

Standing Financial Instructions

Agreed and approved by the
NHSBSA Board on 17 September 2014

Due for review in Sept 2015

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1. Introduction

1.1 General

- 1.1.1 These Standing Financial Instructions (SFIs) are issued in accordance with the Financial Directions issued by the Secretary of State for Health under the provisions of Section 99 (3), 97 (A) (4) and (7) and 97 (AA) of the National Health Service Act 1977 for the regulation of the conduct of the NHS Business Services Authority (NHSBSA) in relation to all financial matters. They shall have effect as if incorporated in the Standing Orders (SOs) of the Authority. These SFIs refer to the financial transactions of the NHSBSA only.
- 1.1.2 In accordance with HSG (96)12, these SFIs 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 Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness. They should be used in conjunction with the Scheme of Delegation which includes the Reservation of Powers to the Authority.
- 1.1.3 These SFIs identify the financial responsibilities that 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. The user of these SFIs must also take into account relevant prevailing Department of Health and/or Treasury instructions. The Director of Finance must approve all financial procedures.
- 1.1.4 Should any difficulties arise regarding the interpretation or application of any of the SFIs, the advice of the Director of Finance must be sought before acting. The user of these SFIs should also be familiar with and comply with the Authority's SOs.
- 1.1.5 Failure to comply with SFIs and SOs can, in certain circumstances, be regarded as a disciplinary matter that could result in dismissal.
- 1.1.6 If for any reason these SFIs are not complied with, full details of the non-compliance and any justification for non-compliance shall be reported to the next formal meeting of the Audit and Risk Management Committee for referring action or ratification. All members of the Board, and all staff, have a duty to disclose any non-compliance with these SFIs to the Director of Finance as soon as possible.
- 1.1.7 Wherever the title Chief Executive, Director of Finance, or other nominated officer is used in these instructions, it shall be deemed to include such other directors or employees who have been duly authorised to represent them, except in respect of Banking Arrangements (See Section 4).

1.1.8 Any expression to which a meaning is given in the Health Service Act or in the Financial Directions made under the Act shall have the same meaning in these instructions; and:

- i) "Authority" means the NHS Business Services Authority
- ii) "Budget" means an amount of resources expressed in financial terms proposed by the Authority for the purpose of carrying out over a specific period all or part of the functions of the Authority
- iii) "Budget Holder" means the Executive Director, Managing Director or Head of Service with delegated authority to manage finances (Income and Expenditure) for a specific area of the organisation
- iv) "Budget Manager" refers to those officers who are required to manage budgets on behalf of the respective Budget Holder
- v) "Chief Executive" means the Chief Officer of the Authority (who is directly accountable to the Authority)
- vi) "Accounting Officer" means the NHS officer responsible and accountable for funds entrusted to the Authority. He/she shall be responsible for ensuring the proper stewardship of public funds and assets. The Accounting Officer for the NHS Business Services Authority is the Chief Executive
- vii) "Director of Finance" means the chief financial officer of the Authority;
- viii) "Corporate Secretary" means the officer charged with responsibility for the Authority's governance, compliance and assurance, including support to the Board
- ix) "Board" means the Chair, Non Executive Directors and Executive Directors of the NHS Business Services Authority collectively as a body
- x) "Leadership Team" is the senior management team comprising the Chief Executive and Executive Directors of the NHSBSA
- xi) "Officer" means employee of the Authority or any other person holding a paid appointment or office with the Authority.

1.2 Responsibilities and delegation

1.2.1 The Board

1.2.1.1 The Board exercises financial supervision and control by:

- (i) formulating the financial strategy
- (ii) requiring the submission and approval of budgets within allocations
- (iii) defining and approving essential features of financial arrangements in respect of important procedures and financial systems, including the need to obtain value for money
- (iv) defining specific responsibilities placed on members of the Board and officers as indicated in the Scheme of Delegation document.

1.2.1.2 The Authority has resolved that certain powers and decisions may only be exercised by the Board. These are set out in the Scheme of Delegation.

1.2.1.3 The Board shall delegate executive responsibility for the performance of its functions to the Chief Executive who shall retain overall responsibility for all its activities.

1.2.2 The Chief Executive

1.2.2.1 Within the SFIs it is acknowledged that the Chief Executive, as Accounting Officer, will have ultimate responsibility for ensuring that the Authority meets its obligation to perform its functions within the financial resources made available to it. The Chief Executive has overall executive responsibility for the Authority's activities and is responsible to the Board for ensuring that it stays within its resource and cash limits.

1.2.2.2 The Chief Executive will delegate detailed responsibility for financial activities and controls to the Director of Finance but retain overall accountability. The extent of such delegation will be determined in the Authority's Scheme of Delegation and should be kept under review by the Board.

1.2.2.3 The Chief Executive, through the Director of Finance, shall be responsible for the implementation of the Authority's financial policies and for co-ordinating any corrective action necessary to further these policies.

1.2.2.4 It shall be the responsibility of the Chief Executive through the Director of People and Organisational Development to ensure that existing staff and all new employees are notified of their responsibilities within these instructions.

- 1.2.2.5 In addition to the above, Budget Holders, Budget Managers and those staff who are involved in dealing directly with contractors/suppliers are required to confirm that they have read and understood the SFIs and SOs.

1.2.3 The Director of Finance

1.2.3.1 The Director of Finance is responsible for:

- (i) implementing the Authority's financial policies and for co-ordinating any corrective action necessary to further these policies
- (ii) maintaining an effective system of 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
- (iii) 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.

1.2.3.2 Without prejudice to any other functions of the Authority, and employees of the Authority, the duties of the Director of Finance shall include:

- (i) the provision of financial advice to the Authority and its employees
- (ii) the design, implementation and supervision of systems of internal financial control
- (iii) 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.

1.2.3.3 The Director of Finance shall require, in relation to any officer who carries out a financial function, that the form in which the records are kept and the manner in which the officers discharge their duties shall be to his/her satisfaction.

1.2.3.4 The Director of Finance will ensure money drawn from the Department of Health against cash limited and non cash limited funds is required for approved expenditure only, and is drawn only at the time of need.

1.2.4 The Corporate Secretary

1.2.4.1 The Corporate Secretary is responsible for:

- i) an annual review of SFIs as part of the NHSBSA's wider corporate governance framework
- ii) production of the NHSBSA's Annual Report
- iii) ensuring an adequate process is in place to support use of the NHSBSA's credit card
- iv) supporting the Commercial Director as required with the tendering process
- v) maintaining a register of interests, gifts and hospitality for NHSBSA Board members
- vi) overseeing the internal and external audit arrangements
- vii) managing the NHSBSA's approach to fraud and physical security.

