishment of any department.
18.3	CHIEF EXECUTIVE	Staff, including Authority staff, appointments and re-grading.
18.4.1 and 18.4.2	DIRECTOR OF FINANCE	Payroll: a) specifying timetables for submission of properly authorised time records and other notifications; b) final determination of pay and allowances; c) making payments on agreed dates; d) agreeing method of payment; e) issuing instructions (as listed in SFI 10.4.2).
18.4.3	NOMINATED MANAGERS*	Submit time records in line with timetable where required.  Complete time records and other notifications in required form. Submitting termination forms in prescribed form and on time.
18.4.4	DIRECTOR OF FINANCE	Ensure that the chosen method for payroll processing is supported by appropriate (contracted) terms and conditions, adequate internal controls and audit review procedures and that suitable arrangements are made for the collection of payroll deductions and payment of these to appropriate bodies.
18.5	NOMINATED MANAGER*	Ensure that all employees are issued with a Contract of Employment in a form approved by the Board and which complies with employment legislation;  Deal with variations to, or termination of, contracts of employment.

19.1	CHIEF EXECUTIVE	Determine, and set out, level of delegation of non-pay expenditure to budget managers, including a list of managers authorised to place requisitions, the maximum level of each requisition and the system for authorisation above that level.
19.1.3	CHIEF EXECUTIVE	Set out procedures on the seeking of professional advice regarding the supply of goods and services.
19.2.1	REQUISITIONER*	In choosing the item to be supplied (or the service to be performed) shall always obtain the best value for money for the Authority. In so doing, the advice of the Authority's adviser on supply shall be sought.
19.2.3	DIRECTOR OF FINANCE	<p>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 should be incorporated in standing orders and regularly reviewed;</p> <p>b) Prepare procedural instructions [where not already provided in the Scheme of Delegation or procedure notes for budget holders] on the obtaining of goods, works and services incorporating the thresholds;</p> <p>c) Be responsible for the prompt payment of all properly authorised accounts and claims;</p> <p>d) Be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable;</p> <p>e) 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 subject to cash discounts or otherwise requiring early payment;</p> <p>f) Instructions to employees regarding the handling and payment of accounts within the finance team;</p> <p>g) Be responsible for ensuring that payment for goods and services is only made once the goods and services are received.</p>
19.2.4	APPROPRIATE EXECUTIVE DIRECTOR	Make a written case to support the need for a prepayment.

19.2.4	DIRECTOR OF FINANCE	Approve proposed prepayment arrangements.
19.2.4	BUDGET HOLDER	Ensure that all items due under a prepayment contract are received (and immediately inform DoF if problems are encountered).
19.2.5	CHIEF EXECUTIVE	Authorise who may use and be issued with official orders.
19.2.6	MANAGERS AND OFFICERS	Ensure that they comply fully with the guidance and limits specified by the Director of Finance.
19.2.7	CHIEF EXECUTIVE & DOF	<p>Ensure that Standing Orders are compatible with Department of Health and Social Care requirements re building and engineering contracts.</p> <p>Ensure that the arrangements for financial control and financial audit of building and engineering contracts and property transactions comply with the guidance contained within CONCODE and ESTATECODE.</p> <p>The technical audit of these contracts shall be the responsibility of the relevant Director.</p>
20.1.1 and 20.1.2	CHIEF EXECUTIVE	<p>Capital investment programme:</p> <p>a) ensure that there is adequate appraisal and approval process for determining capital expenditure priorities and the effect that each has on plans;</p> <p>b) responsible for the management of capital schemes and for ensuring that they are delivered on time and within cost;</p> <p>c) ensure that capital investment is not undertaken without availability of resources to finance all revenue consequences;</p> <p>d) ensure that a business case is produced for each proposal.</p>
20.1.2	DIRECTOR OF FINANCE	Certify professionally the costs and revenue consequences detailed in the business case for capital investment.
20.1.3	CHIEF EXECUTIVE	Issue procedures for management of contracts involving stage payments.
20.1.3	DIRECTOR OF FINANCE	Assess the requirement for the operation of the construction industry taxation deduction scheme.

20.1.3	DIRECTOR OF FINANCE	Issue procedures for the regular reporting of expenditure and commitment against authorised capital expenditure.
20.1.4	CHIEF EXECUTIVE	Issue manager responsible for any capital scheme with authority to commit expenditure, authority to proceed to tender and approval to accept a successful tender.  Issue a scheme of delegation for capital investment management.
20.1.5	DIRECTOR OF FINANCE	Issue procedures governing financial management, including variation to contract, of capital investment projects and valuation for accounting purposes.
20.2.1	DIRECTOR OF FINANCE	Demonstrate that the use of private finance represents value for money and genuinely transfers significant risk to the private sector.
20.2.1	THE BOARD	Proposal to use PFI must be specifically agreed by the Board.
20.3.1	CHIEF EXECUTIVE	Maintenance of asset registers (on advice from DoF).
20.3.5	DIRECTOR OF FINANCE	Approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.
20.3.8	DIRECTOR OF FINANCE	Calculate and pay capital charges in accordance with Department of Health and Social Care requirements.
20.4.1	CHIEF EXECUTIVE	Overall responsibility for fixed assets.
20.4.2	DIRECTOR OF FINANCE	Approval of fixed asset control procedures.
20.4.4	ALL SENIOR STAFF	Responsibility for security of Authority assets including notifying discrepancies to DoF, and reporting losses in accordance with Authority procedure.
21.2.1	CHIEF EXECUTIVE	Delegate overall responsibility for control of stores (subject to DoF responsibility for systems of control). Further delegation for day to day responsibility subject to such delegation being recorded.
21.2.1	DIRECTOR OF FINANCE	Responsible for systems of control over stores and receipt of goods.
21.2.2	NOMINATED OFFICERS*	Security arrangements and custody of keys.

21.2.3	DIRECTOR OF FINANCE	Set out procedures and systems to regulate the stores.
21.2.4	DIRECTOR OF FINANCE	Agree stocktaking arrangements.
21.2.5	DIRECTOR OF FINANCE	Approve alternative arrangements where a complete system of stores control is not justified.
21.2.6	DIRECTOR OF FINANCE	Approve system for review of slow moving and obsolete items and for condemnation, disposal and replacement of all unserviceable items.
21.2.6	NOMINATED OFFICERS*	Operate system for slow moving and obsolete stock, and report to DoF evidence of significant overstocking.
21.3.1	CHIEF EXECUTIVE	Identify persons authorised to requisition and accept goods from NHS Supplies stores.
22.1.1	DIRECTOR OF FINANCE	Prepare detailed procedures for disposal of assets including condemnations and ensure that these are notified to managers.
22.2.1	DIRECTOR OF FINANCE	Prepare procedures for recording and accounting for losses and special payments and informing police in cases of suspected arson or theft.
22.2.2	ALL	Discovery or suspicion of loss of any kind must be reported immediately to either Head of Department or nominated officer. The Head of Department / nominated officer should then inform the CE and DoF.
22.2.2	DIRECTOR OF FINANCE	Where a criminal offence is suspected, DoF must inform the police if theft or arson is involved. In cases of fraud and corruption DoF must inform DHSC Anti-Fraud Unit in line with Government functional standards.
22.2.2	DIRECTOR OF FINANCE	Notify DHSC Anti-Fraud Unit and External Audit of all frauds.
22.2.3	DIRECTOR OF FINANCE	Notify Board and External Auditor of losses caused by theft, arson, neglect of duty or gross carelessness (unless trivial).
22.2.4	THE BOARD	Approve write off of losses (within limits delegated by DHSC).
22.2.6	DIRECTOR OF FINANCE	Consider whether any insurance claim can be made.

22.2.7	DIRECTOR OF FINANCE	Maintain losses and special payments register.
23.1.1	DIRECTOR OF FINANCE	Responsible for accuracy and security of computerised financial data.
23.1.2	DIRECTOR OF FINANCE	Be satisfied 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 must be obtained from them prior to implementation.
23.1.3	CHIEF EXECUTIVE	Shall publish and maintain a Freedom of Information Scheme.
23.2 and 23.4	DIRECTOR OF FINANCE	Ensure that contracts with other bodies for the provision of computer services for financial applications clearly define responsibility of all parties for security, privacy, accuracy, completeness and timeliness of data during processing, transmission and storage, and allow for audit review.  Seek periodic assurances from the provider that adequate controls are in operation.
23.3	CHIEF EXECUTIVE	Ensure that risks to the Authority from use of IT are identified and considered and that disaster recovery plans are in place.
23.4	DIRECTOR OF FINANCE	Where computer systems have an impact on corporate financial systems satisfy them self that: a) systems acquisition, development and maintenance are in line with corporate policies; b) data assembled for processing by financial systems is adequate, accurate, complete and timely, and that a management rail exists; c) DoF and staff have access to such data; d) Such computer audit reviews are being carried out as are considered necessary.
24.	DIRECTOR OF FINANCE	Ensure all staff are made aware of the Authority policy on the acceptance of gifts and other benefits in kind by staff
25.	CHIEF EXECUTIVE	Retention of document procedures in accordance with 'Records Management Code of Practice for Health and Social Care 2016



26.1	CHIEF EXECUTIVE	Ensure the Authority has a risk management programme.
26.1	THE BOARD	Approve and monitor risk management programme.
26.2	CHIEF EXECUTIVE	Decide whether the Authority will use the risk pooling schemes administered by the NHS Resolution and the equivalent bodies in the Devolved Administrations or self-insure for some or all of the risks (where discretion is allowed). Decisions to self-insure should be reported to the Board and reviewed annually.

