



NHS Golden Jubilee

Standing Financial Instructions

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Responsible Officer: Director of Finance

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1 Introduction and Code of Conduct for Employees

1.1 Introduction

These Standing Financial Instructions (SFI's) are issued in accordance with the financial directions provided by the Scottish Government Health and Social Care Directorate (SGHSCD) under National Health Service in Scotland (NHSiS) Acts.

The SFI's are also in accordance with all other enabling powers for the regulation of the conduct of NHS Boards, their Members, Officers and Agents in relation to all financial matters.

1.2 Aim, Purpose and Outcomes

These SFI's are issued for the regulation of the conduct of the Board, its Directors, Officers and Agents in relation to all financial matters. They shall have effect as if incorporated in the Standing Orders of the Board of Directors. They do not provide detailed procedural advice and should be read in conjunction with relevant financial policies and procedures. The Director of Finance or those members of the Financial Management structure must approve all financial operating procedures.

Those employees charged with financial responsibilities and control of resources will fulfil these responsibilities in a way that complies with the requirements of these Instructions, and will put in place, and maintain procedures that comply with the SFIs.

Failure to comply with SFI's / Operating procedures is a disciplinary matter which could result in dismissal. Nothing in these SFIs shall be held to override any legal requirement or SGHSCD directive.

1.3 Code of Conduct for Employees

The Code of Conduct under the Ethical Standards in Public Life (Scotland) Act 2000 is available to all Board Members on appointment and a condition of their appointment is acceptance of and compliance with the Code.

The Code of Conduct for Employees (the Code) incorporates the following documents:

- The Standards of Business Conduct for NHS Staff [NHS Circular MEL (1994) 48]
- The Whistleblowing Policy
- The Fraud Policy.

The Code provides instruction and guidance on how employees should maintain strict ethical standards in the conduct of Board business. It forms part of the Board standard contract of employment and all employees are required to adhere to the Code.

Key principles underpinning the Code include the following:

The Board of Directors is committed to the three essential public values:

- **Accountability** - everything done by those who work in the organisation must be able to stand the tests of parliamentary scrutiny, public judgments on propriety and meet professional codes of conduct
- **Probity** - Absolute honesty and integrity should be exercised in dealing with NHS patients, employees, assets, suppliers and customers
- **Openness** - The Board's activities should be sufficiently public and transparent to promote confidence between the Board and its patients, its employees and the public

To achieve and hold these values, the following key principles should be followed by employees in all their official business:

- Employees should ensure that the interests of patients remain paramount at all times
- Employees should be impartial and honest in the conduct of their business and should remain beyond suspicion at all times. The Bribery Act 2010 makes it an offence to:
 - Offer, promise or give a bribe or
 - Request, agree to receive or accept a bribe in return for improperly performing a function or activity.
- Employees should use the public funds entrusted to them to the best advantage of the service, always ensuring value for money
- Employees should not abuse their official position for personal gain or to benefit their family and/or friends; or seek to advantage or further their private business or other interests in the course of their official duties.

In the first instance, employees should contact their Line Manager for advice on the application of the Code.

1.4 Terminology

Any expression which has a meaning defined within a Health Service Act(s) or in the regulations made under the Acts shall have the same meaning in these Instructions; and:

1. "NHS Golden Jubilee" (NHSGJ) is the common name used to define the entity/organisation whose legal name is the National Waiting Times Centre Board (NWTC Board).

2. "Board of Directors" means the NHS GJ Board (Defined as Executive and Non-Executive Directors as formally appointed by Scottish Ministers under relevant legislation) or such other Committee of the Board to which powers have been delegated.
3. "Budget" means an allocation of resources by the Board of Directors, Chief Executive or any other employee with delegated authority expressed in financial terms, for the purposes of carrying out, over a specific period, a function or group of functions of the Board.
4. "Director of Finance" should also be read as Deputy Director of Finance when the Director of Finance has delegated certain functions to this post holder.
5. "Budget Holder" means the employee with delegated authority to manage finances (income and expenditure) for a specific area of the organisation.
6. "SGHSCD" means Scottish Government Health and Social Care Directorates.
7. "Supervisory Body" means a Committee established by the Board with delegated authority to discharge the Board's responsibilities under the Adults with Incapacity (Scotland) Act 2000.

1.5 Responsibilities and Delegation

The Board of Directors shall exercise financial accountability and control by:

- Agreeing a financial strategy as part of the approval of annual budgets;
- Approval of budgets within approved allocation/overall income;
- Approval of SFIs.
- Standing Orders and Scheme(s) of delegation

All members of the Board of Director and employees have a general responsibility for the security of the property of the Board, for avoiding loss, for economy and efficiency in the use of resources and for complying with the requirements of these Instructions. Should any difficulty arise regarding their interpretation or application then the advice of the Director of Finance or authorised nominee must be sought before action is taken.

It is the duty of all managers to ensure that existing employees and all new appointees are informed of their responsibilities within these Instructions. Breaches of these Instructions should be reported to the Director of Finance as a matter of urgency.

Within these SFIs it is acknowledged that the Chief Executive as Accountable

Officer is responsible for the proper management of public funds and for ensuring the regularity, propriety and value for money in the management of the organisation. Accountability for this function is directly to the Scottish Parliament under section 15 of the Public Finance and Accountability (Scotland) Act 2000. The Chief Executive and Director of Finance will, as far as possible, delegate their detailed responsibilities but they will remain accountable to the Board for financial control.

Without prejudice to the functioning of any other officer of the Board, the Director of Finance will ensure:

- The design, implementation and supervision of systems of financial control including the adoption of Standing Financial Instructions and the maintenance of effective internal audit arrangements;
- The preparation, documentation, implementation and maintenance of the Board's financial policies, procedures and systems in support of a comprehensive control environment;
- The co-ordination of any corrective action necessary to further these policies, procedures and systems;
- The preparation and maintenance of such accounts, costs, estimates etc. for the purposes of carrying out the Board's duties and establishing with reasonable accuracy the Board's financial position;
- The provision of financial advice to the Board and its officers;
- The accurate and timely submission to the Scottish Government Health and Social Care Directorates of Annual Report and Accounts and such other reports, returns and monitoring information as may be required to allow the SGHSCD to discharge its responsibilities.

1.6 Modification and Interpretation

The Director of Finance may make minor changes to terminology contained in, or presentation of, these SFIs as required, without seeking approval. Any material changes proposed require to be approved by the Audit and Risk Committee and the Board of Directors.

Wherever the title of Chief Executive is used in these Instructions, it will be deemed to include such other directors or employees who have been duly authorised to represent them under delegated authority.

Whenever the term "employee" is used it shall be deemed to include Directors of the Board of Management or employees of third parties contracted to the Board when acting on behalf of the Board.

All references in these Instructions to the singular form should also be read as the plural.

The Board of Directors has adopted use of the non-gendered pronoun 'they' and this shall be read as being applicable and inclusive of all gender identities.

Any reference to any legislation, provision or guidance should be construed as applying equally to any amendment or later publication of that legislation, provision or guidance.

Any authorisation to sign documents granted to an officer of the Board of Directors shall terminate upon that person ceasing (for whatever reason) from being an employee of the Board without further intimation or action by the Board.

2 Financial Planning and Reporting

2.1 Financial Plan

The Director of Finance shall, on behalf of the Chief Executive, compile and submit to the Board of Directors for approval an annual financial plan as part of the Annual Delivery Plan (ADP) taking into account financial targets notified by Scottish Ministers and forecast limits of available resources linked to the achievement of the Annual Delivery Plan.

The Finance Team will reflect the workforce, activity and financial plan aims through budget setting discussions with managers. This process will define budgets on a 3-year planning basis (or the required planning horizon as informed by SGHSCD) after consideration of expected funding levels via Scottish Government RRL support, Service agreements and all other sources of income. The financial plan should also consider all the significant financial pressures and service development priorities. As such, the Board may require to set efficiency saving targets and identification of schemes to support an overall balanced financial plan.

Detailed financial planning aims to support that best value for money is achieved at all times.

The Finance Team will complete any required financial templates setting out planned performance against the agreed key financial targets and outlining trajectories for financial performance and efficiency savings as set out by Scottish Government.

The Director of Finance shall compile such financial estimates and forecasts, on both revenue and capital account, as may be required within financial planning guidance.

The Director of Finance shall have the right of unrestricted access to any financial or budgetary related matters within NHS GJ. Any employee shall when requested provide the Director of Finance with financial, statistical or any other information/ documents as deemed as necessary.

Financial information requires to be completed and reported on a monthly basis and presented in a timeous manner to Scottish Government, Executive

Leadership Teams, Committees discharged with financial responsibilities and the Board of Directors (the proceeding list should not be taken as exhaustive). The Director of Finance shall report to the Board any significant variance from the financial plan and shall advise the Board on action to be taken.

Performance assessment of the agreed financial plan will continue to be reported by the Board to the Scottish Government within the Financial Performance Return in line with agreed financial planning guidance.

3 Service Level Agreements for Provision of Services

3.1 Authority

The Chief Executive shall be responsible for establishing proper arrangements for the provision of services in accordance with approved budgets and annual activity plans underpinning the Annual Delivery Plan.

3.2 Service Level Agreements

The purpose of a Service Level Agreement (SLA) is to deliver services as commissioned from other Health Boards with an appropriate transfer of funds for patients being treated in NHS GJ.

NHS GJ will work with other Boards to deliver the national waiting time guarantees as laid out by Scottish Government statute and timeframes within which patient referral information has to be received by NHS GJ. The SLA documentation will provide the structure including the operational and financial mechanisms.

A number of services provided within NHS GJ are subject to a Service Level Agreement with other Boards. Similarly, other agreements may require to exist where the Board purchases services from another provider. In these cases no employees have authority to enter in any agreement without written approval from the Chief Executive or specific delegation by the Chief Executive. One example of delegation is to the Depute Director of Finance or their nominated Finance Team member in respect of National Innovation Funds.