1.2.5 Board Members, Leadership Team and employees

All members of the Board, Leadership Team and employees, individually and collectively, are responsible for:

- (i) the security of the property of the Authority
- (ii) avoiding loss
- (iii) exercising economy and efficiency in the use of resources
- (iv) conforming with the requirements of SOs, SFIs, Scheme of Delegation and Financial Procedures. It shall be the duty of any officer having evidence of, or reason to, suspect financial or other irregularities or impropriety in relation to these regulations to report these suspicions to the Director of Finance. The Director of Finance will consider the suspicions to determine if the case should be referred to the Local Counter Fraud Specialist. The director should not conduct a detailed investigation as this may compromise any investigation by the Local Counter Fraud Specialist.

1.2.6 Contracts, Contractors and their Employees

- 1.2.6.1 Directors responsible for arranging contracts for the provision of items and/or services shall ensure that those contracts are correctly monitored and governed within the contract's terms and conditions.

- 1.2.6.2 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.

1.2.7 Audit and Risk Management Committee

- 1.2.7.1 In accordance with SOs (and as set out in guidance issued by the Department of Health under EL(94) 40), the Authority shall establish an Audit and Risk Management Committee. The terms of reference of the Audit and Risk Management Committee shall be drawn up and approved by the Board, and are incorporated in the SOs. The Audit and Risk Management Committee will provide an independent and objective view of internal control by overseeing internal and external audit services; reviewing financial systems, ensuring compliance with SOs and SFIs; reviewing schedules of losses and compensations and making recommendations to the Board.
- 1.2.7.2 Where the Audit and Risk Management Committee considers there is evidence of ultra vires transactions, evidence of improper acts, or if there are other important matters that the Committee wish to raise, the Chairman of the Audit and Risk Management Committee should raise the matter in the first instance with the Director of Finance and the Chief Executive. If the matter has still not been resolved to the Audit and Risk Management Committee's satisfaction, then the matter will be raised at a full meeting of the Board.

2. Preparation, approval and control of the business plan, budgets and estimates

- 2.1 The Authority has a responsibility to prepare and submit financial plans in accordance with the requirements of the Department of Health or appropriate body. It shall perform its functions within the total of funds allocated or approved by the Secretary of State for Health allowing for any planned changes in working balances during the year. All plans, financial approvals and control systems shall be designed to meet this obligation.
- 2.2 The Director of Finance shall ensure that the financial details contained within the service agreements of contracts entered into by the Authority are consistent with the requirement to balance income and expenditure; and he shall ensure that adequate statistical and financial systems are in place to facilitate the compilation of estimates, forecasts and investigations as may be required from time to time.

- 2.3 The Chief Executive will compile and submit to the Authority an annual business plan which takes into account financial targets and forecast limits of available resources. The annual business plan will contain a statement of the significant assumptions on which the plan is based and details of major changes in workload, delivery of services or resources required to achieve the plan.
- 2.4 The Director of Finance shall, in consultation with Budget Holders and Budget Managers, compile such financial estimates and forecasts, on both revenue and capital accounts, as may be required from time to time by the Authority.
- 2.5 The Director of Finance will ensure that money drawn from the Department of Health against the resource and cash limit is required for approved expenditure only, and is drawn only at the time of need in line with the Department of Health's timetable.
- 2.6 The Director of Finance shall, on behalf of the Chief Executive, prepare and submit budgets within the limits of available funds to the Authority for its approval prior to the commencement of each financial year.
- 2.7 The Director of Finance must review the basis and assumptions used to prepare the budget and advise the Authority that, to the best of the Director of Finance's knowledge and understanding, they are realistic. As a consequence the Director of Finance shall have right of access to all Budget Holders on budgetary related matters. Such budgets should relate to income and expenditure in that year and shall have supporting statements in order to explain any matter material to the understanding of those budgets, covering all revenue and capital items. Alterations to budgets may be requested in line with guidance issued by the Director of Finance.
- 2.8 The Director of Finance shall monitor financial performance against budgets and business plans, periodically review them and report to the Authority on the Authority's position against these targets. All budget holders and managers must provide information as required by the Director of Finance to enable budgets to be compiled and monitoring reports to be prepared.
- 2.9 The Director of Finance shall be responsible for ensuring that an adequate system of monitoring financial performance is in place to enable the Authority to fulfil its statutory responsibility to meet its Annual Revenue and Capital Resource Limits.
- 2.10 The Director of Finance will devise and maintain systems of budgetary control. These will include:
- a) regular financial reports to the Board in a form approved by the Board

- 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 manpower budgets
- d) monitoring of management action to correct variances
- e) arrangements for the authorisation of budget transfers.

2.11 The Director of Finance shall devise and maintain adequate systems to ensure that the Authority can identify, implement and monitor opportunities for inclusion within Cost Improvements and Income Generation Programmes.

2.12 The Chief Executive may, in line with the Scheme of Delegation, delegate responsibility for a budget or a part of a budget to operational managers to permit the performance of defined activities. The terms of delegation shall include a clear definition of individual and group responsibilities for control of expenditure, exercise of virement (budget transfers), achievement of planned levels of service and the provision of regular reports upon the discharge of these delegated functions to the Chief Executive.

2.13 Each Budget Holder is responsible for ensuring that:

- a) spending remains within the sum of their delegated budget, by monitoring the budget and taking appropriate corrective action, or exercising virement, to address over/underspending
- b) any likely overspending or reduction of income which cannot be met by virement is not incurred without the prior consent of the Chief Executive Officer
- c) 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
- d) no permanent employees are appointed without the approval of the Chief Executive other than those provided for within the available resources and manpower establishment as approved by the Board.

2.14 Except where otherwise approved by the Chief Executive, taking account of advice from the Director of Finance, budgets shall be used only for the purpose for which they were provided and any budgeted funds not required for their designated purposes shall revert to the immediate control of the Chief Executive.

- 2.15 Expenditure for which no provision has been made in an approved budget shall be incurred only after authorisation by the Chief Executive or the Authority.
- 2.16 The Director of Finance shall keep the Chief Executive informed of the financial consequences of changes in policy, pay awards and other events and trends affecting budgets and shall advise on the financial and economic aspects of future plans and projects.
- 2.17 By virtue of subsection 7(a) of Section 97A of the Act any sums received on behalf of the Secretary of State for Health in respect of:
- a) charges payable by or under any enactment (other than those arising under part II of the Act); and
 - b) any other income, including rents and profits from land and from sales of land, are specified for the purposes of this section as sums received by an Authority under the Act in the appropriate financial year.
- 2.18 The Chief Executive is responsible for ensuring that the appropriate financial monitoring forms are submitted to the requisite monitoring organisation.