**\* Nominated officers and the areas for which they are responsible are incorporated into the Authority's Scheme of Delegation document.**

# SECTION D - STANDING FINANCIAL INSTRUCTIONS

## 10. INTRODUCTION

### 10.1 General

10.1.1 These Standing Financial Instructions (SFIs) are issued in accordance with the Financial Directions issued by the Secretary of State for the regulation of the conduct of the Authority in relation to all financial matters. They shall have effect as if incorporated in the Standing Orders (SOs) of the Authority.

10.1.2 These Standing Financial Instructions detail the financial responsibilities, policies and procedures adopted by the Authority. They are designed to ensure that the Authority's financial transactions are carried out in accordance with the law and with Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness. They should be used in conjunction with the Schedule of Decisions Reserved to the Board and the Scheme of Delegation adopted by the Authority.

10.1.3 These Standing Financial Instructions identify the financial responsibilities which apply to everyone working for the Authority. They do not provide detailed procedural advice and should be read in conjunction with the detailed departmental and financial procedure notes. All financial procedures and guidance must be approved by the Director of Finance.

10.1.4 Should any difficulties arise regarding the interpretation or application of any of the Standing Financial Instructions then the advice of the Director of Finance must be sought before acting. The user of these Standing Financial Instructions should also be familiar with and comply with the provisions of the Authority's Standing Orders.

10.1.5 The failure to comply with Standing Financial Instructions and Standing Orders can in certain circumstances be regarded as a disciplinary matter that could result in dismissal.

10.1.6 **Overriding Standing Financial Instructions** – If for any reason these Standing Financial Instructions are not complied with full details of the non-compliance and any justification for non-compliance and the circumstances around the non-compliance shall be reported to the next formal meeting of the Audit Committee for referring action or ratification. All members of the Board and staff have a duty to disclose any non-compliance with these Standing Financial Instructions to the Director of Finance as soon as possible.

### 10.2 Responsibilities and delegation

10.2.1 The Authority Board

The Board exercises financial supervision and control by:

- (a) formulating the financial strategy;
- (b) requiring the submission and approval of budgets within approved resource limits/overall income;
- (c) defining and approving essential features in respect of important procedures and financial systems (including the need to obtain value for money);
- (d) defining specific responsibilities placed on members of the Board and employees as indicated in the Scheme of Delegation document.

10.2.2 The Authority has resolved that certain powers and decisions may only be exercised by the Board in formal session. These are set out in the "Reservation of Matters Reserved to the Board" document.

10.2.3 The Authority will delegate responsibility for the performance of its functions in accordance with Standing Orders and the Scheme of Delegation document adopted by the Authority.

10.2.4 The Chief Executive and Director of Finance

The Chief Executive and Director of Finance will, as far as possible, delegate their detailed responsibilities, but they remain accountable for financial control.

Within the Standing Financial Instructions, it is acknowledged that the Chief Executive is ultimately accountable to the Board, and as accounting officer, to the Secretary of State, for ensuring that the Board meets its obligation to perform its functions within the available financial resources. The Chief Executive has overall executive responsibility for the Authority's activities; is responsible to the Chairman and the Board for ensuring that its financial obligations and targets are met and has overall responsibility for the Authorities system of internal control.

10.2.5 It is a duty of the Chief Executive to ensure that Members of the Board and employees and all new appointees are notified of and put in a position to understand their responsibilities within these Instructions.

10.2.6 The Director of Finance

The Director of Finance is responsible for:

- (a) implementing the Authority's financial policies and for co-ordinating any corrective action necessary to further these policies;
- (b) maintaining an effective system of internal financial control including ensuring that detailed financial procedures and systems incorporating the principles of separation of duties and internal checks are prepared, documented and maintained to supplement these instructions;
- (c) ensuring that sufficient records are maintained to show and explain the

Authority's transactions, in order to disclose, with reasonable accuracy, the financial position of the Authority at any time; and without prejudice to any other functions of the Authority, and employees of the Authority, the duties of the Director of Finance include:

- (d) the provision of financial advice to other members of the Board and employees;
- (e) the design, implementation and supervision of systems of internal financial control;
- (f) the preparation and maintenance of such accounts, certificates, estimates, records and reports as the Authority may require for the purpose of carrying out its statutory duties.

#### 10.2.7 **Board Members, Members and Employees**

All members of the Board and employees, severally and collectively, are responsible for:

- a) the security of the property of the Authority;
- (b) avoiding loss;
- (c) exercising economy and efficiency in the use of resources;
- (d) conforming to the requirements of Standing Orders, Standing Financial Instructions, Financial Procedures and the Scheme of Delegation.

#### 10.2.8 **Contractors and their employees**

Any contractor or employee of a contractor who is empowered by the Authority to commit the Authority 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.

- 10.2.9 For all members of the Board and any employees who carry out a financial function, the form in which financial records are kept and the manner in which members of the Board and employees discharge their duties must be to the satisfaction of the Director of Finance.

## **11. AUDIT**

### **11.1 Audit and Risk Committee**

- 11.1.1 In accordance with Standing Orders, the Board shall formally establish an Audit and Risk Committee, with clearly defined terms of reference and following guidance from the HM Treasury Audit Committee Handbook (2016), which will advise the Board and Accounting Officer on:

- a) the strategic processes for risk, control and governance and the Governance statement
- b) the accounting policies, the accounts, and the annual report of the organisation, including the process for review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors

- c) the planned activity and results of both internal and external audit
- d) adequacy of management response to issues identified by audit activity, including external audit's management letter
- e) assurances relating to the management of risk and corporate governance requirements for the organisation
- f) (where appropriate) proposals for tendering for either Internal or External Audit services or for purchase of non-audit services from contractors who provide audit services
- h) anti-fraud policies, whistle-blowing processes and arrangements for special investigations;
- i) the Audit and Risk Committee will also periodically review its own effectiveness and report the results of the review to the Board
- j) losses and special payments, and
- k) single tender actions, any novel procurement practices and contracts entered into above £100,000

11.1.2 Where the Audit and Risk Committee considers there is evidence of ultra vires transactions, evidence of improper acts, or if there are other important matters that the Committee wishes to raise, the Chair of the Audit and Risk Committee should raise the matter at a full meeting of the Board. Exceptionally, the matter may need to be referred to the Department of Health and Social Care. (To the Director of Finance of the Department of Health and Social Care in the first instance.)

11.1.3 It is the responsibility of the Authority's Director of Finance to ensure an adequate internal audit service is provided.

## 11.2 Director of Finance

11.2.1 The Director of Finance is responsible for:

- (a) ensuring there are arrangements to review, evaluate and report on the effectiveness of internal financial control including the establishment of an effective Internal Audit function;
- (b) ensuring that the Internal Audit is adequate and meets the NHS mandatory audit standards;
- (c) deciding at what stage to involve the police in cases of misappropriation and other irregularities not involving fraud or corruption;
- (d) ensuring that an annual internal audit report is prepared for the consideration of the Audit and Risk Committee. The report must cover:
  - (i) a clear opinion on the overall adequacy and effectiveness of the HRA's framework of governance, risk management and control, in an economical, efficient and timely manner;
  - (ii) major internal financial control weaknesses discovered;
  - (iii) progress on the implementation of internal audit recommendations;
  - (iv) progress against plan over the previous year;
  - (v) strategic audit plan covering the coming three years
  - (vi) a detailed plan for the coming year.

11.2.2 The Director of Finance or designated auditors are 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;
- (b) access at all reasonable times to any land, premises or members of the Board or employee of the Authority;
- (c) the production of any cash, stores or other property of the Authority under a member of the Board or an employee's control;
- (d) explanations concerning any matter under investigation.

### **11.3 Role of Internal Audit**

11.3.1 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 the Authority's assets and interests are accounted for and safeguarded from loss of any kind, arising from:
  - (i) fraud and other offences;
  - (ii) waste, extravagance, inefficient administration;
  - (iii) poor value for money or other causes.
- (e) Internal Audit shall also independently verify the Assurance Framework statements in accordance with guidance from the Department of Health and Social Care.

11.3.2 Whenever any matter arises which involves, or is thought to involve, irregularities concerning cash, stores, or other property or any suspected irregularity in the exercise of any function of a pecuniary nature, the Director of Finance must be notified immediately.

11.3.3 The Head of Internal Audit will normally attend Audit and Risk Committee meetings and has a right of access to all Audit and Risk Committee members, the Chair and Chief Executive of the Authority.