4 Budget Planning and Management

4.1 General

NHS GJ has a responsibility to prepare and submit financial plans in accordance with the requirements of SGHSCD to ensure consistency and to aid meaningful comparisons across NHS Scotland. Along with the Annual Delivery Plan (ADP), the financial plans are submitted for approval to the NHS GJ Board and to SGHSCD, ensuring that the NHS GJ budgets reflect such plans.

NHS GJ will perform its functions within the total funds allocated through Revenue Resource Limit funding and all other sources of income estimated to be available. All planning processes including budget setting principles, financial approvals and control systems will be designed to meet this obligation.

The Director of Finance shall, on behalf of the Chief Executive as Accountable Officer, prepare and submit budgets within the forecast limits of available resources and planning policies to the Board for its approval. Such budgets will:

- Be in accordance with the aims and objectives of NHS GJ;
- Accord with operational activity and workforce plans;
- Be produced following discussion with appropriate budget holders;
- Be prepared within the limits of SGHSCD funding and other sources of estimated income (including any agreed efficiency target required to bring the overall Financial Plan back into balance); and
- Identify the key assumptions used in the preparations including specific considerations of key risks and mitigation strategies.

The Director of Finance is primarily responsible for the completeness, accuracy and security of the financial data of NHS GJ and will devise and implement any necessary procedures to protect NHS GJ and individuals from inappropriate use or misuse of any information. This will include the provision of monthly reports which facilitate efficient and effective financial management control.

The Director of Finance will establish procedures to monitor financial performance against budget, periodically review them, and report to the Scottish Government, Executive Leadership Teams and Committees discharged with financial responsibilities and the Board (the proceeding list should not be taken as exhaustive).

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 budgets effectively.

4.2 Revenue and Capital Budgets – Budgeting Authority, Control and Reporting

The Director of Finance shall devise and maintain systems of budgetary control and all employees empowered to engage employees or otherwise incur expenditure, or to collect or generate income, shall comply with the requirements of these systems.

The systems of budgetary control shall incorporate the reporting of, and investigation into, variances from approved budgets. Budget Holders will be responsible for providing relevant budgetary information for their respective areas of responsibility including when required by the Director of Finance the preparation and submission of efficiency plans to ensure limits of available budgeted resources are not exceeded as agreed with SGHSCD and other Health Boards.

Management of budgets will be in line with the prevailing organisational structure

and it will be the responsibility of employees to ensure that allocated resources are not exceeded or where this is not possible to put into action strategies for mitigation.

Delegation of budget responsibilities within individual organisational structures allows the efficient and effective monitoring and control of resources including the authorisation arrangements and financial limits for the purchase of goods and services.

In carrying out their duties:

- The Chief Executive as Accountable Officer shall not exceed the delegated limits approved by the Board of Directors
- Employees have responsibility to manage expenditure under their control within budgeted limits
- Where overspends occur, or are predicted to occur in future periods, employees must clearly identify the cause of overspend, forecast the likely impact and identify remedial action
- Employees shall not exceed the approved financial and workforce budgets unless patient care will be compromised. In these circumstances the Director of Finance must be notified as soon as possible to seek their advice and authority how to proceed
- Employees are required to communicate and highlight area of significant overspends to the Director of Finance. Continued expenditure may only continue or proceed after the authorisation of the Chief Executive, Director of Finance or their delegated officers
- Employees should not incur expenditure for which no provision has been made in an approved budget nor subject to funding under delegated powers of virement
- The Director of Finance may vary the budgetary limit of an officer within delegated limits
- Employees must report to the Director of Finance any substantial uncommitted funds that arise from failure or delay in the implementation of plans approved by the Board such that their integrity is maintained
- Except where otherwise approved by the Chief Executive or the Director of Finance, budgets shall be used only for the purpose for which they were provided

5 Funding and Income

5.1 General

The Director of Finance will ensure that appropriate systems exist for the proper recording, invoicing and collection of all monies due including income due under service agreements.

The Director of Finance shall ensure that the SGHSCD guidance in setting charges for services is followed. The Director of Finance is responsible for approving and regularly reviewing the level of all fees and charges other than those determined by the SGHSCD or by Statute.

All employees who are responsible for the agreement of resources/ transactions shall inform the Director of Finance of money due to NHS GJ arising from transactions, which they initiate including all contracts, leases, tenancy agreements, non-NHS patient treatment and all other transactions. Responsibility for the review of rental and other charges shall rest upon the Director of Finance.

At the start of the financial year, the Director of Finance will inform the Board of the total estimated annual funding (Core Revenue Resource Limit) and income which the Health Board expects to generate.

Sources of income include:

- Service Level Agreements for National and regional healthcare service provision with Health Boards
- Funds for supporting medical and dental education and research and development
- Funds for education and training of other health care professionals, including the NHS Scotland Academy
- Income generation activities from non-NHS patient treatment or their insurance companies
- Catering and Golden Jubilee Conference Hotel Income

5.2 Invoicing

After establishing the credit worthiness of the customer, pre-numbered invoices will be raised promptly for all relevant goods supplied or services rendered.

Invoices for sums due to NHS GJ must be raised by the Finance Team. Approved Sales invoice request documentation must be completed and appropriately authorised. No employee is permitted to draft/use any other form of sales invoice documentation. Failure to adhere to this instruction could result in disciplinary action.

When calculating fees and charges for patient services, the charge should reflect the full cost of the service, no provision should be made for profit and there should be no cross-subsidisation. If charges are below full cost, marginal cost may be the appropriate means of recovering the additional costs incurred. Guidance on the level and approach to fees and charges can be sought from the Finance Team.

5.3 Receipts (linked to section 7.4)

All cash received should be recorded and officially receipted by the Finance Team as quickly as possible. All cash received shall be held securely for subsequent banking (see Security of Cash, Cheques and Credit Income).

All cash receipts require to be accurately recorded and entered into the Finance ledger e.g. cash receipts will be matched to sales invoices. Disbursements should not be made from cash received.

The Director of Finance shall take appropriate recovery action on all outstanding debts; including write off after all reasonable steps have been taken to secure payments.

The Director of Finance will be responsible for dealing with any debts not recovered in accordance with Losses and Special Payments Procedures (SFI 17).

This section is subject to the specific delegated limits of NHS GJ included within the Sponsorship Framework document.

5.4 Non-NHS Patients

All treatment of Non-NHS Patients except in cases of emergency requires the prior approval of the Medical Director. In the case of emergency treatment all Non-NHS patients should be advised to the Medical Director.

It is essential that a patient's status and entitlement to NHS treatment be clearly identified at the outset. Private patient activity is not encouraged within NHS GJ.

The consultant with primary responsibility whether as an inpatient or outpatient (including day patients) must establish in writing the status of the patient and notify the Booking Office and any other employee responsible for maintaining adequate control instructions over Non-NHS activity.

For Non-NHS (overseas patients), charges should be calculated on the full cost of the service. If any patient activity was supported in a private capacity and out-with core hospital sessions, this group of patient's charges should be calculated on a commercial basis, provided it is not less than the standard service cost.

The Board must obtain from the patient a clear understanding to pay the requisite charges under both Section 57 and Section 58 of the NHS (Scotland) Act 1978. This must be done before admission or treatment as a private patient.

6 Annual Report and Accounts

The Director of Finance, on behalf of NHS GJ will:

- Keep, in such form as the Scottish Ministers may direct, account of all monies received or paid out;
- Prepare financial returns in accordance with the guidance issued and regulations laid down by the Scottish Ministers, accounting policies and generally accepted accounting principles;
- Prepare, certify and submit an Annual Report and Accounts in respect of each financial year as required by Section 86 (3) of the NHS (Scotland) Act 1978;
- Ensure that the Annual Report and Accounts are prepared in a format which meets the requirements of the Scottish Governments Accounts Manual, recognise best accounting practice and such other legislation, directions and guidance as may be in force at the time;
- Ensure that the Annual Report and Accounts are produced in accordance with the timetable set down by the SGHSCD and by the Auditor General; and
- Ensure that there is evidence of compliance with the Board's Corporate Governance measures in accordance with extant guidance issued by the SGHSCD.

The Board's Annual Report and Accounts must be audited by an independent External Auditor (External Audit is dealt with at greater length in Section 16 of these Instructions).

The audited Annual Report and Accounts must be presented to and approved by the Board at a public Board meeting.

7 Banking Arrangements

7.1 General

The Director of Finance is responsible for managing NHS GJ banking arrangements and for advising on the provision of banking services and the operation of bank accounts including the levels of delegated authority.

7.2 Banking Procedures

All funds must be held in bank accounts in the name of **National Waiting Times Centre Board** (legal name for NHS GJ).

Bank accounts may only be opened or closed with the express permission of the Director of Finance. For the avoidance of doubt, bank accounts should not be

opened or closed by any other person no matter their role in NHS GJ.

Only authorised signatories may draw on these bank accounts. The Director of Finance will approve and maintain a list of authorised signatories for this purpose.

All transactions relating to NHS GJ Board business must be reflected through these bank accounts.

The Director of Finance is responsible for:

- Establishing bank accounts;
- Establishing separate bank accounts for the Board's non-exchequer funds;
- Defining the use of each account; and
- Ensuring that payments made from bank accounts do not exceed the amount credited to the account except as detailed in section 7.3 below.

The Director of Finance will ensure that detailed written instructions on the operation of bank accounts will include:

- the conditions under which each bank account is to be operated;
- a list of those authorised to sign cheques or other orders drawn on the Board's accounts, including specimen signatures and the level of authority delegated to each signatory;
- a list of those authorised to authenticate electronic payments.

The Director of Finance must advise the banking service providers in writing of the conditions under which each bank account is to be operated. This will include a list of authorised signatories with specimen signatures and the level of authority delegated to each.

The Director of Finance will advise the banking service providers of the conditions under which any on-line banking service to which NHS GJ subscribes is to be operated, including lists of those authorised to approve transfers between accounts and BACS payments to other bodies, together with levels of authority.

7.3 Bank Accounts

The balances of accounts holding exchequer funds should not exceed any limits that may be set, from time to time, by the SGHSCD. All surplus funds must be maintained in accordance with the banking guidelines issued by SGHSCD.