3. Annual Report and Accounts

- 3.1 The Director of Finance and the Corporate Secretary, on behalf of the Chief Executive and the Authority, shall prepare, and submit the Annual Report and Accounts, certified by the Accounting Officer, to the Secretary of State for Health in respect of each financial year in such a form as the Secretary of State for Health directs.
- 3.2 The Annual Report and Accounts and financial returns shall be prepared in accordance with the guidance given by the Department of Health, the Treasury, and the Authority's accounting policies. The Annual Report and Accounts shall be laid before parliament, in accordance with the Accounts Directions and the timetable prescribed by the Department of Health.

4. Banking arrangements

- 4.1 The Director of Finance is responsible for managing the Authority's banking arrangements and for advising the Board on the provision of banking services and operation of accounts. This advice will take into account guidance issued by DH and Managing Public Money published by HM Treasury. This guidance recommends only using commercial accounts where the required services are not provided by the Government Banking Service (GBS) or where better value for money for the Exchequer overall can be demonstrated.

- 4.2 The Audit and Risk Management Committee, on behalf of the Board, shall approve the banking arrangements as required.
- 4.3 The Director of Finance is responsible for:
- a) commercial and GBS accounts
 - b) establishing separate bank accounts for non-discretionary funds
 - c) ensuring payments made from commercial and GBS accounts do not exceed the amount credited to the account except where arrangements have been made
 - d) monitoring compliance with DH guidance on the level of cleared funds in commercial accounts.
- 4.4 The Director of Finance will prepare detailed instructions on the operation of commercial bank and GBS accounts which must include:
- a) the conditions under which each account is operated, and
 - b) those allowed to authorise both manual and electronic banking transactions and instructions.
- 4.5 The Director of Finance must advise the Authority's bankers in writing of the conditions under which each account will be operated.
- 4.6 The Director of Finance should review the banking needs of the Authority at regular intervals to ensure that they reflect current business patterns and represent best value for money. Following such reviews, the Director of Finance shall determine whether or not a tender exercise for services is necessary.
- 4.7 Tender exercises should be undertaken when demanded by changed circumstances, or at intervals normally not exceeding five years from a previous tender exercise. The Director of Finance shall report the outcome of the tendering exercise to the Authority.

5. Capital investment, Asset Registers and security of assets

5.1 Capital Investment

- 5.1.1 The Chief Executive shall ensure that there is an adequate appraisal process in place for determining capital expenditure priorities and the effect of each proposal on strategic plans. He is responsible for the management of all stages of capital schemes and for ensuring that schemes are delivered on time and to cost. The

Chief Executive shall ensure that capital investment is not undertaken without confirmation of the availability of resources to finance both the capital spend and any revenue consequences including capital charges.

- 5.1.2 For all capital expenditure proposals the Chief Executive shall ensure that a business case is produced in line with guidance issued by the Director of Finance, setting out an option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to cost and appropriate project management and control arrangements. The Director of Finance shall certify the costs and revenue consequences of each business case.
- 5.1.3 The Chief Executive will ensure that all business cases for capital expenditure are approved in line with the DH delegated limits.
- 5.1.4 The approval of a capital scheme shall not constitute approval for expenditure on any scheme. Procurement procedures as contained elsewhere in these SFIs shall be followed for all capital expenditure.
- 5.1.5 The Director of Finance shall issue procedures for the regular reporting of expenditure and commitment against authorised expenditure.
- 5.1.6 The Chief Executive is responsible for the issue to an officer of the Authority specific authority to commit expenditure, authority to proceed to a tender and approval to accept a successful tender.
- 5.1.7 The Director of Finance shall issue procedures governing the financial management, including variations to contract, of capital investment projects and valuation for accounting purposes.

5.2 Asset Registers

- 5.2.1 The Chief Executive is responsible for the maintenance of both the Register of Assets and the Register of Inventory Items, taking account of the advice of the Director of Finance concerning the form and the method of updating the registers.
- 5.2.2 Each employee has a responsibility to exercise a duty of care over the assets of the Authority and it shall be the responsibility of senior staff in all disciplines to apply appropriate routine security practices in relation to NHS assets. A substantial or persistent breach of agreed security practices shall be reported to the Corporate Secretary, who shall then refer the matter to the Director of Finance, who will determine the necessary action, including referral to the Local Security Management Specialist for investigation.
- 5.2.3 The Chief Executive shall define the items of equipment which shall be recorded on either the Capital Asset Register or the Inventory Register. The Capital

Accounting Manual, as issued by the Department of Health, will be considered when determining the minimum data set for the Capital Asset Register.

- 5.2.4 Additions to the fixed Asset Register must be clearly identified to an appropriate Budget Holder and be validated by reference to properly authorised and approved agreements, architects' certificates, suppliers' invoices and other documentary evidence in respect of purchases from third parties; requisitions and wages records for own materials and labour including appropriate overheads.
- 5.2.5 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.
- 5.2.6 The Director of Finance shall approve procedures for reconciling balances on fixed asset accounts in ledgers against balances on fixed Asset Registers.
- 5.2.7 Land and buildings shall be held at current values with a full professional valuation carried out at least every five years. Other assets will be held at depreciated/amortised historical cost as a proxy for current value. This is in accordance with the Authority's accounting policies which comply with the Financial Reporting Manual (FReM) issued by HM Treasury.
- 5.2.8 The value of each asset shall be depreciated using methods and rates as specified in the Authority's accounting policies which comply with the FReM. Estimated useful lives and depreciation rates of assets will be reviewed on an annual basis.
- 5.2.9 The Director of Finance shall calculate and account for capital charges as specified in the FReM.
- 5.2.10 Budget Holders will ensure that the respective Asset Register for their areas will be physically checked annually.
- 5.2.11 The Asset Register and the Inventory Register shall also record items which are transferred from one part of the Authority to another. It is the responsibility of the Budget Managers to inform the Director of Finance of these changes.
- 5.2.12 The Director of Finance shall maintain an up to date register of properties owned or leased by the Authority in accordance with the NHS Manual of Property Transactions. This should include details of location, tenancy (where appropriate), and custody of the deeds and lease documents.

5.3 Security of assets

- 5.3.1 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.
- 5.3.2 All discrepancies revealed by verification of physical assets to fixed Asset Register shall be notified to the Director of Finance.
- 5.3.3 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.
- 5.3.4 Any damage to the Authority's premises, vehicles and equipment or any loss of equipment or supplies shall be reported by staff in accordance with the agreed procedure for reporting losses.
- 5.3.5 Where practical, assets should be marked as NHS Business Services Authority property.

6. Stock control

- 6.1 Stocks are those goods normally utilised in day to day or trading activity but which, at any point in time, have not yet been consumed or sold (excluding capital assets).