11.3.4 The Head of Internal Audit shall be accountable to the Director of Finance. The reporting system for Internal Audit shall be agreed between the Director of Finance, the Audit and Risk Committee and the Chief Internal Auditor. The agreement shall be in writing and shall comply with the guidance on reporting contained in the Public Sector Internal Audit Standards (PSIAS). The reporting system shall be reviewed at least every 3 years.

## **11.4 External Audit**

11.4.1 The External Auditor is appointed by Parliament and paid for by the Authority. The Audit and Risk Committee must ensure a cost-efficient service. If there are any problems relating to the service provided by the External Auditor, then this should be raised with the External Auditor.

## **11.5 Fraud and Corruption**

11.5.1 In line with their responsibilities, the Authority Chief Executive and Director of Finance shall monitor and ensure compliance with Directions issued by the Secretary of State for Health and Social Care on fraud and corruption.

11.5.2 The Authority shall nominate a suitable person to carry out Counter Fraud, Bribery and Corruption functions as dictated by relevant guidance and will provide a written report, at least annually, on counter fraud work within the Authority. This report shall be presented to the Audit and Risk Committee.

11.5.3 The specialist shall report to the Authority Director of Finance.

## **11.6 Security Management**

11.6.1 In line with their responsibilities, the Authority Chief Executive will monitor and ensure compliance with guidance issued by the Secretary of State for Health and Social Care on security management. This includes Ten Steps to Cyber Security, the governments primary cyber security guidance.

11.6.2 The Authority shall nominate a suitable person to carry out the functions of Security Management as dictated by relevant guidance on security management.

11.6.3 The Chief Executive has overall responsibility for controlling and coordinating security. However, key tasks are delegated to the relevant Director

## **12. RESOURCE LIMIT CONTROL**

12.1.1 The Authority is required by statutory provisions not to exceed Cash and Resource Limits. The Chief Executive has overall executive responsibility for the Authority's activities and is responsible to the Authority for ensuring that it stays within these limits.

12.1.2 The Director of Finance will:

- (a) provide periodic reports in the form required by the Secretary of State;
- (b) provider regular financial reports in the form agreed by the Board
- (b) ensure money drawn from the Department of Health and Social Care against Cash limit is required for approved expenditure only, and is drawn only at the time of need, follows Government Accounting best practice.

- (c) be responsible for ensuring that an adequate system of monitoring financial performance is in place to enable the Authority to fulfil its statutory responsibility not to exceed its Annual Revenue and Capital Resource Limits and Cash limit.

## **13. RESOURCE LIMITS, FINANCIAL STRATEGY, BUDGETARY CONTROL AND MONITORING**

### **13.1 Allocations**

13.1.1 The Director of Finance of the Authority will:

- (a) prior to the start of each financial year submit to the Authority a report showing the Resource Limits received and their proposed distribution including any sums to be held in reserve;
- (b) regularly update the Authority on significant changes to the initial Resource Limits and the uses of such funds.

### **13.2 Preparation and Approval of Business Plans and Budgets**

13.2.1 The Chief Executive will compile and submit to the Board a Business Plan which takes into account financial targets and forecast limits of available resources. The Business Plan will contain:

- (a) a statement of the significant assumptions on which the plan is based;
- (b) details of major changes in workload, delivery of services and resources required to achieve the plan.

13.2.2 As soon as is practicable and ideally prior to the start of the financial year the Director of Finance will, on behalf of the Chief Executive, prepare and submit budgets for approval by the Board. Such budgets will:

- (a) be in accordance with the aims and objectives set out in the Business Plan;
- (b) accord with workload and workforce plans;
- (c) be produced following discussion with appropriate budget holders;
- (d) be prepared within the limits of available funds;
- (e) identify potential risks.

13.2.3 The Director of Finance shall monitor financial performance against budget and plan, periodically review them, and report to the Board.

13.2.4 All budget holders must provide information as required by the Director of Finance to enable budgets to be compiled.

13.2.5 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 manage successfully.



### **13.3 Budgetary delegation within the Authority**

13.3.1 The Chief Executive may delegate the management of a budget to permit the performance of a defined range of activities. This delegation must be in writing and be accompanied by a clear definition of:

- (a) the amount of the budget;
- (b) the purpose(s) of each budget heading;
- (c) individual and group responsibilities;
- (d) authority to exercise virement;
- (e) achievement of planned levels of service;
- (f) the provision of regular reports.

13.3.2 The Chief Executive and delegated budget holders must not exceed the budgetary total or virement limits set by the Board.

13.3.3 Any budgeted funds not required for their designated purpose(s) revert to the immediate control of the Chief Executive, subject to any authorised use of virement.

13.3.4 Non-recurring budgets should not be used to finance recurring expenditure without the authority in writing of the Chief Executive, as advised by the Director of Finance.

### **13.4 Budgetary Control and Reporting within the Authority**

13.4.1 The Director of Finance will devise and maintain systems of budgetary control. These will include:

- (a) financial reports to the Board, at each meeting, in a form approved by the Board containing:
  - (i) income and expenditure to date showing trends and forecast year-end position;
  - (ii) movements in working capital;
  - (iii) movements in cash and capital;
  - (iv) capital spend and projected outturn against plan;
  - (v) explanations of any material variances from plan;
  - (vi) details of any corrective action where necessary and the Chief Executive's and/or Director of Finance's view of whether such actions are sufficient to correct the situation;
- (b) the issue of timely, accurate and comprehensible advice and financial reports to each budget holder, covering the areas for which they are responsible;
- (c) investigation and reporting of variances from financial, workload and workforce budgets;
- (d) monitoring of management action to correct variances;
- (e) arrangements for the authorisation of budget transfers.

13.4.2 Each Budget Holder is responsible for ensuring that:

- (a) any likely overspending or reduction of income which cannot be met by virement is not incurred without the prior consent of the Board;
- (b) the amount provided in the approved budget is not used in whole or in part for any purpose other than that specifically authorised subject to the rules of virement;
- (c) no permanent employees are appointed without the approval of the Chief Executive other than those provided for within the available resources and workforce establishment as approved by the Board.

13.4.3 The Chief Executive is responsible for identifying and implementing cost improvements and income generation initiatives in accordance with the requirements of the Business Plan and a balanced budget.

## **13.5 Capital Expenditure**

13.5.1 The general rules applying to delegation and reporting shall also apply to capital expenditure. (The particular applications relating to capital are contained in SFI 21).

## **13.6 Monitoring Returns**

13.6.1 The Chief Executive is responsible for ensuring that the appropriate monitoring forms are submitted to the requisite monitoring organisation.

## **14. ANNUAL ACCOUNTS AND REPORTS**

14.0.1 The Director of Finance, on behalf of the Authority, will:

- (a) prepare financial returns in accordance with the accounting policies and guidance given by the Department of Health and Social Care and the Treasury, the Authority's accounting policies, and generally accepted accounting practice;
- (b) prepare and submit annual financial reports to the Department of Health and Social Care certified in accordance with current guidelines;
- (c) submit financial returns to the Department of Health and Social Care for each financial year in accordance with the timetable prescribed by the Department of Health and Social Care.

14.0.2 The Authority's annual report and accounts must be audited by the Comptroller and Auditor General and be laid before Parliament.

14.0.3 The Authority will publish its annual report and accounts, in accordance with government accounting best practice.

## **15. BANK AND OPG ACCOUNTS**

### **15.1 General**

15.1.1 The Director of Finance is responsible for managing the Authority's banking arrangements and for advising the Authority on the provision of banking services and operation of accounts. This advice will take into account guidance/ Directions issued from time to time by the Department of Health and Social Care.

15.1.2 The Board shall approve the banking arrangements.

### **15.2 Bank and Government Banking Services (GBS) accounts**

15.2.1 The Director of Finance is responsible for:

- (a) bank accounts and GBS accounts;
- (b) ensuring payments made from GBS accounts do not exceed the amount credited to the account except where arrangements have been made;
- (c) reporting to the Board all arrangements made with the Authority's bankers for accounts to be overdrawn.
- (d) monitoring compliance with DHSC guidance on the level of cleared funds.

### **15.3 Banking Procedures**

15.3.1 The Director of Finance will prepare detailed instructions on the operation of bank and GBS accounts which must include:

- (a) the conditions under which each bank and GBS account is to be operated, which shall include provision for all CHAPS, Payable Order Schedules and foreign currency transactions to be approved by two authorised signatories;
- (b) those authorised to sign cheques or other orders drawn on the Authority's accounts.
- (c) those authorised to approve transactions electronically

15.3.2 The Director of Finance must advise the Authority's bankers in writing of the conditions under which each account will be operated.

### **15.4 Tendering and Review**

15.4.1 The Director of Finance will review the banking arrangements of the Authority at regular intervals to ensure they reflect best practice and are in line with DHSC Commercial team guidance

## **16. INCOME, FEES AND CHARGES AND SECURITY OF CASH, CHEQUES AND OTHER NEGOTIABLE INSTRUMENTS**

## **16.1 Income Systems**

16.1.1 The Director of Finance is responsible for designing, maintaining and ensuring compliance with systems for the proper recording, invoicing, collection and coding of all monies due.