Any NHS GJ bank accounts should be operated in line with prudent Treasury Management processes and on no occasion should be overdrawn.

7.4 Cash

The Director of Finance shall ensure:

- Cash balances held on premises will be kept to the minimum required for the provision of adequate patient care and all petty cash issued will be recorded and monitored;
- All cheques, postal orders, cash etc., shall be banked intact. No Disbursements shall be made from cash received
- Under no circumstances should cash be used for cashing personal cheques or making personal loans;
- Adequate security and control procedures should be implemented to protect all cash balances; and
- The employee responsible for the custody of any cash balance will not be responsible for authorisation of payments or recording/preparation of the official accounts and the balance of cash will be checked regularly by the Line Manager or nominee. If there are exceptional circumstances, which do not allow this division of duties, the details must be recorded by the Director of Finance and the alternative/compensating controls noted (e.g. additional management review).

The Director of Finance shall be responsible for:

- Approving the form of all receipt books, agreement forms, or any other means of officially acknowledging or recording monies received or receivable
- Ordering and securely controlling any such stationery
- 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
- Procedures for handling cash and negotiable securities

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 should be made clear to the depositor(s) that NHS GJ the Board is not to be liable for any loss, and written indemnities must be obtained from the organisation or individuals absolving NHS GJ from responsibility for any loss.

8 Capital Investment

8.1 Authority and Governance Groups

Capital Planning and Approval processes were delegated to NHS Boards by HDL (2002) 40. These Instructions reflect the responsibilities of NHS Boards to manage their capital plans within available capital funding.

The Chief Executive as Accountable Officer through the Executive Leadership Team will be responsible for ensuring that Capital Planning, Authorisation and Monitoring arrangements within NHS GJ are discharged in accordance with:

- Scottish Capital Investment Manual (SCIM)
- Scottish Government Construction Procurement Manual (SGCPM)
- NHS Property Transaction Handbook
- Property and Asset Management Policy

The Executive Leadership Team will delegate certain responsibilities for Capital Planning, Authorisation and Monitoring arrangements through the agreement of a Terms of Reference to a Strategic Capital Planning Group (SCPG) who will lead on all aspects of Capital Planning, Authorisation and Monitoring arrangements. The Deputy Director of Finance will chair the SCPG.

Reporting to the SCPG will be a Capital Delivery Group (CDG) which will have an operational and financial delivery remit and will be chaired by the Head of Finance, with representation from E-Health, Estates and Medical Equipment/Physics and any other service areas as required.

The Capital Plan developed by the Strategic Capital Planning Group is required to be presented to the Executive Leadership Team for approval to ensure the proposed Capital Plan is reflective of NHS GJ's strategic priorities.

The Executive Leadership Teams approved Capital Plan then requires to be taken through Committee and Board Governance routes in line with relevant Terms of Reference. The approval of the Capital Plan by the Board of Directors shall constitute final approval.

8.2 Capital Planning and Approval Processes

It is essential that the Capital Plan for the Financial Year is agreed timeously to allow the Capital Plan to be delivered within the designated financial period and in line with the provisions contained within Accounting Standards.

The Strategic Capital Planning Group will require, for every capital expenditure proposal, the identification of the financial consequences from both a capital and revenue perspective.

The recommendation of proposals to be included within the Capital Plan up to NHS GJ's delegated limit of £1m will be the responsibility of the Strategic Capital Planning Group.

As such, all capital proposals up to £1m must be completed in a prescribed format subject to the following levels of planned expenditure:

- All expenditure proposals up to £250k require a Mini Business Case
- All expenditure proposals over £251k but less than NHS GJ's delegated approval limit of £1m require a Standard Business Case

A fast track process will be put in place by the Strategic Capital Planning Group for any emergency/priority expenditure.

The 'fast track' process will consider the following criteria:

- Impact upon patient care or delivery of services
- No other suitable alternative solution is available
- Impact upon existing capital plan approvals
- Availability of funding

For any Capital proposal above £1m the process as defined within the Capital Investment Manual should be followed including the requirement for SGHSCD approval.

The Chief Executive shall ensure that a Business Case is produced in line with the guidance contained within the Scottish Capital Investment Manual for the approval of the Board.

8.3 Capital Plan Change Control

Any changes to the proposed Capital Plan should in the first instance be presented for approval to the Strategic Capital Planning Group.

The Strategic Capital Planning Group has approval to authorise changes **across** expenditure categories (Expenditure categories are defined as Estates, Digital or Equipment) up to 10% of the approved Capital Plan value.

Approval will be required from Executive Leadership Team for all changes **across** expenditure categories that exceed 10% but are less than 25% of the approved overall Capital Plan value.

Approval will be required from Committee and Board for all changes **across** expenditure categories that exceed 25% of the approved overall Capital Plan value.

For illustration, based on an overall £6,000,000 Capital Plan, where it was proposed to replace, for example, an Estates project with Equipment purchases, the Table below describes the approving body based on authorisation levels:

Percentages	Authorisation Level	Approving Body
Up to 10%	< £600,000	Strategic Capital Planning Group
10% - 25%	£600,001 - £1,500,000	ELT
More than 25%	> £1,500,001	Committee and Board

8.4 Capital Monitoring and Progress Reporting

A Capital Monitoring and Progress report should be completed on a monthly basis to ensure effective financial control and operational oversight of the Capital Plan. Monthly reports should also detail any proposed amendments to the Capital Plan and the reason / rationale for the changes.

This process will be the responsibility of the Capital Delivery Group, who will meet monthly to ensure effective governance is in place including reporting variances against planned levels of expenditure.

8.5 Capital Expenditure Scheme Reference

Where a capital expenditure proposal is approved a Capital Scheme Reference Number should be issued by the Finance Team. Procurement of all capital items will be undertaken in accordance with all other relevant sections of these SFI's including Section 12- Procurement.

8.6 Major Capital Programmes Governance Arrangements

Where Scottish Government's Capital Investment Group approval is given for major capital scheme(s) the Board of Directors may delegate authority for managing the approved project to a designated Project Board. The management of any such projects will be structured in accordance with the Scottish Government Construction Procurement Manual issued by the SGHSCD. A Project Director will be appointed and provide progress reports to the Board on a regular basis.

9 Assets

9.1 Assets

Assets include all property of NHS GJ including physical assets, such as buildings, equipment, vehicles, stores, cash, and intangibles such as intellectual property or goodwill. All employees have a duty to protect and safeguard the assets of NHS GJ in the performance of their duties and it is the responsibility of the Chief Executive to ensure that there are adequate systems in place to maintain satisfactory control of fixed assets. All transactions involving property will be conducted in accordance with the procedures set out in the NHS Property Transaction Handbook and SFI 8 Capital Investment.

9.2 Asset Registers

For the purposes of these Instructions, Fixed Assets will be defined in accordance with the guidance contained in the Capital Asset Accounting Manual produced by

the SGHSCD.

The Director of Finance will ensure that an Asset Register is maintained, and that all Fixed Assets are accurately and timeously recorded in the Register in accordance with the guidance contained in the Capital Asset Accounting Manual.

The Finance Team shall maintain an asset register recording fixed assets. The minimum data set to be held within these registers shall be as specified in the Scottish Capital Accounting Manual as issued by the SGHSCD.

The Director of Finance will ensure that procedural instructions are prepared and implemented to ensure that:

- Additions to the Fixed Asset register are clearly identified to an area and validated by reference to:
 - Properly authorised and approved agreements, architect's certificates, supplier's invoices and other documentary evidence in respect of purchases from third parties
 - Stores, requisitions and wages records for own materials and labour including appropriate overheads
 - Lease agreements in respect of capitalised assets
- Where Capital Assets are sold, scrapped, lost or otherwise disposed of, their value is removed from the accounting records and each disposal validated by reference to authorisation documents and invoices (where appropriate)
- Balances on Fixed Assets accounts in ledgers are reconciled to balances on the fixed asset register
- The value of each Asset is accounted for in accordance with methods as specified in the Capital Accounting Manual
- The value of each Asset is depreciated using methods and rates as specified in the Capital Accounting Manual and is consistent with the agreed depreciation policy of the Board.

9.3 Security of Assets

The Director of Finance will ensure that procedures for the control of assets are prepared and implemented. These procedures will make provision for the:

- Recording of managerial responsibility for each asset
- Identification of additions and disposals
- Identification of all repairs and maintenance expenses

- Physical security of assets
- Periodic verification of the existence of, condition of, and title to, assets recorded
- Identification and reporting of all costs associated with the retention of an asset

The Director of Finance will ensure all discrepancies revealed by verification of physical assets to the Fixed Asset register are investigated in accordance with the procedures set out in Section 21 of these Instructions.

Whilst each employee has a responsibility for the security of property of NHS GJ, it is the responsibility of Directors and Senior employees in all disciplines to apply such appropriate routine security in relation to NHS property as may be determined by NHS GJ. Any breach of agreed security practices must be reported in accordance with instructions.

Any damage to NHS GJ's premises, vehicles and equipment, or any loss of equipment, stores or supplies must be reported by employees in accordance with the procedure for reporting losses (Section 21 of these Instructions).

Where practical, Assets should be marked as the property of NHS GJ.

On the closure of any premises, a physical check will be carried out and a responsible officer designated by the Chief Executive will certify a list of items held showing their eventual disposal.

9.4 Disposal of Assets

All disposals of Assets should secure maximum income for NHS GJ (or minimise the cost where the disposal has no proceeds) other than when donated to a charitable organisation. Assets with an estimated value greater than £1,000 should be disposed of on the open market with arrangements commensurate with the value of the disposal. Under this level, the responsible manager must record and demonstrate that the best outcome for NHS GJ has been obtained. Where the disposal incurs a cost to NHS GJ it should be dealt with in accordance with SFI 12.

Where a disposal is made to a related party (i.e. other than at "arm's length") the circumstances should be reported to the Head of Procurement for approval and entry in the register of Waivers to Tender.