- 6.2 The overall control of stock shall be the responsibility of the Director of Finance working with the Budget Holders of the various divisions. The designated manager shall be responsible for ensuring that stocks are kept at a minimum, consistent with good working practices. The Director of Finance shall be responsible for the design, documentation and supervision of local stock control procedures within the national requirements.
- 6.3 The responsibility for security arrangements and the custody of keys for all stock locations shall be clearly defined in writing by the designated officer and agreed with the Director of Finance.
- 6.4 All stock records shall be in such form and shall comply with such systems of control as the Director of Finance may require.
- 6.5 A Finance Manual shall be made available to staff covering the procedures to be followed on receipt of goods. All goods received shall be checked with regard to quantity and/or weight and inspected as to quality and specification.
- 6.6 All goods received shall be entered onto an appropriate goods received/stock record (whether a computer or manual system) on the day of receipt. If goods received are unsatisfactory, the records shall be marked accordingly. Further, where goods received are seen to be unsatisfactory, or short on delivery, they shall be accepted only on the authority of the designated officer and the supplier shall be notified immediately.
- 6.7 The issue of stocks shall be in accordance with the relevant sections of the Finance Manual.
- 6.8 All transfers and returns shall be recorded on forms/systems provided for the purpose and approved by the Director of Finance.
- 6.9 Breakages and other losses of goods in stock shall be recorded as they occur and shall be presented to the Director of Finance at regular intervals. (See also Section 15, Losses and Special Payments).
- 6.10 Stocktaking arrangements shall be agreed with the Director of Finance and there shall be a physical check covering all items in stock at least once a year or by an approved perpetual inventory checking system. The physical check shall involve at least one officer, other than the budget manager responsible for the stock. The stocktaking records shall be numerically controlled and signed by the officers undertaking the check. Any surplus deficiencies revealed on stocktaking shall be reported to the Director of Finance immediately.
- 6.11 Where a complete system of stock control is not justified, alternative arrangements shall require the approval of the Director of Finance.

- 6.12 Stock shall be valued at the lower of cost or net realisable value. For this purpose cost shall be ascertained on either the basis of being used on the principle of first in, first out (FIFO), or on the basis of average purchase price. The cost of stock, with the exception of finished stock arising from manufacturing, shall be the purchase price including VAT, without any margins.
- 6.13 Stock which has deteriorated, or is not usable for any other reason for its intended purposes, or may become obsolete, shall be written-down to its net realisable value. The procedure for identification and approval of the write-down shall be approved by the Director of Finance and recorded.

7. Security of cash, cheques, credit cards and other negotiable instruments

- 7.1 All receipt books, tickets, agreement forms, or other means of officially acknowledging or recording amounts received or receivable, shall be in a form approved by the Director of Finance. Such stationery shall be ordered and controlled by the Director of Finance and subject to the same precautions as are applied to cash.
- 7.2 All officers whose duty it is to collect or hold cash shall be provided with a lockable cash box which will normally be deposited in a safe. The officer concerned shall hold only one key and all duplicates shall be lodged with the Authority's bankers or such other officer authorised by the Director of Finance, and suitable receipts obtained. The loss of any key shall be reported immediately to the Director of Finance. The Director of Finance shall, on receipt of a satisfactory explanation, authorise the release of the duplicate key. All new safe keys will be despatched directly to the Director of Finance from the manufacturers. The Director of Finance shall be responsible for maintaining a register of authorised holders of safe keys.
- 7.3 All cash, cheques, postal orders and other forms of payment received by an officer shall be entered immediately in an approved form of register. All cheques and postal orders shall be crossed immediately "Not negotiable - A/c NHS Business Services Authority". The remittances shall be passed to the cashier from whom a signature shall be obtained.
- 7.4 The opening of coin operated machines (including telephones) and the counting and recording of the takings shall be undertaken by two officers together, except as may be authorised in writing by the Director of Finance, and the coin box keys shall be held by a nominated officer.
- 7.5 The Director of Finance shall prescribe the system for the transporting of cash and where practicable a specialist security company employed.

- 7.6 Official money shall not under any circumstances be used for the encashment of private cheques.
- 7.7 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.
- 7.8 During absence (e.g. annual leave) of the holder of a safe or cash box key, the acting officer shall be subject to the same controls as the normal holder of the key. There shall be written discharge for the safe and/or cash box contents on the transfer of responsibilities and the discharge document must be retained for inspection.
- 7.9 All unused cheques and other orders shall be subject to the same security precautions as are applied to cash; bulk stocks of cheques shall normally be retained by the Authority's bankers and released by them only against a requisition signed by the Director of Finance.
- 7.10 A cheque register shall be kept in which all cheque stocks ordered, received and issued shall be recorded and signed for by nominated officer(s). A separate register is to be kept of payable orders.
- 7.11 The use of a cheque-signing machine shall be subject to such special security precautions as may be required from time to time by the Director of Finance.
- 7.12 The Director of Finance shall ensure that all relevant staff are informed in writing on appointment, of their responsibilities and duties for the collection, handling or disbursement of cash, cheques and other monies.
- 7.13 Any loss or shortfall of cash, cheques, or other negotiable instruments, however occasioned, shall be reported immediately in accordance with the agreed procedure for reporting losses. (See Section 15 - Losses and Special Payments).
- 7.14 Use of NHSBSA credit card**
- 7.14.1 The NHSBSA's credit card is solely for use in connection with NHSBSA business.
- 7.14.2 The credit card is only to be used in exceptional circumstances and where the standard means of purchasing / payment are unavailable (i.e. online only purchasing).

7.14.3 The Director of Finance will consider and approve each use of the credit card prior to use. The details of each transaction will be entered into a register which will be maintained by the Corporate Secretary. The register will record the name of the person requesting the transaction, total cost, date and signatories of requestor and approver (Director of Finance). The register should also include a receipt relating to each transaction.

7.14.4 The credit card should be stored in a locked safe.

8. Payment of staff

8.1 Funded establishment

8.1.1 The workforce plans incorporated within the annual budget will form the funded establishment. The funded establishment of any budget holder may not be varied without the approval of the Chief Executive.

8.2 Staff appointments

8.2.1 The 'Authority to Recruit' process was updated in 2012/13. No Director or employee may engage, re-engage or re-grade employees, either on a permanent or temporary nature, or hire agency staff, or agree to changes in any aspect of remuneration unless:

- a) authorised to do so by the Director of People and Organisational Development; and is
- b) within the limit of the Director's approved budget, funded establishment, and agreed staffing numbers.

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

8.3 Processing payroll

8.3.1 The Director of Finance is responsible for:

- a) specifying timetables for submission of properly authorised time records and other notifications
- b) final determination of pay
- c) making payment on agreed dates

d) agreeing methods of payment.