16.1.2 The Director of Finance is also responsible for the prompt banking of all monies received.

## **16.2 Fees and Charges**

16.2.1 The Director of Finance is responsible for approving and regularly reviewing the level of all fees and charges other than those determined by the Department of Health and Social Care or by Statute.

16.2.2 All employees must inform the Director of Finance promptly of money due arising from transactions which they initiate/deal with, including all contracts, leases, tenancy agreements, private patient undertakings and other transactions.

## **16.3 Debt Recovery**

16.3.1 The Director of Finance is responsible for the appropriate recovery action on all outstanding debts.

16.3.2 Income not received should be dealt with in accordance with losses procedures.

16.3.3 Overpayments should be detected (or preferably prevented) and recovery initiated.

## **16.4 Security of Cash, Cheques and other Negotiable Instruments**

16.4.1 The Director of Finance is responsible for:

- (a) approving the form of all receipt books, agreement forms, or other means of officially acknowledging or recording monies received or receivable;
- (b) ordering and securely controlling any such stationery;
- (c) the provision of adequate facilities and systems for employees whose duties include collecting and holding cash, including the provision of safes or lockable cash boxes, the procedures for keys, and for coin operated machines;
- (d) prescribing systems and procedures for handling cash and negotiable securities on behalf of the Authority.

16.4.2 Official money shall not under any circumstances be used for the encashment of private cheques or IOUs.

16.4.3 All cheques, postal orders, cash etc., shall be banked intact. Disbursements shall not be made from cash received, except under arrangements approved by the Director of Finance.

16.4.4 The holders of safe keys shall not accept unofficial funds for depositing in their safes unless such deposits are in special sealed envelopes or locked containers. It shall be made clear to the depositors that the Authority is not to be held liable for any loss, and written indemnities must be obtained from the organisation or individuals absolving the Authority from responsibility for any loss.

## **17. TENDERING AND CONTRACTING PROCEDURE**

### **17.1 Duty to comply with Standing Orders and Standing Financial Instructions**

The procedure for making all contracts by or on behalf of the Authority shall comply with these Standing Orders and Standing Financial Instructions (except where Standing Order No. 3.13 Suspension of Standing Orders is applied).

### **17.2 EU Directives Governing Public Procurement**

Directives by the Council of the European Union promulgated by the Department of Health and Social Care (DHSC) prescribing procedures for awarding all forms of contracts shall have effect as if incorporated in these Standing Orders and Standing Financial Instructions.

### **17.3 Reverse eAuctions**

The Authority should have policies and procedures in place for the control of all tendering activity carried out through Reverse eAuctions. For further guidance on Reverse eAuctions refer to [www.ogc.gov.uk](http://www.ogc.gov.uk)

### **17.4 Capital Investment Manual and other Department of Health and Social Care Guidance**

The Authority shall comply as far as is practicable with the requirements of the Department of Health and Social Care "Capital Investment Manual" and "Estate code" in respect of capital investment and estate and property transactions.

### **17.5 Formal Competitive Tendering**

#### **17.5.1 General Applicability**

The Authority shall ensure that competitive tenders, following the processes set down by the European Union where appropriate, are invited for:

- the supply of goods, materials and manufactured articles;
- the rendering of services including all forms of management consultancy services (other than specialised services sought from or provided by the DHSC);
- the design, construction and maintenance of building and engineering works (including construction and maintenance of grounds and gardens); for disposals.

#### **17.5.2 Exceptions and instances where formal tendering need not be applied**

Formal tendering procedures **need not be applied** where:

- (a) the estimated expenditure or income does not, or is not reasonably expected to, exceed **£50,000, excluding VAT subject to EU procurement requirements**; or
- (b) where the supply is proposed under special arrangements negotiated by the DHSC in which event the said special arrangements must be complied with. In the case of the use of framework agreements or consortium arrangements, they shall be used in accordance with the advice of the awarding body. If this advice is followed, even where only one bidder is invited to bid, then this shall not constitute a Single Tender Action;
- (c) regarding disposals as set out in Standing Financial Instructions No. 22
- (d) where sponsorship arrangements are proposed, such as part funding a conference and the circumstances make competitive tendering inappropriate;

For procurements below £50,000 the advice of the Director of Finance should be sought and must be followed.

Formal tendering procedures **may be waived** for procurements over £50,000, provided advice has been obtained from Department of Health and Social Care commercial colleagues in the following circumstances:

- (e) in very exceptional circumstances where the Chief Executive decides that formal tendering procedures would not be practicable or the estimated expenditure or income would not warrant formal tendering procedures, and the circumstances are detailed in an appropriate Authority record;
- (f) where the requirement is covered by an existing contract;
- (g) where the timescale genuinely precludes competitive tendering but failure to plan the work properly would not be regarded as a justification for a single tender;
- (h) where specialist expertise is required and is available from only one source;
- (i) when the task is essential to complete the project, and arises as a consequence of a recently completed assignment and engaging different consultants for the new task would be inappropriate;
- (j) there is a clear benefit to be gained from maintaining continuity with an earlier project. However in such cases the benefits of such continuity must outweigh any potential financial advantage to be gained by competitive tendering;
- (k) for the provision of legal advice and services providing that any legal firm or partnership commissioned by the Authority is regulated by the Law Society for England and Wales for the conduct of their business (or by the Bar Council for England and Wales in relation to the obtaining of Counsel's opinion) and are generally recognised as having sufficient expertise in the area of work for which they are commissioned.

The Director of Finance will ensure that any fees paid are reasonable and within commonly accepted rates for the costing of such work.

- (l) where allowed and provided for in the Capital Investment Manual.

The waiving of competitive tendering procedures should not be used to avoid competition or for administrative convenience or to award further work to a consultant originally appointed through a competitive procedure. **Advice from Department of Health and Social Care commercial colleagues will be sought and recorded.**

Where it is decided that competitive tendering is not applicable and a Single Tender action is used, this fact and the reasons should be documented and recorded in an appropriate Authority record and reported to the Audit and Risk Committee at each meeting.

#### 17.5.3 Fair and Adequate Competition

The Authority shall ensure that invitations to tender are sent to a sufficient number of firms/individuals to provide fair and adequate competition as appropriate, and in no case less than two firms/individuals should be invited to tender, having regard to their capacity to supply the goods or materials or to undertake the services or works required.

#### 17.5.4 Building and Engineering Construction Works

Competitive Tendering cannot be waived for building and engineering construction works and maintenance (other than in accordance with Concode) without Departmental of Health approval.

#### 17.5.5 Items which subsequently breach thresholds after original approval

Items estimated to be below the limits set in this Standing Financial Instruction for which formal tendering procedures are not used which subsequently prove to have a value above such limits shall be reported to the Chief Executive, and be recorded in an appropriate Authority record.

### 17.6 Contracting/Tendering Procedure

Under the Public Contracts Regulations 2015 electronic means of communication are mandatory for all communication and information exchange in public contracts from 18 October 2018. The following section applies to tenders received in paper form. The Authority may use electronic tendering processes which follow similar procedures to those below. If electronic tendering is used this should be overseen and managed by, or following the receipt of advice from the Department of Health and Social Care's Commercial team. Their Business Management System should be used to manage the required electronic processes.

#### 17.6.1 Invitation to tender

- (i) All invitations to tender shall state the date and time as being the latest time for the receipt of tenders.
- (ii) All paper based invitations to tender shall state that no tender will be accepted unless:

- submitted in a plain sealed package or envelope bearing a pre-printed label supplied by the Authority (or the word "tender" followed by the subject to which it related) and the latest date and time for the receipt of such tender addressed to the Chief Executive or nominated Manager;
  - that tender envelopes/ packages shall not bear any names or marks indicating the sender. The use of courier/postal services must not identify the sender on the envelope or on any receipt so required by the deliverer.
- (iii) Every tender for goods, materials, services or disposals shall embody terms and conditions from Crown Commercial Services where these have been recommended by the commercial lead at DHSC .
- (iv) Every tender for building or engineering works (except for maintenance work, when Estatecode guidance shall be followed) shall embody or be in the terms of the current edition of one of the Joint Contracts Tribunal Standard Forms of Building Contract or Department of the Environment (GC/Wks) Standard forms of contract amended to comply with Concode; or, when the content of the work is primarily engineering, the General Conditions of Contract recommended by the Institution of Mechanical and Electrical Engineers and the Association of Consulting Engineers (Form A), or (in the case of civil engineering work) the General Conditions of Contract recommended by the Institute of Civil Engineers, the Association of Consulting Engineers and the Federation of Civil Engineering Contractors. These documents shall be modified and/or amplified to accord with Department of Health and Social Care guidance and, in minor respects, to cover special features of individual projects.

#### 17.6.2 **Receipt and safe custody of tenders**

The Chief Executive or his nominated representative will be responsible for the receipt, endorsement and safe custody of tenders received until the time appointed for their opening.

The date and time of receipt of each tender shall be endorsed on the tender envelope/package.

Where electronic tendering is used, the system should prevent any member of staff or the procurement lead from viewing any aspect of a submitted tender until it is unlocked. The procurement lead can only unlock the tender following the deadline (not in advance). DHSC commercial team support should be sought in all cases of electronic tendering.