The above does not apply to the disposal of heritable property, which must be disposed of in accordance with the relevant guidance contained in the NHS Property Transaction Handbook.

All property disposals must be in accordance with the Board's clinical strategy and the approved Property Strategy.

9.5 Transfer of Assets

Where a NHS Board transfers an asset to another location/health board a standard Transfer Form should be used.

The Transfer Form should be approved by the Finance Team prior to the transfer taking place.

The collecting officer should sign the Transfer Form and pass they copy received to the Finance employees within the receiving Health Board.

9.6 Leasing Registers

The register in place for accounting for leases held within NHS GJ should be updated on the inception of the lease and updated on an ongoing basis. The information from this system should be used to inform the Annual Report and Accounts.

10 Payment of Employees

10.1 Remuneration

The Remuneration Committee shall approve any changes to the remuneration, allowances, conditions of service of the Chief Executive and other Directors in accordance with the Code of Corporate Governance.

The Remuneration Committee will:

- Agree all the terms and conditions of Senior Managers on Executive Pay arrangements
- Monitor arrangements for the pay and conditions of service of Senior Managers on Executive Pay arrangements in accordance with appropriate guidance
- Ensure arrangements are in place to monitor and assess the performance of Senior Managers on Executive Pay arrangements against pre-determined performance criteria
- Approve for all other terms and conditions of service issues not covered by Direction or Regulation such as Discretionary Points for Medical employees.

10.2 Appointments, Changes and Terminations

Directors or employees authorised to do so may engage, re-engage or regrade/re-band employees, this must be in accordance with the Once for Scotland and NHS GJ Job Evaluation Policy, or hire agency staff, only within the limit of their approved budget and financial establishment. Any authorisation of vacancy processes within NHS GJ must include Finance Team input including identification or otherwise of available funding.

All appointments must be in accordance with approved Human Resources and Staff Governance Policies. In order to comply with the NHS GJ Code of Conduct employees should take no part in the appointment processes of family and friends and should declare any such interests to their Line Manager.

All appointment forms should be sent to the Recruitment Team for processing on to eESS. Managers must ensure that terminations and changes are processed using the eESS Manager Self Service system. It is essential that a termination is processed immediately upon the effective date of an employee's resignation, retirement or termination being known. Where an employee fails to report for duty in circumstances that suggest that they have left without notice, the Finance Team must be informed immediately.

Where contractors are used (as opposed to directly employed staff), any contract awarded must demonstrate value for money and comply with procurement procedures in respect of SFI's on Orders, Quotations and Tenders. For the avoidance of doubt, the value to be considered, in this respect, is the total value of payments over the duration of the contract.

10.3 Processing of Payroll

The Director of Finance is responsible for ensuring:

- That appropriate payroll services are provided to meet NHS GJ's needs;
- That there are appropriate operating policies and procedures in place to control all pay expenditure;
- That appropriate authority to approve pay expenditure and changes is embedded within the eESS and SSTS systems
- That only approved time records, pay sheets and other pay records and notifications are used.

Regardless of the arrangements for providing the payroll service, the Director of Finance will ensure that the chosen method is supported by appropriate management arrangements, adequate internal controls and audit review procedures and that suitable arrangements are made for the collection of payroll deductions and payment of these to the appropriate bodies.

The Payroll function must within 7 days of notification process any deduction from earnings request. Requests may come from the following sources:

- Government Bodies - HMRC
- Court Orders
- Employee - PAYE, Staff Lottery

The National Health Service Superannuation Scheme (Scotland) is administered by the Scottish Public Pensions Agency and superannuation contributions are deducted from employees who are members of the scheme in accordance with the

provisions of the Code of Procedure for Employing Authorities together with the amendments which are issued from time to time in the form of circulars by the Agency.

10.4 Travel, Subsistence and Other Allowances

The Director of Finance will ensure that all expenses claimed by employees or outside parties are reimbursed in line with the relevant arrangements. Claim forms for expenses must be in an approved format, and will be completed and authorised by an Officer approved by the Director of Finance. Such forms will be accompanied by supporting vouchers (or supporting vouchers will be forwarded where claims are submitted electronically). These will be submitted timeously and/or in accordance with the agreed timetable.

NHS GJ recognises that, in certain instances, it is necessary to provide assistance with removal / relocation costs in an effort to attract employees where it is difficult to recruit locally. To that end reference to removal / relocation assistance will be made in the job information pack available to applicants. The actual level of assistance to be offered will be in line with the agreed Policy on relocation.

10.5 Authorisation

All payments to employees will be subject to authorisation by a budget holder or other officer with delegated authority to approve payroll expenditure in that area. Such authorisation should be based on adequate review and, where reliance is placed on the work of others to carry out this review, must, as a minimum, include a specific review of any entries relating to officers whose work is being relied on.

Wherever possible, employees should not compile their own payroll input. Where it is unavoidable that the compiler of the payroll input is included on that input, then the entry in respect of the compiler must be initialled by the authorising officer.

Under no circumstance should employees authorise/approve their own payroll input or expenses. In addition, employees should not authorise any payments for family and friends and should declare any such interests to their Line Manager in order to facilitate a practical solution.

Where overtime is to be paid, the authorising employee must ensure that it has been properly approved by the budget holder in advance and that they are satisfied that the additional time has been worked and is in addition to the employee's normal hours of work.

Once authorised, all payroll documents should be submitted directly to the Payroll function by the authorising employee. If this task is delegated, then steps should be taken to ensure that there are no amendments made following authorisation.

10.6 Responsibilities of Employees

All employees have a responsibility to check their Payslip/E-payslip in order to

ensure that they are being paid correctly. If an employee believes that they are being paid incorrectly, either being underpaid or overpaid, they should report the matter to their Line Manager in a timely manner or alternatively to the Payroll function using the contact information contained in their payslip. A failure to check that salary is being paid correctly will not in itself provide an employee with justification for refusing to repay any amount that has been overpaid.

In addition, all underpayments require to be approved by the Finance Team.

10.7 Contract of Employment

The Director of People and Culture is responsible for:

- Ensuring that all employees are issued with a Contract of Employment in a form approved by NHS GJ and which complies with employment legislation; and
- Ensuring that variations to, or termination of, contracts of employment are dealt with by the appropriate officer, in line with the procedure in place for such instances.

11 Non-Pay Expenditure

11.1 Introduction

All non-pay expenditure will be authorised, purchased and paid in accordance with these SFI's and NHS GJ's Scheme of Delegation, ensuring that the NHS GJ procures best value for goods and services, meets commercial best practice and complies with European and UK competition legislation.

11.2 Employee Responsibilities

The Director of Finance will ensure that:

- All accounts and claims are properly paid
- NHS GJ is advised on the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained
- These thresholds are regularly reviewed.

The Head of Procurement is responsible for ensuring the preparation, maintenance and issue of procedural instructions on the procurement of goods, works and services incorporating these thresholds.

All non-medicine procurements will be administered by the Procurement Department unless specific delegated purchasing authority has been granted by the Chief Executive.

The Director of Pharmacy will be responsible for the ordering, secure storage and distribution of medicines in accordance with the Human Medicines Regulations 2012.

There must normally be segregation of duties between the activities of requisitioning, order approval, receipting and paying of goods and services.

Exceptions are where:

- A requisitioner's access permissions within PECOS are restricted by value, or, to specific catalogue items or suppliers. In this case a purchase order will be automatically generated by the system
- Where an order is placed with the National Distribution Centre it is regarded as a stock issue with no requirement for separate receipting of the goods.

The Director of Finance and Head of Procurement will ensure that appropriate segregation is in place at all times.

All employees must comply with the Code of Conduct for Staff and register any personal interest. Where an employee has an interest which relates, directly or indirectly, to any proposed purchase or contract, they must not take part in any aspect of the purchasing and procurement processes for that purchase or contract.

Any employee who is involved in any part of the contracting or purchasing process is responsible, as far as they are able, for ensuring that NHS GJ is only committed to contracts or purchases which are in accordance with NHS GJ's policies and which give NHS GJ value for money when compared with any known alternatives.

No employee should make a binding commitment on NHS GJ unless they have the delegated authority to do so. Any authorised commitments must be in writing. Employees should be aware that the terms of the Requirements of Writing (Scotland) Act 1995 states that NHS GJ can be bound by a verbal undertaking given by an officer of the Board in the course of business.

11.3 Non-Pay Expenditure Approval Process

Budgetary Control

No order will be placed or contract let for goods or services where there is no budget provision, unless authorised by the Director of Finance or the Chief Executive.

Contracts or orders will not be placed in a manner devised to avoid/manipulate the authorised financial limits approved to individual employees.

Tendering and Quotations

All contracts and purchases will be tendered in accordance with SFI12 "Procurement", with the objective of securing goods and/or services of the necessary

quality and quantity in accordance with NHS GJ's objectives and strategies at the most economic rates. All procurements must be carried out in accordance with all relevant National and EU regulations, directives and guidelines.

The Public Contracts (Scotland) Regulations are applicable to all public sector organisations. These regulations are prescriptive in their requirements for public sector organisations and these SFI's are designed to ensure NHS GJ's full compliance.

The Freedom of Information (Scotland) Act 2002 (and any subsequent amendments) is applicable to public sector procurement with regard to disclosure of information and may override commercial sensitivities in some circumstances if it is deemed in the public interest.

Given the potential for commercial prejudice and the risks to NHS GJ associated with compliance or non-compliance with the FOI Act, a structured and disciplined tender and contract award process taking into account FOI requirements shall apply. These SFIs set out appropriate responsibilities for employees with external commitment authority, who in turn shall ensure that tender and contract award processes meet the provisions and requirements of this regulation.

The Equality Act 2010 outlaws any discrimination, including any potential discrimination through the provision of goods and services. All public authorities have a duty to take equality into account when procuring goods, works, or services from external providers.

These SFI's set out appropriate responsibilities for employees with external commitment authority, who in turn shall ensure that tender and contract award processes meet the legal provisions and requirements and that suppliers and contractors adhere to the equality and diversity legislation and principles.