8.3.2 The Director of Finance will issue instructions regarding:

- a) verification and documentation of data
- b) timetable for receipt and preparation of payroll data and the payment of employees
- c) maintenance of subsidiary records for superannuation, 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 payments available to various categories of employees and officers
- h) procedures for payment by cheque or bank credit
- 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 inputs and verifying outputs and payments
- m) system to ensure the recovery from leavers of sums of money and property due by them to the Authority.

8.3.3 Appropriately nominated managers have delegated responsibility for:

- a) submitting time records, and other notifications in accordance with agreed timetables
- 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
- c) submitting termination forms in the prescribed form immediately upon knowing the effective date of an employee's resignation, termination or retirement. Where an employee fails to report for duty in circumstances that suggest they have left without notice, the Director of Finance must be informed immediately.

8.3.4 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 and review procedures, and that suitable arrangements are made for the collection of payroll deductions and payment of these to appropriate bodies.

8.3.5 All employees shall be paid by bank credit transfer, unless otherwise agreed by the Director of Finance.

8.4 Contracts of employment

- 8.4.1 The Authority shall delegate responsibility to the Director of People and Organisational Development for ensuring that all employees are issued with a Contract of Employment in a form approved by the Authority and which complies with employment legislation and dealing with variations to or termination of contracts of employment.

9. Payment of accounts

- 9.1 The Director of Finance shall be responsible for the prompt payment of accounts and claims. The term "payment" includes any arrangements established to settle payments upon a non-cash basis. Payment of contract invoices shall be in accordance with contract terms. All payments shall comply with the Government's policy on prompt payment.
- 9.2 All authorised officers shall inform the Director of Finance promptly of all money payable by the Authority arising from transactions which they initiate, including contracts, leases, tenancy agreements and other transactions. To assist financial control, the Director of Finance will maintain a register of regular payments.
- 9.3 The Director of Finance shall be responsible for maintaining a system for the verification, recording and payment of all accounts payable by the Authority. This system will incorporate an approved officers' signatory list of the Budget Holders, Budget Managers and their deputies who are authorised to certify the following:
- a) goods have been duly received, examined, are in accordance with specification and order, are satisfactory and that the prices are correct (see exception 9.4)
 - b) work done or services rendered have been satisfactorily carried out in accordance with the order; that, where applicable, the materials used were of the requisite standard and that the charges are correct
 - c) in the case of contracts based on the measurement of time, materials or expenses, the time charged is in accordance with the time sheets, that the rates of labour are in accordance with appropriate rates, that the materials have been checked with regard to quantity, quality and price and that the charges for the use of vehicles, plant and machinery have been examined
 - d) where appropriate, the expenditure is in accordance with regulations and that all necessary authorisations have been obtained

e) the account is arithmetically correct

f) the account is in order for payment.

9.4 Appropriate prepayments will be permitted for instances relating to payments for rent, maintenance contracts and in those instances, where, as standard business practice demands, nominal prepayments are required (i.e. training, publications).

Prepayments which fall outside the above categories are only permitted where exceptional circumstances apply. In such instances:

a) the appropriate Director 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 their commitments

b) the Director of Finance will need to be satisfied with the proposed arrangements before contractual arrangements proceed, and

c) the Budget Holder is responsible for ensuring that all items due under a prepayment contract are received and must immediately inform the appropriate Director or Chief Executive if problems are encountered.

9.5 Officers certifying accounts will ensure, wherever possible, that any other officers relied upon to do preliminary checking of delivery or execution of work act independently of those who have placed orders and negotiated prices and terms.

9.6 In the case of contracts which require payment to be made on account, during progress of the works, the Director of Finance shall make payment on receipt of a certificate from the appropriate qualified officer or outside consultant. Without prejudice to the responsibility of any Consultant, a contractor's account shall be subjected to such financial examination by the Director of Finance and such general examination by appropriately qualified officers as may be considered necessary, before the person responsible to the Authority for the contract, issues the final certificate.

9.7 The Director of Finance may authorise advances on the imprest system for petty cash and other purposes as required. Individual payments must be restricted to the amounts authorised by the Director of Finance.

9.8 The Director of Finance shall ensure that payment for goods and services is made only when the goods and services have been properly received.

9.9 The Director of Finance will be responsible for the prompt payment of dispensing contractors, dentists and NHS pensioners in accordance with the Directions and

with the appropriate approval from third parties as may be necessary e.g. Area Teams for local contractor payments.

10. Income

10.1 Income systems

- 10.1.1 The Director of Finance shall be responsible for designing and maintaining systems for the proper recording, invoicing and collection of all monies due which shall incorporate the principles of internal checking and separation of duties.
- 10.1.2 The Director of Finance is responsible for the prompt banking of all monies received.
- 10.1.3 All officers shall inform the Director of Finance of money due to the Authority arising from transactions which they initiate.

10.2 Fees and charges

- 10.2.1 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 or statute. Where sponsorship income (including items in kind such as subsidised goods or loans of equipment) is considered the guidance contained in the Department of Health's Commercial Sponsorship – Ethical Standards in the NHS shall be followed.
- 10.2.2 The Director of Finance will be responsible for arranging the level of rentals for newly acquired property and for reviewing rental and other charges.
- 10.2.3 In respect of pricing the Authority's goods and services, margins will be determined according to national guidelines approved by the Chief Executive on the advice of the Director of Finance.

10.3 Debt recovery

- 10.3.1 The Director of Finance shall ensure that appropriate systems exist for the recovery of outstanding debts.
- 10.3.2 Income not recovered shall be dealt with in accordance with Section 15 (Losses and Special Payments).

11. Disposal of assets/inventory items

- 11.1 The Director of Finance shall prepare detailed procedures for the disposal of assets and inventory items.
- 11.2 Disposal of all land and/or buildings must be authorised by the Secretary of State for Health. Delegated limits for recommending disposal of such assets to the Secretary of State for Health are:
- a) the Leadership Team for land and/or building assets up to **£1,000,000**, and
 - b) the Board for land and/or building assets over **£1,000,000**.
- 11.3 Disposal of all other assets shall be authorised as follows:
- a) budget holders shall authorise the disposal of assets up to **£250,000**
 - b) the Chief Executive shall authorise the disposal of assets over **£250,000** up to **£500,000**
 - c) the Leadership Team shall authorise the disposal of assets over **£500,000** up to the value of **£1,000,000**
 - d) the Board shall authorise the disposal of assets over **£1,000,000**.
- 11.4 All assets and inventory items which are considered to be surplus to the Authority's requirements or are considered to be beyond economical repair, should be disposed of in line with the appropriate procedures and should be listed on the appropriate documentation, authorised by the Budget Holder and forwarded to the Director of Finance who will update the Authority's Asset Register where appropriate.
- 11.5 All unserviceable articles shall be condemned or otherwise disposed of by an employee authorised for that purpose by the Director of Finance. Prior to disposal it should be determined whether the article is recorded within the Register of Assets. A record in a form approved by the Director of Finance shall be kept of all articles submitted for condemnation and the condemning officer shall indicate whether the articles are to be converted, destroyed or otherwise disposed of. All entries shall be confirmed by the counter-signature of a second officer authorised for the purpose by the Director of Finance.
- 11.6 The condemning officer shall satisfy himself as to whether or not there is evidence of negligence in use and shall report any such evidence to the Director of Finance.
- 11.7 The Director of Finance will determine whether such condemned items should be recorded in the Losses and Special Payments Register, as set out in Section 15 of these SFIs.