#### 17.6.3 **Opening tenders and Register of tenders – paper based**

- (i) As soon as practicable after the date and time stated as being the latest time for the receipt of tenders, they shall be opened by two senior officers/managers designated by the Chief Executive and not from the originating department.
- (ii) The rules relating to the opening of tenders will need to be read in conjunction with any delegated authority set out in the Authority's Scheme of Delegation.
- (iv) The originating Department will be taken to mean the Department sponsoring or commissioning the tender.



- (v) The involvement of Finance team staff in the preparation of a tender proposal will not preclude the Director of Finance or any approved Senior Manager from the Finance Directorate from serving as one of the two senior managers to open tenders.
- (v) All Executive Directors and Directors who attend the Board but are not entitled to vote are authorised to open tenders regardless of whether they are from the originating department provided that the other authorised person opening the tenders with them is not from the originating department.
- (vii) A register shall be maintained by the Chief Executive, or a person authorised by them, to show for each set of competitive tender invitations despatched:
  - the name of all firms/ individuals invited;
  - the names of firms/ individuals from which tenders have been received;
  - the closing date and time for receipt of tenders;
  - the date the tenders were opened;
  - the persons present at the opening;
  - the price shown on each tender;
  - a note where price alterations have been made on the tender.

Each entry to this register shall be signed by those present.

A note shall be made in the register if any one tender price has had so many alterations that it cannot be readily read or understood.

Where electronic tendering is used, the above principles are achieved through e-tendering in order to preserve the integrity of the process and to ensure that the principals of equal treatment and transparency are upheld,

- (viii) Incomplete tenders, i.e. those from which information necessary for the adjudication of the tender is missing, and amended tenders i.e., those amended by the tenderer upon his own initiative either orally or in writing after the due time for receipt, but prior to the opening of other tenders, should be dealt with in the same way as late tenders. (Standing Order No. 17.6.5) below).

#### **17.6.4 Admissibility**

- i) If for any reason the designated officers are of the opinion that the tenders received are not strictly competitive (for example, because their numbers are insufficient or any are amended, incomplete or qualified) no contract shall be awarded without the approval of the Chief Executive.
- (ii) Where only one tender is sought and/or received, the Chief Executive and Director of Finance shall, as far practicable, ensure that the price to be paid is fair and reasonable and will ensure value for money for the Authority.

#### **17.6.5 Late tenders**

- (i) Tenders received after the due time and date, but prior to the opening of the other tenders, may be considered only if the Chief Executive or his nominated officer decides that there are exceptional circumstances i.e. despatched in good time but delayed through no fault of the tenderer.
- (ii) Only in the most exceptional circumstances will a tender be considered which is received after the opening of the other tenders and only then if the tenders that have been duly opened have not left the custody of the Chief Executive or his nominated officer or if the process of evaluation and adjudication has not started. This is not applicable with an electronic system of tendering.
- (iii) While decisions as to the admissibility of late, incomplete or amended tenders are under consideration, the tender documents shall be kept strictly confidential, recorded, and held in safe custody by the Chief Executive or his nominated officer.

#### 17.6.6 **Acceptance of formal tenders (See overlap with SFI No. 17.7)**

- (i) Any discussions with a tenderer which are deemed necessary to clarify technical aspects of his tender before the award of a contract will not disqualify the tender.
- (ii) The lowest acceptable tender, if payment is to be made by the Authority, or the highest, if payment is to be received by the Authority, shall be accepted unless there are good and sufficient reasons to the contrary. Such reasons shall be set out in either the contract file, or other appropriate record.

It is accepted that for professional services such as consultancy, the lowest price does not always represent the best value for money. Other factors affecting the success of a project include:

- (a) experience and qualifications of team members;
- (b) understanding of client's needs;
- (c) feasibility and credibility of proposed approach;
- (d) ability to complete the project on time.

Where other factors are taken into account in selecting a tenderer, these must be clearly recorded and documented in the contract file, and the reason(s) for not accepting the lowest tender clearly stated.

- (iii) No tender shall be accepted which will commit expenditure in excess of that which has been allocated by the Authority and which is not in accordance with these Instructions except with the authorisation of the Chief Executive.
- (iv) The use of these procedures must demonstrate that the award of the contract was:
  - (a) not in excess of the going market rate / price current at the time the contract was awarded;
  - (b) that best value for money was achieved.

- (v) All Tenders should be treated as confidential and should be retained for inspection.

#### **17.6.7 Tender reports to the Authority Board and Audit and Risk Committee**

Reports to the Authority Board will be made on an exceptional circumstance basis only. All contracts agreed over £100,000 will be reported to the Audit and Risk Committee retrospectively.

### **17.7 Quotations: Competitive and non-competitive**

#### **17.7.1 General Position on quotations**

Quotations are required where formal tendering procedures **or the use of government framework agreements are not adopted** and exceeds, or is reasonably expected to exceed, £5,000 but not exceed £50,000. (Both figures excluding VAT)

#### **17.7.2 Competitive Quotations**

- (i) Quotations should be obtained from at least 2 firms/individuals based on specifications or terms of reference prepared by, or on behalf of, the Authority.
- (ii) Quotations should be in writing unless the Chief Executive or his nominated officer determines that it is impractical to do so in which case quotations may be obtained by telephone. Confirmation of telephone quotations should be obtained as soon as possible and the reasons why the telephone quotation was obtained should be set out in a permanent record.
- (iii) All quotations should be treated as confidential and should be retained for inspection.
- (iv) The Chief Executive or his nominated officer should evaluate the quotation and select the quote which gives the best value for money. If this is not the lowest quotation if payment is to be made by the Authority, or the highest if payment is to be received by the Authority, then the choice made and the reasons why should be recorded in a permanent record.

#### **17.7.3 Non-Competitive Quotations**

Non-competitive quotations in writing may be obtained in the following circumstances:

- (i) the supply of proprietary or other goods of a special character and the rendering of services of a special character, for which it is not, in the opinion of the responsible officer, possible or desirable to obtain competitive quotations;
- (ii) the supply of goods or manufactured articles of any kind which are required quickly and are not obtainable under existing contracts;
- (iii) where the goods or services are for building and engineering maintenance the responsible works manager must certify that the first two conditions of this SFI (i.e.: (i) and (ii) of this SFI) apply.

#### **17.7.4 Quotations to be within Financial Limits**

No quotation shall be accepted which will commit expenditure in excess of that which has been allocated by the Authority and which is not in accordance with Standing Financial Instructions except with the authorisation of either the Chief Executive or Director of Finance.

## **17.8 Authorisation of Tenders and Competitive Quotations**

17.8.1 Providing all the conditions and circumstances set out in these Standing Financial Instructions have been fully complied with and ALB Delegations from DHSC considered, the signing of contracts is delegated to the following in all cases the Authority's designated Procurement Officer must record the signing of the contract and its details in the contracts register:

- Director of Finance up to £50,000
- Chief Executive up to £250,000
- Chair up to £1,000,000 (following Board approval)
- Department of Health and Social Care Senior Sponsor approval is required via a business case over £1,000,000 plus approval of the Board

17.8.2 These levels of authorisation may be varied or changed and need to be read in conjunction with the Authority's Scheme of Delegation.

17.8.3 Formal authorisation must be put in writing. In the case of authorisation by the Authority Board this shall be recorded in their minutes.

## **17.9 Instances where formal competitive tendering or competitive quotation is not required**

Where competitive tendering or a competitive quotation is not required the Authority should adopt one of the following alternatives:

- (a) the Authority shall use the government centrally sourced contracts and approved frameworks for nine common goods and services categories and for procurement of other goods and services unless the Chief Executive or nominated officers deem it inappropriate. The decision to use alternative sources must be documented.
- (b) If the Authority does not use the government centrally sourced contracts and framework agreement - where tenders or quotations are not required, because expenditure is below £50,000, the Authority shall procure goods and services in accordance with procurement procedures approved by the Director of Finance.

## **17.10 Private Finance for capital procurement (see overlap with SFI No. 20)**

The Authority should normally market-test for PFI (Private Finance Initiative funding) when considering a capital procurement in accordance with current Department of Health and Social Care Guidance. When the Board proposes, or is required, to use finance provided by the private sector the following should apply:

- (a) The Chief Executive shall demonstrate that the use of private finance represents value for money and genuinely transfers risk to the private sector.
- (b) Where the sum exceeds delegated limits, a business case must be referred to the appropriate Department of Health and Social Care for approval or treated as per current guidelines.
- (c) The proposal must be specifically agreed by the Board of the Authority.
- (d) The selection of a contractor/finance company must be on the basis of competitive tendering or quotations.

### **17.11 Compliance requirements for all contracts**

The Board may only enter into contracts on behalf of the Authority within the statutory powers delegated to it by the Secretary of State and shall comply with:

- (a) The Authority's Standing Orders and Standing Financial Instructions;
- (b) EU Directives and other statutory provisions;
- (c) any relevant directions including the Capital Investment Manual, Estatecode and guidance on the Procurement and Management of Consultants;
- (d) such of the NHS Standard Contract Conditions as are applicable.
- (e) contracts with Foundation Trusts must be in a form compliant with appropriate NHS guidance.
- (f) Where appropriate contracts shall be in or embody the same terms and conditions of contract as was the basis on which tenders or quotations were invited.
- (g) In all contracts made by the Authority, the Board shall endeavour to obtain best value for money by use of all systems in place. The Chief Executive shall nominate an officer who shall oversee and manage each contract on behalf of the Authority.