Contracts

By definition a contract is any agreement between NHS GJ and other party/parties that is enforceable by the law. Contracts can be formed orally, in writing or even by conduct.

Where national, regional or local contracts exist (including framework agreements) the overriding principle is that use of these contracts is mandatory. Only in exceptional circumstances and with the authority of the Head of Procurement or the Director of Finance shall goods or services be ordered out-with such contracts. The Head of Procurement will maintain a record of any contracts placed out-with such contracts.

All contracts will have a sound basis in law and appropriate commercial contract conditions must be chosen to minimise the risk of any adverse litigation. Where appropriate, National Standard Forms will be used and where contracts are not of a standard form, the Central Legal Office (CLO) should be consulted. Note that prior approval will be required prior to consulting CLO.

All non-standard form contracts shall be approved and issued only by the Head of

Procurement unless specific delegated authority has been granted by the Director of Finance.

Purchase Requisition

Prior to any Official Order being raised a purchase requisition must be submitted and approved in accordance with authorisation levels.

Authorisation

All requisitions and associated orders for the purchase of items must be properly authorised in accordance with these SFI's. The ordering/authorising employee is responsible for satisfying themselves that NHS GJ's contracting and ordering instructions have been properly complied with before they sign an order and that the order does not commit NHS GJ to expenditure in excess of the budgeted amount. The Director of Finance has responsibility, acting on behalf of the Chief Executive, for the setting of financial limits as defined in within authorisation levels.

Authorisation Levels

NHS GJ will maintain authorisation levels and all employees must comply with the limits set. The Director of Finance will be responsible for ensuring that authorisation levels are as far as possible consistent. However, individual employee authorisation levels will take into account the job role, management level, level of budget(s) and organisational function. Delegated limits will be reviewed annually by the Deputy Director of Finance.

Indents/Requisitions for supplies can only be authorised by the budget holder of the directorate or department where the expenditure is planned and covered by available funds. The Director of Finance will ensure that there is a list of authorised signatories maintained for this purpose. Such delegated authority will be embedded in any electronic purchasing systems.

Purchase Orders

Only NHS GJ authorised employees as approved by the Director of Finance shall approve purchase orders.

No goods or services may be ordered without the use of NHS GJ official order form, including electronic versions. No employees of NHS GJ are permitted to make commitments out-with the official indenting and ordering processes unless the goods or services being procured have been generally or specifically exempted from these processes by the Chief Executive or Director of Finance.

The Head of Procurement will be responsible for ensuring that suppliers are made aware of the official ordering process.

Construction Procurement

All construction procurement will be made in accordance with SGHSCD guidance.

Trial/Loan Products

Products e.g. Medical Equipment shall not be taken on trial or loan from suppliers or contractors unless authorised in accordance with these SFI's or approved by the Head of Procurement to ensure any arrangements are consistent with purchasing policies and do not commit NHS GJ to a future uncompetitive purchase. The NHS GJ Code of Conduct should be followed in these instances.

11.4 Payment of Accounts

The Director of Finance will ensure that there are adequate systems and procedural instructions covering the procurement process and the procedures for the verification, recording and payment of accounts and claims payable.

These procedures will ensure that:

- Properly authorised accounts and claims are paid promptly in accordance with the terms of the Late Payment of Commercial Debt (Interest) Act 1998 (and any subsequent amendments) and payment of contract invoices is in accordance with contract terms, or otherwise in accordance with national guidance
- Payment shall only be made for goods and services that have a corresponding official purchase order
- Payment for goods and services is only made when goods and services are received and accepted (excepting exceptional circumstances).

Specifically the system will include checks that:

- Goods received are in accordance with those ordered and that prices are correct or within tolerances approved by the Director of Finance
- Work done or services rendered have been carried out satisfactorily and are in accordance with the order and the agreed contract terms
- In the case of contracts for measured time, materials or expenses, time is verified, rates are in accordance with those quoted, and materials or expenses are verified for quantity, quality and price
- Expenditure is in accordance with regulations and authorisations
- The account is arithmetically correct
- VAT and other taxation is recovered where permitted by legislation
- The account is in order for payment

Payments should not normally be made in advance of need i.e. before the liability to

pay has become due. However, there may be certain exceptional circumstances where it is in NHS GJ's interests to make such a payment. Under no circumstances should any advance payment be made where there is a risk to the security of NHS GJ's funds.

The approval of the Director of Finance is required in any instances where payment for goods or services in advance is deemed to be required.

Where an employee certifying accounts relies upon other employees to do preliminary checking, they shall ensure that those employees are competent to do so and, wherever possible, ensure that those who check delivery or execution of work act independently of those who have placed orders and negotiated prices and terms.

In the case of contracts for building or engineering works that require payment to be made on account during progress of the works, NHS GJ will make payment based on receipt of a certificate from the appropriate technical consultant or other relevant employee.

Certificates will be subject to such examination as may be considered necessary before authorisation by the appropriate Director or their nominated deputy.

The Director of Finance may authorise cash advances on an "imprest"* system for petty cash and other purposes as required. Individual payments must be restricted to the amounts authorised by the Director of Finance and must only be used for purposes where it is not appropriate to use the normal payment systems.

**An imprest system is a method of managing small cash expenses utilising a fixed amount of cash which is set aside in a petty cash fund to pay for small and infrequent expenses such as stamps*

12 Procurement

Contracting and Purchasing

12.1 General

These SFI's define the arrangements for tendering or receipt of quotations and contracting requirements. They apply for procuring or ordering goods or services for which no applicable public sector contract or framework agreement currently exists.

NSS National Procurement shall undertake procurement activity on a national basis on behalf of all NHS boards, and The Health Board shall implement these nationally negotiated contracts in accordance with CEL 05 (2012).

The Health Board shall comply with The Public Contracts (Scotland) Regulations 2015 (and any subsequent relevant legislation) and the Procurement Reform (Scotland) Act 2014 (and any subsequent relevant legislation) for any procurement it undertakes directly.

The Director of Finance will set out:

- The list of managers who are authorised to approve requisitions for the supply of goods and services
- The maximum level of each requisition and the system for authorisation above that level
- Procedures on the seeking of professional advice regarding the supply of goods and services
- Advise the Board of Directors regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained
- Prepare comprehensive procedural instructions on the obtaining of goods
- Services and works, incorporating the thresholds set by NHS GJ.

The requisitioner in choosing the item to be supplied (or the service to be performed) shall always use contracts negotiated nationally by National Procurement for goods, services and equipment. Where these do not apply they will seek to obtain the best value for money for the NHS GJ Board through the application of these SFI's and of all relevant Financial Operating Procedures. In so doing, the advice of the Health Board's Head of Procurement or their team shall be sought.

12.2 Budget Provision

No order shall be issued or contract let for goods or services where there is no budget provision unless authorised by the Director of Finance.

12.3 Official Orders

No request for any goods, services or works, shall be ordered without an official purchase order and suppliers shall be advised that they should not accept orders unless requested on an official purchase order. Verbal orders shall be issued only by an employee designated by the Director of Finance and only in cases of emergency or urgent necessity. These shall be confirmed by an official order issued no later than the next working day and clearly marked "Confirmation Order". Orders shall not be placed in a manner devised to avoid/manipulate the authorisation levels specified by NHS GJ.

Goods, e.g. Medical Equipment, shall not be taken on trial or loan in circumstances that could commit NHS GJ to a future uncompetitive purchase.

Official orders shall be issued by the PECOS system in a form approved by the Director of Finance and shall include such information concerning prices or costs as they may require. The orders shall incorporate an obligation on the contractor to comply with the conditions printed thereon as regards delivery, carriage, documentation, variations, etc.

Orders shall only be issued following authorisation by a relevant employee or other designated employee listed as having delegated authority on the authorised signatories' masterlist. Lists of authorised signatories shall be maintained by the Finance Team and a copy of each list supplied for information to the Director of Finance and Head of Procurement.

NHS GJ will not make payments in advance of need. However payment in advance of receipt of goods or services are permitted in circumstances approved by the Director of Finance. Examples of such instances are:

- Items such as conferences, courses and travel, where payment is to be made at the time of booking
- Where payment in advance of complete delivery is a legal or contractual requirement, e.g. maintenance contracts, utilities, rates
- Where payment in advance is necessary to support the provision of services/delivery of a project by external providers.

Changes to the list of authorised employees to certify invoices shall be notified to and agreed by the Director of Finance.

12.4 Competitive Tendering

NHS GJ shall ensure that competitive tenders are invited for the supply of goods, materials and manufactured articles and for the rendering of all services and disposals unless:

Standing Order 9.1 Suspension of Standing Orders is applied.

The supply has been arranged under a Framework Agreement:

- The supply value is not greater than £10,000 (including VAT)
- The supply value is greater than £10,000 (including VAT) and the Director of Finance has approved a decision to waive the requirement to tender (see below)

The thresholds for the purchasing/ordering of all goods, services and works are as follows:

Contract value < £10,000	Achievement of value for money should be demonstrated
Contract value > £10,000 and < £50,000 (except public works) Public Works <£2m	Three competitive quotations sought via Quick Quote Portal on Public Contracts Scotland (PCS) Website.
Contract value £50,000 or more over its lifetime (4 years maximum) (except public works) Public Works £2m or greater	Regulated Tender via Public Contracts Scotland Website and Find a Tender if greater than £138,760 (including vat)

Formal quotations are required when the expected expenditure exceeds or is

reasonably expected to exceed £10,000. All quotations will be advertised on the Public Contracts Scotland Portal (PCS) and issued to at least three suppliers. The Director of Finance in exceptional circumstances can approve a reduction from the three suppliers' requirement based on receipt on information to justify this decision.

Single Tender

Where only one tender is received the Procurement Department must ensure, as far as is practicable, that the price provided is fair and reasonable. The reason for accepting a single tender should also be documented.