12. Buying goods, works and services

12.1 Introduction and guiding principles

- 12.1.1 As a Public Sector body, the NHSBSA must ensure that all procurement and contracting activity meets the requirements of legislation and policy - notably EU Procurement Directives as enacted by the Public Contracts Regulations 2006 and Department of Health and Cabinet Office Guidance. It must also ensure that goods, works and services are procured to deliver best value for taxpayers.
- 12.1.2 Officers must comply with legislation and Government policy by following agreed procurement operating procedures. The Commercial Director is responsible for maintaining procurement operating procedures across the NHSBSA.
- 12.1.3 These SFIs set out the instructions which all officers must follow.
- 12.1.4 Within these SFIs, a scheme of delegated authority is present to ensure that only designated officers authorise procurement activity.

12.2 Aggregation

- 12.2.1 Under EU law, the value of a contract must be estimated by reference to the contractually committed spend over the life of the contract. This is the total annual value of the contract multiplied by the number of years in the contract, including, but not limited to, all extensions, options, variations and start-up costs (this is Total Contract Value).
- 12.2.2 Where the duration of a contract is not determined, its value must be calculated as the estimated annual value of the contract multiplied by four.
- 12.2.3 Unless otherwise instructed by the Commercial Director, with regard to all procurements which are to take place in the following twelve months, all officers must bring together similar requirements into a single contract in order to benefit from economies of scale. All technology procurement must be referred to the Commercial Director or his/her nominated delegate for approval.
- 12.2.4 A proposed contract may not be divided into smaller contracts in order to avoid the provisions of these SFIs, EU law or any other relevant policy.
- 12.2.5 Deliberate disaggregation to avoid the intended application of these SFIs is a disciplinary offence.

12.2.6 The Commercial Director is responsible for ensuring that aggregation rules are effective across the Authority. Where officers believe that aggregation rules are not operating effectively, they should refer this to the Commercial Director.

12.3 Quotations and tendering

12.3.1 For commitments to suppliers of **up to £1,000**, officers may use their discretion to achieve value for money. These commitments will be audited from time to time by the Head of Procurement Strategy and Commercial Governance or his/her nominated representative.

12.3.2 For commitments to suppliers between **£1,001 and £10,000 (Total Contract Value)**, officers must obtain a minimum of three quotations from potential suppliers. Officers may consult with the Commercial Procurement team for advice. These commitments will be audited from time to time by the Head of Procurement Strategy and Commercial Governance or his/her nominated representative.

12.3.3 For all commitments to suppliers above **£10,000**, officers must agree an appropriate tender/quotation process and effective evaluation criteria with the responsible Head of Procurement or his/her nominated representative (usually a member of the NHSBSA Commercial Procurement team).

12.3.4 In order to obtain a tender response or a competitive quotation from a potential supplier, a clear written specification must be provided to all potential suppliers as part of a request for quotation or tender pack. If at any stage the specification requires amendment, then all suppliers who have been invited to tender or provide a competitive quotation should be required to re-tender/re-quote against the revised specification.

12.3.5 Invitations to tender and responses to invitations to tender must be issued by officers by means of a secure electronic system (this is the 'Bravo' system in the NHSBSA). The officer must ensure that potential suppliers return tender responses using the same secure electronic system.

12.3.6 Officers must ensure that all invitations to tender and the associated responses contain all information necessary for their effective evaluation.

12.3.7 Officers must maintain confidentiality of tenders pending their evaluation.

12.3.8 Officers must ensure that any electronic issue or submission of tenders is audited and approved by the responsible Head of Procurement or their nominated delegate prior to issue.

- 12.3.9 In exceptional circumstances, it may be necessary to issue a paper based tender. In such circumstances, officers must seek guidance and approval from the responsible Head of Procurement or his/her nominated representative.
- 12.3.10 All electronic tenders received shall be opened only by the officer responsible for the procurement and only after the deadline for submission has expired.
- 12.3.11 If the number of tenders received is insufficient to provide adequate competition or tenders are late, amended, incomplete, qualified or otherwise not strictly competitive, they shall be referred to the Commercial Director, or his/her nominated delegate in order to determine if the relevant bid(s) should be excluded from the tender process.
- 12.3.12 Any tender not submitted in accordance with the submission instructions (for example, after the submission deadline has passed) may be rejected. Acceptance of any tender not submitted in accordance with the submission instructions is subject to approval by the Commercial Director, or his/her nominated delegate.
- 12.3.13 Incomplete tenders (e.g. those from which information necessary for the effective evaluation of the tender is missing) and amended tenders (e.g. those amended by the tenderer upon their own initiative either orally or in writing after the due date and time for receipt) should be dealt with in the same way as tenders not submitted in accordance with the submission instructions.
- 12.3.14 Necessary discussion, before the point of contract award, which takes place with a potential supplier in order to elucidate technical or other points contained in their tender, does not automatically disqualify the relevant tender. However, any such conversation and any resultant variation in the tender submission must be summarised in writing by the responsible Head of Procurement. The written summary will be provided to the Corporate Secretary and the Commercial Director by the responsible Head of Procurement. The Corporate Secretary and the Commercial Director will have ultimate decision authority as to whether the tender in question should be disqualified.
- 12.3.15 Where decisions as to the admissibility of late, incomplete or amended tenders are under consideration and while any re-tenders are being obtained, officers must ensure that tender documents are kept confidential and held in safe custody.
- 12.3.16 Officers must ensure that every commitment to a supplier which is subject to tender or quotation is embodied in a formal contract document. This formal contract document should reflect the entire agreement including any change in terms and conditions which are agreed after receipt of tenders.

12.4 Non-competitive offers

12.4.1 Only in the following circumstances, it may be permissible to bypass the above quotation/competitive tender processes, if:

- a) the goods, works or services are to be obtained through a relevant framework agreement which offers a direct call-off facility, which the NHSBSA is able to access
- b) it is not reasonably practicable or prudent in meeting the NHSBSA business imperatives to obtain competitive tenders or quotations
- c) there would be no effective or genuine competition
- d) it is necessary to safeguard life or property
- e) the goods, works or services are to be obtained via a change to an existing contract that has been subject to a competitive process.