### **17.12 Personnel and Authority or Temporary Staff Contracts**

The Chief Executive shall nominate officers with delegated authority to enter into contracts of employment, regarding staff, Authority staff or temporary staff service contracts

### **17.13 Disposals (See overlap with SFI No. 23)**

Competitive Tendering or Quotation procedures shall not apply to the disposal of:

- (a) any matter in respect of which a fair price can be obtained only by negotiation or sale by auction as determined (or pre-determined in a reserve) by the Chief Executive or his nominated officer;
- (b) obsolete or condemned articles and stores, which may be disposed of in accordance with the supplies policy of the Authority;

- (c) items to be disposed of with an estimated sale value of less than £1,000, this figure to be reviewed on a periodic basis;
- (d) items arising from works of construction, demolition or site clearance, which should be dealt with in accordance with the relevant contract;
- (e) land or buildings concerning which DHSC guidance has been issued but subject to compliance with such guidance.

## **17.14 In-house Services**

17.14.1 The Chief Executive shall be responsible for ensuring that best value for money can be demonstrated for all services provided on an in-house basis. The Authority may also determine from time to time that in-house services should be market tested by competitive tendering.

17.14.2 In all cases where the Board determines that in-house services should be subject to competitive tendering the following groups shall be set up:

- (a) Specification group, comprising the Chief Executive or nominated officer/s and specialists.
- (b) In-house tender group, comprising a nominee of the Chief Executive and technical support.
- (c) Evaluation team, comprising normally a specialist officer, a supplies officer and a Director of Finance representative. For services having a likely annual expenditure exceeding £250,000, a non-officer member should be a member of the evaluation team. 17.14.3 All groups should work independently of each other and individual officers may be a member of more than one group but no member of the in-house tender group may participate in the evaluation of tenders.

17.14.4 The evaluation team shall make recommendations to the Board.

17.14.5 The Chief Executive shall nominate an officer to oversee and manage the contract on behalf of the Authority.

## **18. TERMS OF SERVICE, ALLOWANCES AND PAYMENT OF MEMBERS OF THE AUTHORITY BOARD AND EMPLOYEES**

### **18.1 Remuneration and Terms of Service (see overlap with SO No. 4)**

18.1.1 In accordance with Standing Orders the Board shall establish a Pay and Remuneration Committee, with clearly defined terms of reference, specifying which posts fall within its area of responsibility, its composition, and the arrangements for reporting. (See NHS guidance contained in the Higgs report.)

18.1.2 The Committee will:

- (a) advise the Board about appropriate remuneration and terms of service for the Chief Executive, other officer members employed by the Authority and other senior employees including:
  - (i) all aspects of salary (including any performance-related elements/bonuses);
  - (ii) provisions for other benefits, including pensions and cars;
  - (iii) arrangements for termination of employment and other contractual terms;
- (b) make such recommendations to the Board on the remuneration and terms of service of officer members of the Board (and other senior employees) to ensure they are fairly rewarded for their individual contribution to the Authority, having proper regard to the Authority's circumstances and performance and to the provisions of any national arrangements for such members and staff where appropriate;
- (c) monitor and evaluate the performance of individual officer members of and other senior employees;
- (d) advise on and oversee appropriate contractual arrangements for such staff including the proper calculation and scrutiny of termination payments taking account of such national guidance as is appropriate.

18.1.3 The Committee shall report in writing to the Board the basis 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 officer members. Minutes of the Board's meetings should record such decisions.

18.1.4 The Board will consider and need to approve proposals presented by the Chief Executive for the setting of remuneration and conditions of service for those employees and officers not covered by the Committee.

18.1.5 The Authority will pay allowances to the Chair and non-officer members of the Board in accordance with instructions issued by the Secretary of State for Health.

## **18.2 Funded Establishment**

18.2.1 The workforce plans incorporated within the annual budget will form the funded establishment.

18.2.2 The funded establishment of any department may not be varied without the approval of the Chief Executive.

## **18.3 Staff Appointments**

18.3.1 No officer or Member of the Authority Board or employee may engage, re-engage, or re-grade employees, either on a permanent or temporary nature, or hire Authority staff, or agree to changes in any aspect of remuneration:

- (a) unless authorised to do so by the Chief Executive;

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

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

## **18.4 Processing Payroll**

18.4.1 The Director of Finance is responsible for:

- (a) specifying timetables for submission of properly authorised time records and other notifications;
- (b) the final determination of pay and allowances;
- (c) making payment on agreed dates;
- (d) agreeing method of payment.

18.4.2 The Director of Finance will issue instructions regarding:

- (a) verification and documentation of data;
- (b) the timetable for receipt and preparation of payroll data and the payment of employees and allowances;
- (c) maintenance of subsidiary records for pension, income tax, social security and other authorised deductions from pay;
- (d) security and confidentiality of payroll information;
- (e) checks to be applied to completed payroll before and after payment;
- (f) authority to release payroll data under the provisions of the Data Protection Act;
- (g) methods of payment available to various categories of employee and officers;
- (h) procedures for payment by cheque, bank credit, or cash to employees and officers;
- (i) procedures for the recall of cheques and bank credits;
- (j) pay advances and their recovery;
- (k) maintenance of regular and independent reconciliation of pay control accounts;
- (l) separation of duties of preparing records and handling cash;
- (m) a system to ensure the recovery from those leaving the employment of the Authority of sums of money and property due by them to the Authority.

18.4.3 Appropriately nominated managers have delegated responsibility for:

- (a) submitting time records, and other notifications in accordance with agreed timetables where appropriate;
- (b) completing time records and other notifications in accordance with the Director of Finance's instructions and in the form prescribed by the Director of Finance where appropriate;
- (c) submitting termination forms in the prescribed form immediately upon knowing the effective date of an employee's or officer's resignation, termination or



retirement. Where an employee fails to report for duty or to fulfil obligations in circumstances that suggest they have left without notice, the Director of Finance must be informed immediately.

18.4.4 Regardless of the arrangements for providing the payroll service, the Director of Finance shall ensure that the chosen method is supported by appropriate (contracted) terms and conditions, adequate internal controls and audit review procedures and that suitable arrangement are made for the collection of payroll deductions and payment of these to appropriate bodies.

## **18.5 Contracts of Employment**

18.5.1 The Board shall delegate responsibility to an officer for:

- (a) ensuring that all employees are issued with a Contract of Employment in a form approved by the Board and which complies with employment legislation;
- (b) dealing with variations to, or termination of, contracts of employment.

## **19. NON-PAY EXPENDITURE**

### **19.1 Delegation of Authority**

19.1.1 The Board will approve the level of non-pay expenditure on an annual basis and the Chief Executive will determine the level of delegation to budget managers.

19.1.2 The Chief Executive will set out:

- (a) the list of managers who are authorised to place requisitions for the supply of goods and services;
- (b) the maximum level of each requisition and the system for authorisation above that level.

19.1.3 The Chief Executive shall set out procedures on the seeking of professional advice regarding the supply of goods and services.

### **19.2 Choice, Requisitioning, Ordering, Receipt and Payment for Goods and Services (see overlap with Standing Financial Instruction No. 17)**

#### **19.2.1 Requisitioning**

The requisitioner, in choosing the item to be supplied (or the service to be performed) shall always obtain the best value for money for the Authority. In so doing, the advice of the Authority's 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.

#### **19.2.2 System of Payment and Payment Verification**

The Director of Finance shall be responsible for the prompt payment of accounts and claims. Payment of contract invoices shall be in accordance with contract terms, or otherwise, in accordance with national guidance.

19.2.3 The Director of Finance will:

- (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 should be incorporated in Standing Orders and Standing Financial Instructions and regularly reviewed;
- (b) prepare procedural instructions or guidance within the Scheme of Delegation on the obtaining of goods, works and services incorporating the thresholds;
- (c) be responsible for the prompt payment of all properly authorised accounts and claims;
- (d) be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable. The system shall provide for:
  - (i) A list of Board members/employees (including specimens of their signatures) authorised to certify invoices.
  - (ii) Certification that:
    - goods have been duly received, examined and are in accordance with specification and the prices are correct;
    - work done or services rendered have been satisfactorily carried out in accordance with the order, and, where applicable, the materials used are of the requisite standard and the charges are correct;
    - in the case of contracts based on the measurement of time, materials or expenses, the time charged is in accordance with the time sheets, the rates of labour are in accordance with the appropriate rates, the materials have been checked as regards quantity, quality, and price and the charges for the use of vehicles, plant and machinery have been examined;
    - 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.
  - (iii) 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 subject to cash discounts or otherwise requiring early payment;

- (iv) Instructions to employees regarding the handling and payment of accounts within the Finance Department.
- (e) be responsible for ensuring that payment for goods and services is only made once the goods and services are received. The only exceptions are set out in SFI No. 19.2.4 below.