Waiving of Tender/Quotation Procedure

Tendering procedures may be waived with the approval of the Director of Finance where:

- No tenders were received from an open tender or quick quote
- Where competition is absent for technical reasons where no reasonable alternative or substitute exists and the absence of competition is not the result of an artificial narrowing down of the parameters of the procurement
- In extreme urgent situations brought about by events unforeseeable by the contracting authority so that time limits for open tender cannot be complied with
- Where the products involved are manufactured purely for the purpose of research, experimentation, study or development, but a contract awarded in reliance upon this shall not include quantity production to establish commercial viability or to recover research and development costs
- For additional deliveries by the original supplier which are intended either as a partial replacement of supplies or installations or as the extension of existing supplies or installations where a change of supplier would oblige the board to acquire supplies having different technical characteristics which would result in incompatibility or disproportionate technical difficulties in operation and maintenance

For the avoidance of doubt, the limited application of the single tender rules should not be used to avoid competition or for administrative convenience or to award further work to a Company originally appointed through a competitive procedure.

Where it is decided that competitive tendering is not applicable and should be waived by virtue of the above, the fact of the waiver and the reasons should be documented and approved either by the Director of Finance and the record retained by the Procurement Department.

Contracts

NHS GJ may only enter into contracts within its statutory powers and shall comply with:

- Standing Orders
- Standing Financial Instructions
- EU Directives and other statutory provisions and any subsequent relevant legislation
- Any relevant directions including the Scottish Capital Investment Manual and guidance on the Use of Management Consultants
- Such of the NHS Standard Contract Conditions as are applicable

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.

All contracts entered into by NHS GJ shall contain clauses empowering NHS GJ to:

- Cancel the contract and recover all losses in full where a company or their representative has offered, given or agreed to give, any inducement to NHS GJ employees
- Recover all losses in full or enforce specific performance where good or services are not delivered in line with contract terms

NHS GJ shall comply as far as is practicable with the Scottish Capital Investment Manual.

Contracts involving funds held by NHS GJ's Charity shall be applicable to an individually named fund. Any such contract involving charitable funds shall comply with the requirements of the Charities Acts.

Where consultancy advice is being obtained, the procurement of such advice must be in accordance with guidance issued by the Scottish Government Health Directorate - MEL (94) 4 which advises NHS Boards of the results of a review of the use of Management Consultants and sets out a course of action to be adopted. Management Consultants should only be used when documentary evidence of a benefit to the Board has been prepared.

All contracts, leases, tenancy agreements and other commitments which may result in a liability shall be notified to the Director of Finance in advance of any commitment being made.

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

Contract signature will be via:
Head of Procurement or Delegate – up to £50k

Director of Finance or Delegate - £50k to £500k
Chief Executive Officer – more than £500k

12.5 Competitive Tendering

Any grants or similar payments to local authorities and voluntary organisations or other bodies shall comply with procedures laid down by the Director of Finance which shall be in accordance with the all relevant laws.

The financial limits for employees approving grants or similar payments are set out in the authorisation limits Masterfile.

12.6 In-House Services

The Chief Executive shall be responsible for ensuring that best value for money can be demonstrated for all services provided either under contract or in-house. The Board may also determine from time to time in-house services should be benchmarked.

Where the Board determines that such in-house benchmarking should take place this will be undertaken in conjunction with the Partnership Forum.

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

- Specification Group-comprising the Chief Executive or nominated officer(s) and specialist(s)
- In-House Tender Group-comprising representatives of the In-House team, a nominee of the Chief Executive and technical support
- Evaluation Group-comprising normally a specialist employee with a comprehensive understanding of the subject area, a Procurement employee and a Director of Finance representative. For services having a likely annual expenditure exceeding £1m, a non-Executive Director should be a member of the Evaluation Group.

All groups should work independently of each other but individual employees may be a member of more than one group. However, no member of the in-house tender group may participate in the Evaluation Group.

The Evaluation Group shall make a recommendation(s) to the Board.

The Chief Executive shall nominate a suitably qualified and experienced employee to oversee and manage the contract.

12.7 Agency Staff – Other than Medical and Nursing

No agency should be contacted directly by employees who are not authorised. If a need for agency staff is identified for a post that has been vacated temporarily then the following order of events should be observed by the appropriate Line Manager.

Assess all alternatives and evaluate cost effectiveness alongside service provision (i.e. overtime, secondment of staff, reallocation of duties, etc.) in deciding if there is a need to approach an agency.

Obtain and complete a 'Vacancy Approval Request' form. These forms can be obtained from the Recruitment section of the Human Resources Department.

Obtain authorisation from the relevant authorised Line Manager to verify the need for agency staff and countersigned by a relevant Finance Team member to verify that funding is available to meet the costs.

The complete form should be passed to the recruitment section or relevant Line Manager to initiate the supply of a suitable agency worker. Agency staff must be used for as short a period as possible, this period should not exceed six weeks. If agency cover is required for longer, the department must submit a statement of case to the Director of People and Culture.

12.8 Agency Nurses

No Agency providers should be contacted directly by employees other than Nurse Managers during working hours. If a need is identified out with working hours then only national contracted agencies should be approached, according to guidelines within the HDL (2006) 39 - Use of National Contracts for Agency Labour Purchase.

If agency staff have been obtained out with working hours then authorisation should be obtained retrospectively.

Before any Agency provider is approached with a request to supply staff, authorisation must be obtained from the appropriate Nurse Manager.

Escalated arrangements are in place for the use within NHS GJ of 'off-framework providers'. The use of 'off-framework' agencies should only be undertaken with the express approval of either the Executive Nurse Director or the Chief Executive.

12.9 Management Consultants (excluding Medical Staff)

The decision to engage the services of Consultants will be documented as the conclusion of an option appraisal taking into account the requirements of IR35.

Written agreement must be obtained from an Executive Director of the Board prior to commencing the recruitment of Consultants.

Appointment of Consultants must be carried out following a due process of competition for the business to be awarded. Wherever possible this should be by competitive tender. Competitive offer / tender analysis should be done by completing a score sheet for the key objectives and criteria of all pertinent points for the project under consideration.

References should be obtained from potential Consultants and validated to ensure they are capable of carrying out the assignment.

Where it is not initially possible to provide potential Consultants with a detailed brief of the assignment the competitive process will be by written presentations, with outline / indicative costings, submitted to an Executive Director.

Where there is a probability of successive assignments these must be identified at the commencement and tendered as a package or be individually subject to competition as they arise.

When these may be follow on assignments, a tender exercise must be conducted to provide a call off arrangement with all basic fees and expenses fully detailed in the tender submission.

The Boards standard conditions of contract for consultancy services will apply to all appointments of Consultants. Any variations from the standard conditions that arise subject to negotiations must be agreed in writing by an Executive Director of the Board.

The level of expenses payable must be agreed prior to the appointment of Consultants. The expenses payable should not exceed 5% of the Consultancy Fee and where possible should be defined amounts. Any public travel costs or car mileage payments will not exceed the rate payable to the Boards own employees. (Mileage rates for standard users).

A performance review will be conducted before final payment to the Consultants to ensure that the remit and terms of reference have been fulfilled in total and that the outcome report represents value for money.

If the performance review results in a negative assessment, in whole or in part, then the defective or deficient work will require to be performed again by the Consultants without additional charge, or a reduced final fee paid.

12.10 Register of Interest

The principles relating to the acceptance by Health Service employees of financial assistance, gifts and hospitality from commercial sources and declaration of interest are stated in NHS MEL(1994)48 "Standard of Business Conduct for NHS Staff" with regard to acceptance of financial assistance, gifts and hospitality and declaration of interest. https://www.sehd.scot.nhs.uk/mels/GEN1989_32.pdf.

A register of gifts and hospitality shall be maintained by NHS GJ's Corporate Governance Team.

In any circumstances where an employee or representative of NHS GJ has an interest, pecuniary or otherwise, in the outcome of a tender or quotation, the employee concerned must declare any interest and withdraw from all contracting/purchasing arrangements concerning that item.

No order shall be issued for any item or items for which an offer of gifts, (other than low cost items, e.g. calendars/diaries/pens, etc.), or hospitality has been received from the person interested in supplying goods and services. This should be in

accordance with the Standards of Business Conduct for Staff. If any employee is in any doubt about the application of these Procedures they should consult their Line Manager before agreeing to or accepting an offer. Visits at supplier's expense to inspect equipment etc. must not be undertaken unless in accordance with the Standards of Business Conduct and approved by the Chief Executive.

13 Stores and Receipt of Goods

Store levels of stock items should be kept to a minimum consistent with operational efficiency.

Those stores designated by the Director of Finance as comprising more than 10 days of normal use should be:

- Subjected to continuous or periodic (at least annual stocktake)
- Valued at the lower of cost and net realisable value, for this purpose, cost will be ascertained on either the basis of weighted average cost

A regular review of stock products should be made to ensure efficient stock turnover levels are maintained.

Subject to the responsibility of the Director of Finance for the system of control, the overall control and day-to-day management of stores shall be the responsibility of employees delegated within the organisational structure

The control of Pharmaceutical stocks shall be the responsibility of a designated pharmaceutical employee; the control of fuel, oil and coal of a designated estates employee. Wherever practicable, stocks will be marked as the property of NHS GJ.

The appropriate manager will have the responsibility for security arrangements and the custody of keys for all stores locations.

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.

Stocktaking arrangements will be agreed with the Director of Finance and there will be a physical check covering all items in store at least once a year or, where approved by the Director of Finance, "Continuous Stock Checking". The stocktaking records will be numerically controlled and signed by the employees undertaking this check. Any surpluses or deficiencies revealed on stocktaking will be reported to the Director of Finance immediately and investigate as necessary. Known losses of items not on stores control will be reported to the Director of Finance.

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

Designated employees 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. Designated employees shall report to the Director of Finance any evidence of significant overstocking

and of any negligence or malpractice (see also SFI 18, Disposals, 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.

Stocks, which have deteriorated, or are not usable for any other reason for their intended purposes, or may become obsolete, will be written down to their net realisable value. The write down must be approved by the Director of Finance or other approved delegate and recorded.