12.4.2 In all such instances referred to in 12.4.1 above where the anticipated spend with the supplier is more than £1,000, and always prior to such a non-competitive offer from a supplier being accepted verbally or in writing, written approval to accept the offer must be obtained from the Commercial Director or the Head of Procurement Strategy and Commercial Governance. Where the Commercial Director requires such approval for his/her functional business requirements, he/she will seek approval from the NHSBSA Chief Executive.

12.5 Tender evaluation criteria

12.5.1 Officers must use appropriate and robust evaluation and award criteria to select any supplier. For commitments above £10,000, the NHSBSA Commercial Procurement team will be responsible for the selection of appropriate evaluation criteria, as described in 12.3.3 above.

12.6 Making commitments to suppliers through Purchase Orders

12.6.1 All commitments to suppliers for goods, works and services must be made on an official purchase order (Purchase Order), unless the Commercial Director or his/her nominated delegate has provided alternative written instructions. Such written instructions may be requested where it is not possible to generate a purchase order.

12.6.2 Purchase Orders shall be consecutively numbered, in a form approved by the Director of Finance and shall include such all necessary information to enable to the supplier to meet his/her obligations to deliver the correct goods, works or services on time, to the required specification and at the correct price according to the NHSBSA's relevant terms and Conditions of Purchase.

12.6.3 Purchase Orders are to be created on the NHSBSA's 'Integra' system. In the Integra system, a Purchase Order is created from a Requisition. A Requisition

must be authorised by officers with the relevant 'delegated authority' in order to become a Purchase Order.

- 12.6.4 Officers must ensure that details of all commitments to suppliers/Purchase Orders placed by them will be available to the Director of Finance or Commercial Director for inspection, either in paper form or through a computerised purchase ledger system.
- 12.6.5 The Finance Director will ensure that an appropriate system of delegated authority is in place. The delegated authority system describes the limits within which officers must operate when making commitments to suppliers. All officers must ensure that they understand their level of delegated authority and that they comply with it when they make commitments to suppliers. No commitment to a supplier (verbal or written) shall be issued for any item or service for which there is no agreed budget provision.
- 12.6.6 Commitments to suppliers shall not be made in a manner which is devised to avoid the financial limits specified by the NHSBSA. For example, officers must not disaggregate commitments to suppliers in order to avoid expenditure approval limits.
- 12.6.7 No commitment shall be made by any officer for any item for which any offer of gifts, reward or benefit has been made to staff in the circumstances defined in 13.2. All gifts and hospitality shall be recorded in a register of Gifts and Hospitality. The Director of People and Organisational Development will ensure that arrangements are in place for the maintenance of the register. The Corporate Secretary will maintain such a register for Board members.
- 12.6.8 Goods are not to be taken on trial or loan without the prior written approval of the Commercial Director or his/her delegate.

12.7 System of delegated authority

- 12.7.1 Delegated authorities for various expenditure levels are summarised in the table below. Only officers with the appropriate delegated authority may authorise commitments to suppliers, Purchase Orders, procurements, contracts, and change notes.
- 12.7.2 Each Budget Holder is responsible for ensuring that spending remains within the sum of their delegated budget as per 2.13 of these SFIs. This will be assured by Finance through the normal monthly budget monitoring process.

Anticipated expenditure (Total Contract Value)	Delegated signatory	Required finance approval	Required commercial approval	Required CEO/Board approval
£0 - £1,000	Budget Holder/ Manager	As per 12.7.2	Not required	Not Required
£1,001 - £10,000	Budget Holder/ Manager	As per 12.7.2	Not required	Not required
£10,001 - £100,000	Head of Service/ Budget Holder	Head of Finance	Head of Procurement	Not required
£100,001 - £500,000	Director	Director of Finance	Commercial Director	Not required
£500,001 - £1,000,000	Director	Director of Finance	Commercial Director	CEO
£1,000,001 and above	Director	Director of Finance	Commercial Director	CEO and Board

12.7.3 In exceptional circumstances of an urgent nature, the NHSBSA Chair has the authority to authorise procurements on behalf of the Board with subsequent notice to the Board.

12.7.4 It is a disciplinary offence for an officer to authorise a commitment to a supplier which is not within his/her delegated authority.

12.7.5 An officer with delegated authority has the following responsibilities:

- To ensure that all the necessary approvals are present prior to making a commitment to a supplier.
- To maintain complete records and an audit trail of all of his/her commitments to suppliers.

12.7.6 The extension or variation of an existing contract can only be approved by the Commercial Director. Officers must gain the Commercial Director approval prior to seeking authorisation from an officer with delegated authority.

12.8 Framework agreements established by NHSBSA

- 12.8.1 Only the Commercial Director has the authority to establish framework agreements for Authority's own use and/or the use of other contracting bodies.

13. Standards of business conduct

- 13.1 The NHS circular HSG(93)5 sets out the principles for standards of business conduct for NHS staff.

13.2 Casual gifts and hospitality

- 13.2.1 All offers of gifts or hospitality should be recorded using the form attached as Appendix A, and forwarded, once signed, to the HR Operations Manager.
- 13.2.2 Casual gifts, unless of low value (less than £10) e.g. diaries should be declined and all unsolicited gifts returned.
- 13.2.3 Hospitality, e.g. lunches in the course of working visits may be accepted though they should be of commensurate value to that which the NHSBSA would provide in the same circumstances.
- 13.2.4 Other offers of gifts, hospitality, including travel and accommodation should be declined.

13.3 Declarations

- 13.3.1 Employees must make managers aware of any controlling or financial interests that they or their associates hold in organisations that may supply goods or services to the NHSBSA. The declaration should be made when they start employment or on the acquisition of the interest. If the interest is significant then full written details must be provided to the HR Operations Manager who will record this in a Register of Business Interests. Where there is potential for a conflict of interest the NHSBSA may require employees concerned to take action towards resolution.
- 13.3.2 Employees who have responsibility or designated responsibility for the procurement of goods and services; are an authorised signatory; work in the Corporate Finance or Commercial Directorate; or have access to customers credit card details; should make a declaration to their manager or the HR Operations Manager, if they are:
- a) declared bankrupt, or
 - b) convicted of a criminal offence, other than traffic violations unless this impacts on their ability to carry out normal duties.

13.4 Preferential treatment in private transactions

- 13.4.1 Employees must not seek preferential rates or other benefits for private transactions with any company which they have had or may have, dealings with in their capacity as NHSBSA employees.
- 13.4.2 Procurement guidance should be adhered to, as detailed in Section 12.