#### **19.2.4 Prepayments**

Prepayments are only permitted where exceptional circumstances apply. In such instances:

- (a) Prepayments are only permitted where the financial advantages outweigh the disadvantages (i.e. cash flows must be discounted to NPV using the National Loans Fund (NLF) rate plus 2%).
- (b) The appropriate officer member must provide, in the form of a written report, a case setting out all relevant circumstances of the purchase. The report must set out the effects on the Authority if the supplier is at some time during the course of the prepayment agreement unable to meet his commitments;
- (c) The Director of Finance will need to be satisfied with the proposed arrangements before contractual arrangements proceed (taking into account the EU public procurement rules where the contract is above a stipulated financial threshold);
- (d) The Budget Holder is responsible for ensuring that all items due under a prepayment contract are received and they must immediately inform the appropriate Director or Chief Executive if problems are encountered.

#### **19.2.5 Official orders**

Official Orders must:

Be consecutively numbers

Be in a form approved by the Director of Finance

State the Authority's terms and conditions of trade

Only be issued to, and used by, those duly authorised by the Chief Executive

#### **19.2.6 Duties of Managers and Officers**

Managers and officers must ensure that they comply fully with the guidance and limits specified by the Director of Finance, that they understand their responsibilities under the Departmental Efficiencies Measures and that:

- (a) all contracts (except as otherwise provided for in the Scheme of Delegation), 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 EU rules on public procurement;
- (c) where consultancy advice is being obtained, the procurement of such advice must be in accordance with guidance issued by the Department of Health and Social Care;
- (d) no order shall be 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:
  - (i) isolated gifts of a trivial character or inexpensive seasonal gifts, such as calendars;
  - (ii) conventional hospitality, such as lunches in the course of working visits;
- e) no requisition/order is placed for any item or items for which there is no budget provision unless authorised by the Director of Finance on behalf of the Chief Executive;
- f) all goods, services, or works are ordered on an official order except works and services executed in accordance with a contract and purchases from petty cash;
- (g) verbal orders must only be issued very exceptionally - by an employee designated by the Chief Executive and only in cases of emergency or urgent necessity. These must be confirmed by an official order and clearly marked "Confirmation Order";
- (h) orders are not split or otherwise placed in a manner devised so as to avoid the financial thresholds;
- (i) goods are not taken on trial or loan in circumstances that could commit the Authority to a future uncompetitive purchase;
- (j) changes to the list of members/employees and officers authorised to certify invoices are notified to the Director of Finance;
- (k) purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Director of Finance;
- (l) petty cash records are maintained in a form as determined by the Director of Finance.

19.2.7 The Chief Executive and Director of Finance shall ensure that the arrangements for financial control and financial audit of building and engineering contracts and property transactions comply with the guidance contained within CONCODE and ESTATECODE. The technical audit of these contracts shall be the responsibility of the relevant Director.

## 20. CAPITAL INVESTMENT, PRIVATE FINANCING, FIXED ASSET REGISTERS AND SECURITY OF ASSETS

### 20.1 Capital Investment

20.1.1 The Chief Executive:

- (a) shall ensure that there is an adequate appraisal and approval process in place for determining capital expenditure priorities and the effect of each proposal upon plans;
- (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) shall ensure that the capital investment is not undertaken without there being a confirmed Capital Resource Limit to cover the scheme to completion, and that all revenue consequences, including Capital Charges, are included in the Revenue Budget.

20.1.2 For every capital expenditure proposal the Chief Executive shall ensure:

- (a) that a business case (in line with the guidance contained within the *Capital Investment Manual*) is produced setting out:
  - (i) an option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to costs;
  - (ii) the involvement of appropriate Authority personnel and external agencies;
  - (ii) appropriate project management and control arrangements;
- (b) that the Director of Finance has certified professionally to the costs and revenue consequences detailed in the business case.

20.1.3 For capital schemes where the contracts stipulate stage payments, the Chief Executive will issue procedures for their management, incorporating the recommendations of "Estatecode".

20.1.4 The Director of Finance shall assess on an annual basis the requirement for the operation of the construction industry tax deduction scheme in accordance with HM Revenue and Customs guidance.

20.1.5 The Director of Finance shall issue procedures for the regular reporting of expenditure and commitment against authorised expenditure.

20.1.6 The approval of a capital programme shall not constitute approval for expenditure on any scheme.

The Chief Executive shall issue to the manager responsible for any scheme:

- (a) specific authority to commit expenditure;

- (b) authority to proceed to tender ( see overlap with SFI No. 17.5);
- (c) approval to accept a successful tender (see overlap with SFI No. 17.5).

The Chief Executive will issue a scheme of delegation for capital investment management in accordance with "Estatecode" guidance and the Authority's Standing Orders.

20.1.7 The Director of Finance shall issue procedures governing the financial management, including variations to contract, of capital investment projects and valuation for accounting purposes. These procedures shall fully take into account the delegated limits for capital schemes.

## **20.2 Asset Registers**

20.3.1 The Chief Executive is responsible for the maintenance of registers of assets, taking account of the advice of the Director of Finance concerning the form of any register and the method of updating, and arranging for a physical check of assets against the asset register to be conducted once a year.

20.3.2 An asset register recording fixed assets shall be maintained. The minimum data set to be held within these registers shall be as specified in the *Capital Accounting Manual* as issued by the Department of Health and Social Care.

20.3.3 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.

20.3.4 Where capital assets are sold, scrapped, lost or otherwise disposed of, their value must be removed from the accounting records and each disposal must be validated by reference to authorisation documents and invoices (where appropriate).

20.3.5 The Director of Finance shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.

20.3.6 The value of each asset shall be indexed to current values in accordance with methods specified in the *Capital Accounting Manual* issued by the Department of Health and Social Care.

20.3.7 The value of each asset shall be depreciated using methods and rates as specified in the *Capital Accounting Manual* issued by the Department of Health and Social Care.

20.3.8 The Director of Finance of the Authority shall calculate and pay capital charges as specified in the *Capital Accounting Manual* issued by the Department of Health and Social Care.

## **20.3 Security of Assets**

20.4.1 The overall control of fixed assets is the responsibility of the Chief Executive.

20.4.2 Asset control procedures (including fixed assets, cash, cheques and negotiable instruments, and also including donated assets) must be approved by the Director of Finance. 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.

20.3.3 All discrepancies revealed by verification of physical assets to fixed asset register shall be notified to the Director of Finance.

20.3.4 Whilst each employee and officer has a responsibility for the security of property of the Authority, it is the responsibility of Board members and senior employees in all disciplines to apply such appropriate routine security practices in relation to NHS property as may be determined by the Board. Any breach of agreed security practices must be reported in accordance with agreed procedures.

20.3.5 Any damage to the Authority's premises, vehicles and equipment, or any loss of equipment, stores or supplies must be reported by Board members and employees in accordance with the procedure for reporting losses.

20.3.6 Where practical, assets should be marked as Authority property.

## **21. STORES AND RECEIPT OF GOODS**

### **21.1 General position**

21.1.1 Stores, defined in terms of controlled stores and departmental stores (for immediate use) should be:

- (a) kept to a minimum;
- (b) subjected to annual stock take;

- (c) valued at the lower of cost and net realisable value.

## **21.2 Control of Stores, Stocktaking, condemnations and disposal**

- 21.2.1 Subject to the responsibility of the Director of Finance for the systems of control, overall responsibility for the control of stores shall be delegated to an employee by the Chief Executive. The day-to-day responsibility may be delegated by them to departmental employees and stores managers/keepers, subject to such delegation being entered in a record available to the Director of Finance.
- 21.2.2 The responsibility for security arrangements and the custody of keys for any stores and locations shall be clearly defined in writing by the designated manager/officer. Wherever practicable, stocks should be marked as Authority property.
- 21.2.3 The Director of Finance shall set out procedures and systems to regulate the stores including records for receipt of goods, issues, and returns to stores, and losses.
- 21.2.4 Stocktaking arrangements shall be agreed with the Director of Finance and there shall be a physical check covering all items in store at least once a year.
- 21.2.5 Where a complete system of stores control is not justified, alternative arrangements shall require the approval of the Director of Finance.
- 21.2.6 The designated Manager/officer shall be responsible for a system approved by the Director of Finance for a review of slow moving and obsolete items and for condemnation, disposal, and replacement of all unserviceable articles. The designated Officer shall report to the Director of Finance any evidence of significant overstocking and of any negligence or malpractice (see also overlap with SFI No. 22 Disposals and Condemnations, Losses and Special Payments). Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods.

## **22. DISPOSALS, LOSSES AND SPECIAL PAYMENTS**

### **22.1 Disposals**

#### 22.1.1 Procedures

The Director of Finance must prepare detailed procedures for the disposal of assets and ensure that these are notified to managers.

- 22.1.2 When it is decided to dispose of an Authority 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.