14 Patients' Property

NHS GJ has a responsibility to provide safe custody for money and other personal property (hereafter referred to as "property") handed in by patients, in the possession of unconscious or confused patients, or found in the possession of patients dying in hospital or dead on arrival.

The Chief Executive shall be responsible for ensuring that patients or their guardians, as appropriate, are informed by:

- Notices or information booklets
- Hospitals admission documentation and property records
- The oral advice of administrative or nursing employees responsible for admissions

NHS GJ will not accept responsibility or liability for patients' property brought into NHS GJ premises unless it is handed in for safe custody and a receipt is obtained acknowledging property handed over.

The Director of Finance will ensure that there are detailed written instructions on the collection, custody, recording, safekeeping, and disposal of patients' property (including instructions on the disposal of property of deceased patients and patients transferred to other premises) for all employees whose duty it is to administer, in any way, the property of patients. These instructions will incorporate the guidance on this subject issued from time to time by the SGHSCD. The Director of Finance will also have procedures in place to deal with the loss of patients' property.

Any money or property handed over for safekeeping will be evidenced by the issue of an official receipt. Employees should be informed, on appointment, by the appropriate departmental or senior manager of their responsibilities and duties for the administration of the property of patients.

Records of patients' property shall be completed by a hospital employee in the presence of a second employee and in the presence of the patient or the personal representative, where practicable. It should be signed by the employee and by the patient, except where the latter is restricted by physical or mental incapacity, in which case it should be witnessed by the signature of a second employee.

In all cases where property, including cash and valuables, of a deceased patient is of a total value of more than £36,000 (or such other amount as may be prescribed by legislation and advised by the SGHSCD), production of a

Confirmation of Estate will be required before any of the property is released. Where the total value of the property is less than £36,000 forms of indemnity will be obtained (although confirmation of estate should still be obtained in instances where dispute is likely).

In respect of a deceased patient's property, if there is no will and no lawful kin, the property vests in the Crown, and particulars will, therefore, be notified to the Queen's and Lord Treasurer's Remembrancer.

Employees should be informed on appointment of their responsibilities and duties for the administration of the property of patients.

Employees should not benefit directly or indirectly from the management of patients' private funds or property. Where it could be perceived that an employee may benefit, directly or indirectly (e.g. through accompanying a patient on holiday), then the expenditure and activity should be approved by the Multi-disciplinary Review Team. NHS GJ is not authorised to hold funds or valuables on behalf of patients in a community setting. Employees should decline requests to do so otherwise they could become personally liable in the event of loss.

The Director of Finance will ensure completion of SFR 19.0 Patients Private Funds, for inclusion within the Statutory Annual Accounts, and that proper arrangements are in place for the annual audit of Private Patients Funds by a separately appointed external Auditor.

15 Financial Information Management

15.1 Code of Practice on Openness and Freedom of Information

The Code of Practice on Openness was originally produced by the NHS in Scotland Management Executive and sets out the basic principles underlying public access to information about the NHS in Scotland. All employees have a duty to comply with the Code.

The Freedom of Information (Scotland) Act 2002 (FOISA) places an obligation on public bodies to provide information, subject to certain exemptions (such as personal information etc.), to anyone who asks for it. Any request for information in permanent form (i.e. non-verbal) is a FOISA request and must be responded to, within 20 working days. A number of officers throughout NHS GJ have been trained in the requirements of FOISA. Anyone receiving a formal request for information should immediately pass it to one of the FOISA trained employees or, alternatively, the Head of Digital Governance.

Employees should continue to respond timeously to general requests for information, where it has been customary to do so, without reference to FOISA officers.

15.2 Confidentiality and Security

All employees have a responsibility to treat as confidential information which may be available to them, obtained by them or derived by them whilst employed by NHS GJ.

Employees should not breach this duty of confidence by disclosing confidential information, using it in an unauthorised manner, or providing access to such information to unauthorised individuals or organisations.

Executive Directors and their direct reports are responsible for the security and accuracy of data relating to their area of responsibility. In particular, the Director of Finance is responsible for the security of NHS GJ data processed and stored by information systems designed or procured under their responsibility. They are responsible for ensuring the accuracy and security of NHS GJ's financial data, including that held on and processed by computer.

In discharging these responsibilities, Directors should follow the guidelines contained in NHS DL (2015) 17 Information Governance and Security Improvement Measures 2015-2017.

These instructions should be read in conjunction with:-

- the Computer Misuse Act 1990 (as amended by the Serious Crime Act 2015);
- the Data Protection Regulations;
- NHS CEL (2011) 25 – Safeguarding the Confidentiality of Personal Data Processed by Third Party Contractors;
- NHS CEL (2012) 25 – NHS Scotland Mobile Data Protection Standard; and
- NHS Scotland Code of Practice - Protecting Patient Confidentiality.

15.3 Confidentiality of Personal Health Information

Under the terms of NHS MEL (1999) 19 and subsequent guidance issued by the SGHSCD, NHS GJ has nominated the Medical Director as the Caldicott Guardian to “safeguard and govern the uses made within NHS Golden Jubilee of patient identifiable information including both clinical and non-clinical information.”

15.4 Resolution of Conflict

The Director of Finance or the Medical Director must be consulted in the event of a conflict arising between NHS GJ's obligations under the Code of Practice on Openness/FOISA and the need to maintain confidentiality.

15.5 Computerised Financial Systems

The Director of Finance, who is responsible for the accuracy and security of the computerised financial data of NHS GJ will ensure that:

- Procedures are devised and implemented to ensure adequate protection of NHS GJ data, programs and computer hardware, for which they are responsible, from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard for the Data

Protection Regulations

- Adequate 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
- Adequate controls exist such that the computer operation is separated from systems development, maintenance and amendment
- An adequate audit trail exists through the computerised system and that such computer audit reviews as they may consider necessary are being carried out
- 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 will be obtained from them prior to implementation
- The Director of Finance will ensure that contracts for computer services for financial applications with another health organisation, other agency or external supplier 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 will also ensure the rights of access for audit purposes and the Director of Finance will periodically seek assurances that adequate controls are in operation.

Where computer systems have an impact on corporate financial systems, the Director of Finance must be satisfied that:

- The acquisition, development and maintenance of such systems are in line with corporate policies including NHS Golden Jubilee's Digital Strategy;
- Data produced for use with financial systems is adequate, accurate, complete and timely, and that a management audit trail exists;
- Finance employees have access to such data; and
- Such computer audit reviews as are considered necessary are being carried out.

15.6 Retention of Records

The Scottish Government Records Management NHS Code of Practice version 2.1 January 2012 provides guidance on the required standards of practice in the management of records for those who work within or under contract to NHS Golden Jubilee. It is based on legal requirements and professional best practice.

The Code of Practice encompasses the requirements of:

- Public Records (Scotland) Act 1937; as amended by the
- Public Records (Scotland) Act 2011
- Data Protection Regulations
- Freedom of Information (Scotland) Act 2002
- NHS Scotland Code of Practice on Protecting Patient Confidentiality
- Environmental Information (Scotland) Regulations 2004.

Any other relevant laws or regulations and subsequent instructions/guidance issued by the SGHSCD must also be complied with when considering retention of records.

The Director of Digital will issue guidance on this matter as required and in cases of doubt their advice should be obtained.

16 Audit

16.1 Audit and Risk Committee

In accordance with Standing Orders and as set out in guidance issued under NHS MEL (1994) 80, the Board of Directors have established an Audit and Risk Committee.

The purpose of the Audit and Risk Committee is to assist the Board of Directors to deliver its responsibilities for the conduct of public business, and the stewardship of funds under its control. In particular, the Committee will seek to provide assurance to the Board of Directors that an appropriate system of internal control and risk management is in place to ensure that:

- Business is conducted in accordance with the law and proper standards governing the NHS and its interface with partner organisations
- Public money is safeguarded and properly accounted for
- Financial statements are prepared timeously, and give a true and fair view of the financial position of the Board for the period in question
- Reasonable steps are taken to prevent and detect fraud and other irregularities.

The Audit and Risk Committee will support the Board of Directors and the Accountable Officer by reviewing the comprehensiveness, reliability and integrity of assurances provided to meet the assurance needs of the Board of Directors and Accountable Officer. In this context, assurance is defined as an evaluated opinion, based on evidence gained from review, on the organisation's governance, risk management and internal control framework.

The Terms of Reference of the Audit and Risk Committee will be reviewed and approved annually by the Board of Directors.

Where the Audit and Risk Committee suspects 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 Chair of the Audit and Risk Committee should raise the matter at a full meeting of the Board of Directors. Exceptionally, the matter may need to be referred to the SGHSCD.

The Director of Finance will be responsible for ensuring that an adequate internal audit service is provided. The Audit and Risk committee has a key role in ensuring the effectiveness of the internal audit functions including:

- Overseeing the selection process for new Internal Auditors
- Reviewing and agreeing the annual Internal Audit work plan
- Ensuring recommendations are actioned by the Executive Leadership Team
- Disseminating audit reports to the relevant Board Committees
- Encouraging the use of audit reports as improvement tools
- Monitoring and assessing the effectiveness of the Internal and External audit teams
- Awarding and termination of the contract for internal audit services
- Accounting Policies
- Annual Report and Accounts
- Standing Financial Instructions

The Director of Finance will be responsible for arranging the resources required to carry out any review or investigation which is commissioned directly by the Audit and Risk Committee under its Terms of Reference.

16.2 External Audit

NHS GJ Annual Report and Accounts must be audited by External Auditors appointed by the Scottish Ministers under the Public Finance and Accountability (Scotland) Act 2000, the Auditor General for Scotland will secure the external audit services on behalf of the Scottish Ministers.

The external audit will be carried out in accordance with the Audit Scotland Code of Audit Practice and such other relevant legislation, directions and guidance as may be in force at the time.

The External Auditor as appointed by the Audit Scotland, on behalf of the SGHSCD has a general duty to satisfy themselves that:

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

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

- Whether the statement of accounts presents a true and fair view of the financial position of the Health Board
- The arrangements in place at the Health Board for the prevention and detection of fraud and corruption
- Aspects of the performance of particular services and activities
- The Health Board's management arrangements to secure best value.