13.5 The award of contracts

- 13.5.1 No organisation of any sort that may bid for NHSBSA business can be given an advantage over competitors. This applies in all cases. All contracts are awarded on merit and in line with SOs and associated procedure notes. In addition, no favour can be shown to the business of current or former NHSBSA employees or their relatives or associates. Employees known to have a relevant interest are excluded from all stages of the selection process.
- 13.5.2 All invitations to potential contractors must include a notice warning of the consequences of engaging in corrupt practices.
- 13.5.3 Procurement guidance should be adhered to, as detailed in Section 12.

13.6 Outside employment

- 13.6.1 Employees must not engage in any employment outside of their contract with the NHSBSA without the written permission of their manager. In the case of collaborative research with any outside body, representatives of the NHSBSA must be fairly rewarded for their input. Managers must refer such requests to the Chief Executive who will ensure that a written contract is drawn up and that there are no potential or actual conflicts of interest.

13.7 Use of NHSBSA computers

- 13.7.1 Employees must adhere to the NHSBSA Acceptable use policy.

13.8 Adherence to the standards of business conduct

- 13.8.1 Any breach of this procedure, for personal gain or otherwise shall result in disciplinary action. In certain cases, criminal proceedings may result. Any doubts or queries about the content of this procedure or any course of action to be taken should be referred to the Director of People and Organisational Development in writing.

13.9 Recording and monitoring

- 13.9.1 The Learning Management System will be used to prompt staff to complete a declaration form if required on an annual basis.
- 13.9.2 Declaration forms are available on the Authority intranet site or from the HR Operations Manager.
- 13.9.3 All declarations made by employees will be held centrally by the HR Operations Manager. The information will be available for public access but will adhere to data protection principles.
- 13.9.4 Each individual declaration will be reviewed and added to the register and all declarations will be reviewed periodically by the Director of People and Organisational Development.

14. Internal audit

- 14.1 The Corporate Secretary shall be responsible for ensuring that there are arrangements to measure, evaluate and report on the adequacy and effectiveness of internal control and efficient use of resources via use of the Department of Health's shared internal audit service.
- 14.2 The Authority shall appoint a Head of Internal Audit who will have overall responsibility for the internal audit function via the Department of Health's shared internal audit service.
- 14.3 Management's responsibility is to establish systems of internal control for all operations, both computerised and manual, to ensure that these are properly run.
- 14.4 Internal Audit shall be entitled, without necessarily giving prior notice, to require and receive:
 - a) access to all records, documents and correspondence relating to any financial or other relevant transactions, including documents of a confidential nature (in which case, the Corporate Secretary shall have a duty to safeguard the confidentiality)
 - b) access at all reasonable times to any land, premises or employee of the Authority
 - c) the production or identification by any employee of any Authority cash, stores or other property under the employee's control

d) explanations concerning any matter under investigation or review.

- 14.5 Where a matter arises which involves, or is thought to involve, irregularities concerning cash, stores or other property of the Authority, or any suspected irregularity in the exercise of any function of a pecuniary nature, the Director of Finance shall be notified immediately.
- 14.6 The Corporate Secretary via Internal Audit and the appointed Local Counter Fraud Specialist shall investigate cases within the Authority of misappropriation or other irregularities in conjunction, where necessary, with relevant Managers and in consultation with the Police where appropriate.
- 14.7 The Corporate Secretary shall report directly to the Chief Executive and shall refer audit reports to the appropriate designated officers. Failure to take remedial action within a reasonable period shall be reported to the responsible Manager. Where, in exceptional circumstances, the use of normal reporting channels could be seen as a possible limitation on the objectivity of the audit, Internal Audit shall have access to report directly to the Chief Executive, the Chair of the Authority or the Chair of the Audit and Risk Management Committee.

15. Losses and special payments

- 15.1 The Director of Finance shall prepare procedural instructions on the recording of and accounting for losses and special payments.
- 15.2 Any employee discovering or suspecting a loss of any kind must immediately inform their respective Director, who must immediately inform the Chief Executive and the Director of Finance. Where a criminal offence is suspected, the Director of Finance must immediately inform the police. In cases of fraud and corruption or of anomalies which may indicate fraud or corruption, the Director of Finance must inform the relevant Local Counter Fraud Specialist and both Internal and External Auditors. The Director of Finance will provide the Treasury with details of all novel or unusual frauds or attempted frauds.
- 15.3 For losses apparently caused by theft, arson, neglect of duty or gross carelessness, except those which are of a trivial nature, the Chief Executive will immediately notify:
- a) the Board, and
 - b) the External Auditor.

- 15.4 Within the limits delegated to it by the Department of Health, the Authority shall delegate its responsibility to approve losses and authorise special payments to the Chief Executive and Director of Finance acting jointly.
- 15.5 No losses or special payments exceeding the delegated limits shall be made without prior Department of Health approval.
- 15.6 The Director of Finance shall be authorised to take any necessary steps to safeguard the Authority's interest in bankruptcies and company liquidations.
- 15.7 For any loss, the Director of Finance should consider whether any insurance claim can be made.
- 15.8 The Director of Finance shall maintain a losses and special payments register in which write off action is recorded.
- 15.9 All losses and special payments must be reported to the Audit and Risk Management Committee on a regular basis.

16. Fraud and security

16.1 Counter fraud investigation

- 16.1.1 In line with the responsibilities as set out in the Secretary of State's Directions on Fraud and Corruption, the Corporate Secretary shall monitor and ensure compliance with the requirement to have in place a Local Counter Fraud Specialist, reporting to a delegated officer and working with staff in NHS Protect in accordance with the NHS Anti-Fraud Manual.
- 16.1.2 The Local Counter Fraud Specialist will provide a written report to the Audit and Risk Management Committee, at least annually, on counter fraud work within the Authority.

16.2 Security management

- 16.2.1 In line with their responsibilities, the Corporate Secretary will monitor and ensure compliance with Directions issued by the Secretary of State for Health on NHS security management.
- 16.2.2 The Authority shall nominate a suitable person to carry out the duties of the Local Security Management Specialist as specified by the Secretary of State for Health guidance on NHS security management.

- 16.2.3 The Authority shall nominate a Non-Executive Director to be responsible to the Board for NHS security management.
- 16.2.4 The Corporate Secretary has overall responsibility for controlling and coordinating security with the support of the Local Security Management Specialist.

17. External audit

- 17.1 The external audit of the NHSBSA is undertaken by the National Audit Office, whose powers are conferred under the National Health Service Act 1977.
- 17.2 The National Audit Office's powers to obtain documents and information were consolidated in the NAO Act 1983. This legislation provides that the Comptroller and Auditor General shall have a right of access at all reasonable times to all such documents as he may reasonably require for carrying out examination and shall be entitled to require from any person holding or accountable for any such document such information and explanation as are reasonably necessary for that purpose.
- 17.3 These rights of access extend to the annual audit of all systems, establishments and processes associated with the NHSBSA's functions.