#### 22.1.3 All unserviceable articles shall be:

- (a) disposed of by an employee authorised for that purpose by the Director of Finance and reported as a loss if appropriate;



## **22.2 Losses and Special Payments**

### **22.2.1 Procedures**

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

22.2.2 For significant losses over £75k apparently caused by theft, arson, neglect of duty or gross carelessness, the Director of Finance must immediately notify:

- (a) the Board,
- (b) the External Auditor.

22.2.5 The Director of Finance shall be authorised to take any necessary steps to safeguard the Authority's interests in bankruptcies and company liquidations.

22.2.6 For any loss, the Director of Finance should consider whether any insurance claim can be made.

22.2.7 The Director of Finance shall maintain a Losses and Special Payments Register in which write-off action is recorded.

22.2.8 No special payments exceeding delegated limits shall be made without the prior approval of the Department of Health and Social Care.

22.2.9 All losses > £500 and special payments must be reported to the Audit Committee at every meeting.

## **23. INFORMATION TECHNOLOGY**

### **23.1 Responsibilities and duties of the Director of Finance with respect to financial data.**

23.1.1 The Director of Finance who is responsible for the accuracy and security of the computerised financial data of the Authority, shall:

- (a) devise and implement any necessary procedures to ensure adequate (reasonable) protection of the Authority's data, programs and computer hardware for which the Director is responsible from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard for the Data Protection Act and General Data Protection Regulation;
- (b) ensure that adequate (reasonable) 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;
- (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 the Director may consider necessary are being carried out.

23.1.2 The Director of Finance will ensure 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 must be obtained from them prior to implementation.

23.1.3 The Chief Executive shall publish and maintain a Freedom of Information (FOI) Publication Scheme, or adopt a model Publication Scheme approved by the Information Commissioner. A Publication Scheme is a complete guide to the information routinely published by a public authority. It describes the classes or types of information about our Authority that we make publicly available.

## **23.2 Contracts for Computer Services with other health bodies or outside agencies**

The Director of Finance shall ensure that subject to meeting any government efficiency controls, contracts for computer services for financial applications with another health organisation or any other Authority shall clearly define the responsibility of all parties for the security, privacy, accuracy, completeness, and timeliness of data during processing, transmission and storage. The contract should also ensure rights of access for audit purposes.

Where another health organisation or any other Authority provides a computer service for financial applications, the Director of Finance shall periodically seek assurances that adequate controls are in operation.

## **23.3 Risk Assessment**

The **Chief Executive** shall ensure that risks to the Authority arising from the use of IT are effectively identified and considered and appropriate action taken to mitigate or control risk. This shall include the preparation and testing of appropriate disaster recovery plans.

## **23.4 Requirements for Computer Systems which have an impact on corporate financial systems**

Where computer systems have an impact on corporate financial systems the Director of Finance shall need to be satisfied 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 and timely, and that a management (audit) trail exists;
- (c) Director of Finance staff have access to such data;
- (d) such computer audit reviews as are considered necessary are being carried out.

## **24. ACCEPTANCE OF GIFTS BY STAFF AND LINK TO STANDARDS OF BUSINESS CONDUCT (see overlap with SO No. 6 and SFI No. 19.2.6 (d))**

The Director of Finance shall ensure that all staff are made aware of the Authority policy on acceptance of gifts and other benefits in kind by staff. This policy builds on the principles detailed in the in the Conflicts of interest in the NHS – Guidance for Staff and Organisations guidance; and the ABPI Code of Professional Conduct relating to hospitality/gifts from pharmaceutical/external industry and is also deemed to be an integral part of these Standing Orders and Standing Financial Instructions (see overlap with SO No. 6).

## **25. RETENTION OF RECORDS**

- 25.0.1 The Chief Executive shall be responsible for maintaining archives for all records required to be retained in accordance with Department of Health and Social Care guidelines.
- 25.0.2 The records held in archives shall be capable of retrieval by authorised persons.
- 25.0.3 Records held in accordance with Department of Health and Social Care guidance shall only be destroyed at the express instigation of the Chief Executive. Detail shall be maintained of records so destroyed.

## **26. RISK MANAGEMENT AND INSURANCE**

### **26.1 Programme of Risk Management**

The Chief Executive shall ensure that the Authority has a programme of risk management, in accordance with current Department of Health and Social Care assurance framework requirements, which must be approved and monitored by the Board.

The programme of risk management shall include:

- a) a process for identifying and quantifying risks and potential liabilities;
- b) engendering among all levels of staff a positive attitude towards the control of risk;
- c) management processes to ensure all significant risks and potential liabilities are addressed including effective systems of internal control, cost effective insurance cover, and decisions on the acceptable level of retained risk;
- d) contingency plans to offset the impact of adverse events;
- e) audit arrangements including; internal audit, clinical audit, health and safety review;
- f) a clear indication of which risks shall be insured;
- g) arrangements to review the risk management programme.

The existence, integration and evaluation of the above elements will assist in providing a basis to make a statement on the effectiveness of Internal Control (Statement of Internal Control) within the Annual Report and Accounts as required by current Department of Health and Social Care guidance.

## 26.2 Insurance: Risk Pooling Schemes administered by NHSLA

The Chief Executive shall decide if the Authority will insure through the risk pooling schemes administered by the NHS Resolution and the equivalent bodies for the Devolved Administrations or self-insure for some or all of the risks covered by the risk pooling schemes. If the Chief Executive decides not to use the risk pooling schemes for any of the risk areas (clinical, property and employers/third party liability) covered by the scheme this decision shall be reported to the Board and reviewed annually.

## 26.3 Insurance arrangements with commercial insurers

26.3.1 There is a general prohibition on entering into insurance arrangements with commercial insurers. There are, however, four **exceptions** when Authority's may enter into insurance arrangements with commercial insurers. The exceptions are:

- a) The Authority may enter commercial arrangements for **insuring motor vehicles** owned by the Authority including insuring third party liability arising from their use;
- b) where the Authority is involved with a consortium in a Private Finance Initiative contract and the other consortium members require that commercial insurance arrangements are entered into; and
- c) where income generation activities take place. Income generation activities should normally be insured against all risks using commercial insurance.
- d) To provide travel insurance for staff where travel outside the EU is necessary and has been agreed by the line manager and potential medical costs would therefore not be covered by reciprocal arrangements

## 26.4 Arrangements to be followed by the Chief Executive in agreeing Insurance cover

Where the Chief Executive decides to use the risk pooling schemes administered by the NHS Resolution the Director of Finance shall ensure that the arrangements entered into are appropriate and complementary to the risk management programme. The Director of Finance shall ensure that documented procedures cover these arrangements.

Where the Chief Executive decides not to use the risk pooling schemes administered by the NHS Resolution for one or other of the risks covered by the schemes, the Director of Finance shall ensure that the Board is informed of the nature and extent of the risks that are self-insured as a result of this decision. The Director of Finance will draw up formal documented procedures for the management of any claims arising from third parties and payments in respect of losses which will not be reimbursed.

All the risk pooling schemes require Scheme members to make some contribution to the settlement of claims (the "deductible"). The Director Finance should ensure documented procedures also cover the management of claims and payments below the deductible in each case.

## Document Control

### Change Record

Version Status	Date of Change	Reason for Change
Draft V0.1 to 0.6	November 2011	Establishment of HRA
Draft V0.7	December 2011	Approved by board but subject to some minor amendments
Draft V2.0	January 2012	Approved by board and audit committee
Draft V3.0	October 2012	Updated to reflect board appointments
Final 4.0	October 2012	Issued for publication
Draft V5.0	October 2013	Revision of quorum of board in response to audit recommendation.
Draft V 6.0	January 2015	Revision for NDPB status change.
Draft v6.1	December 2015	Minor review and update
Draft V7	July 2017	Minor review to reflect changes to delegated authorities
Draft V8	January 2020	Review to ensure up to date and reflect recent organisational changes and wider government landscape
Version 8.1	February 2021	Updated to meet web accessibility requirements and update to new HRA London address. No other content changes.

### Reviewers

Name	Position	Version Reviewed
Debbie Corrigan, Vanessa Perry, SMG, Board	Approved at Board on 1 December 2011 after review by SMG and others with request for further comment.	Version 0.7
Audit Committee and HRA Board	Presented for review to audit committee and board 25 <sup>th</sup> October 2012. No comments	Version 3.0
Executive Management Team and HRA Board	Presented for review of amendments Board meeting 29 October 2013	Version 5.0

Executive Management Team and HRA Board	Presented for review of amendments Board meeting 21 <sup>st</sup> January 2015	Version 6.0
Audit and Risk Committee	Presented for review on 2 <sup>nd</sup> August 2017	Version 7.0
Audit & Risk Committee	2020/02/03	Version 8.0

### Distribution of Approved Versions

Name of Person/Group	Position	Version Released
Debbie Corrigan		Version 0.7
Debbie Corrigan	Interim Director of Finance	Version 4.0 FINAL
Finance, Board Secretary, Website	Director of Finance	Version 5.0 FINAL
Finance, Board Secretary, Website	Director of Finance	Version 6.1 FINAL
S Tebbutt	Head of Corporate Governance & Risk	Version 8.0 FINAL
S Tebbutt	Head of Corporate Governance & Risk	Version 8.1 FINAL