The Director of Finance will ensure that:

- The External Auditors receive full co-operation in the conduct of the audit
- The Board of Directors are presented with the Annual Report and Accounts timeously for noting and adoption, and the adopted Annual Report and Accounts are subsequently forwarded to the SGHSCD
- Action is taken in respect of all recommendations contained in the External Auditor's annual reports and letters in accordance with the timetable agreed with the External Auditor.

The Audit and Risk Committee is responsible for the oversight of the Board of Directors relations with the External Auditors including reviewing the scope of the annual audit plan.

The External Auditor will normally be expected to attend Audit and Risk Committee meetings and has a right of access to the Chair of the Board, all Audit and Risk Committee Members and any other member of the Board.

The External Auditor will meet on at least one occasion each year with the Audit and Risk Committee members without the Director of Finance, other Executive Directors or other employees being present.

16.3 Director of Finance

The Director of Finance is responsible for:

- Ensuring that there are arrangements to review, evaluate and report on the effectiveness of internal financial control by the establishment of an internal audit function headed by a Chief Internal Auditor/Audit Manager of sufficient status
- Ensuring that the internal audit service is adequate and meets NHS mandatory standards
- Ensuring that responses to internal audit reports are provided timeously and that internal audit recommendations are implemented as agreed
- Ensuring that, in cases of fraud, the NHS Counter Fraud Service is notified without delay, in accordance with the Partnership Agreement with NHS Counter Fraud Services.

The Director of Finance will ensure that cases of fraud, misappropriation or other irregularities are investigated in accordance with the Fraud Policy approved by the Audit and Risk Committee on behalf of the Board of Directors.

The Director of Finance will ensure that there is adequate communication between the external and internal auditors to avoid unnecessary overlapping of work.

16.4 Internal Audit

The role of internal audit is based upon the guidance contained in the Public Sector Internal Audit Standards (PSIAs). These standards are mandatory and specifically it will be the responsibility of the Chief Internal Auditor to effectively manage the internal audit activity to ensure it adds value to the organisation.

- The role of the internal audit team should include:
- Reviewing accounting and other internal control systems
- Reviewing economy, efficiency and effectiveness
- Assisting with the identification of significant risks
- Examining financial and operating information
- Special investigations
- Reviewing compliance with legislation and other external regulations
- Any other relevant work as required by the Audit and Risk Committee

The Director of Finance or others, such as the Chief Internal Auditor, Fraud Liaison Officer or NHS Counter Fraud Services employees acting on the Director of Finance's behalf **[including employees of third parties if the internal audit service is outsourced]** will be entitled, without necessarily giving prior notice, to require and receive:

- Access to all records, documents and correspondence relating to any financial or other relevant transactions, including documents of a confidential nature (in which case there will be a duty to safeguard that confidentiality)
- Access at all reasonable times to any premises or land
- The production or identification by any employee of any NHS GJ cash, stores, or other property under the employee's control
- Explanations concerning any matter under investigation.

The Chief Internal Auditor will provide all reports to the Director of Finance. The Director of Finance will ensure that appropriate responses are provided and action is taken in respect of all internal audit reports.

- The timetable for completion of reports and provision of responses will be as agreed between the Chief Internal Auditor and the Director of Finance
- Where, in exceptional circumstances, the use of normal reporting channels would be seen as a possible limitation of the objectivity of the audit, the Chief Internal Auditor will seek the advice of the Chair of the Audit and Risk Committee or Chair or Vice Chair of the Board of Directors
- Failure to take any necessary remedial action within a reasonable period will be reported to the Chief Executive

The Chief Internal Auditor will normally attend Audit and Risk Committee meetings and has a right of access to the Chair of the Board, all Audit and Risk Committee Members and any other member(s) of the Board of Directors. The Internal Auditor will meet on at least one occasion each year with the Audit and Risk Committee without the Director of Finance, other Executive Directors or other Board employees being present.

The Chief Internal Auditor will prepare an Annual Internal Audit report for consideration by the Audit and Risk Committee. The report must cover:

- A statement on the adequacy and effectiveness of NHS GJ's internal controls based on the internal audit work undertaken during the year
- Major internal control weaknesses identified
- Progress on the implementation of internal audit recommendations

- Progress against the internal audit annual plan over the previous year.

The Chief Internal Auditor will prepare a strategic audit plan for consideration and approval of the Audit and Risk Committee. The plan will normally cover a period of three years and will be based on an assessment of the risks facing NHS GJ. Each year the Chief Internal Auditor should update the plan and re-present it to the Audit and Risk Committee for approval.

The Strategic Audit Plan will be translated into an agreed Annual Plan which identifies the specific subjects to be audited in the coming year including any provision for contingencies and ad hoc work.

17 Condemnations, Losses and Special Payments

17.1 Introduction

The Director of Finance is responsible for ensuring that effective controls are developed and maintained to prevent fraud and to ensure that if it does occur it will be detected promptly.

Any employee discovering or suspecting a loss of any kind will immediately inform their Line Manager who will advise the Director of Finance or his authorised representative forthwith.

Where a criminal offence is suspected, NHS GJ's Fraud Policy and Investigation Procedure will be implemented (SFI21).

The Board of Directors shall delegate its responsibility for the approval of write-off and authorisation of special payments in accordance with the approved Scheme of Delegation in Standing Orders.

17.2 Categories of Loss and Special Payments

The Board of Directors powers to write off losses and authorise special payments are divided into seven main categories:

Losses

- Cash losses (due to theft, fraud, overpayment, etc.)
- Claims abandoned
- Losses of furniture and equipment, bedding and linen in circulation
- Stores losses

Special Payments

- Compensation payments (made under legal obligation)

- Ex-gratia payments
- Damage to buildings and fixtures

The Director of Finance shall notify SGHSCD of all frauds in accordance with Health Board Manual for Accounts (SFR 18).

For losses apparently caused by theft, frauds, arson, neglect of duty or gross carelessness, except if trivial and where fraud is not suspected, the Director of Finance shall immediately notify:

- The Board of Directors
- The Statutory Auditor
- Counter Fraud Services

17.3 Condemned Articles

All articles surplus to requirements or unserviceable will be condemned and appropriately disposed of by an authorised employee. The condemning employee will satisfy themselves as to whether or not there is evidence of negligence in use and will report any such evidence to appropriate management who should take appropriate action. Where there are reasonable grounds to suspect that a criminal offence has been committed, action will proceed as in section 21.

17.4 Recording and Authorisation of Special Payments

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

Management will maintain Losses and Special Payments Registers in which details of all losses and special payments will be recorded, as they are known. A summary of information contained in these registers will be sent annually to the SGHSCD.

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

No special payments exceeding delegated limits determined by the Board of Directors shall be made.

17.5 Bankruptcies and Liquidations

The Director of Finance shall be authorised to take any necessary steps to safeguard NHS GJ's interest in bankruptcies and company liquidations.

17.6 Insurance Arrangements

The Director of Finance will make arrangements for insurance in relation to the NHS

GJ's assets and activities in accordance with the guidelines laid down by the SGHSCD.

Arrangements will be made to report losses regularly to NHS GJ's Insurer. This instruction should also be read in line with the Endowments Operating Procedure and Charter which cover the operation of endowment funds.

18 Endowment Funds

18.1 General

The legal name of the charity is the "National Waiting Times Centre Board Endowment Funds" with "NHS Golden Jubilee Endowment Funds" being the common name used.

Endowment funds are defined as money or property donated to the NHS Golden Jubilee Endowment Fund and held on trust for such purposes relating to services provided under the National Health Service (Scotland) Act 1978 or in relation to hospitals, or to the functions of NHS GJ with respect to research or as the Board of Trustees may determine within the objectives of the Charity.

The endowments are constituted under the National Health Service (Scotland) Act 1978. As the "National Waiting Times Centre Board Endowment Fund" is registered with the Office of the Scottish Charities Regulator (OSCR) the Trustees must also comply with the Charities and Trustee Investment (Scotland) Act 2005.

The Board of Directors are appointed as a corporate trustee to hold the funds and property attributable to the endowment funds and appointed Board of Director members are by virtue appointed as Trustees of the endowment funds. Trustees are responsible for the general control and management of the charity in accordance with the operating policies and procedures.

18.2 Risks Associated with Recovering Charitable Donations

The purpose of the Endowment funds is the advancement of health through:

- Improvement in the physical and mental health of the local population
- The prevention, diagnosis and treatment of illness
- The provision of services and facilities in connection to the above
- The research into any matters relating to the causation, prevention, diagnosis or treatment of illness, or into such other matters relating to the health service as the Trustees see fit
- Education and development in connection to the above.

Charitable donations should only be accepted where the donation is consistent with the purpose of the Charity as outlined above.

The receipt of a charitable donation can attract substantial media interest, particularly where it represents a considerable amount of money. The Trustees must consider whether there are reasons why a donation might be inappropriate and should therefore be refused. While the following list is not exhaustive, it sets out circumstances where a donation should be refused.

- It specifies further requirements that the Board of Trustees cannot meet
- It specifies conditions which are incompatible with the purpose of the endowment funds
- Onerous conditions are attached to the donation, which are not acceptable or cannot be met. For example, where the donation is for the provision of particular equipment or facilities, and the running of which would not be cost-effective or unaffordable
- The acceptance of a donation places the Board of Trustees under any inappropriate obligation. For example to provide any preferential NHS treatment to parties specified by the donor
- It would be wrong to accept the donation on ethical grounds. Acceptance of a gift from a particular source may be incompatible with the ethos of the Health Service, or be likely to alienate beneficiaries or other potential donors
- The acceptance of the donation could result in unacceptable controversy or adverse publicity. For example, the charitable donation should not benefit the person or organisation making the charitable donation at the expense of NHS patients as a whole
- The donation is made payable to individual employees.

Rather than having to refuse a potential donation, it may be possible to discuss with the donor or their legal adviser in the case of a draft will, a change to the terms of the proposal. The Board of Trustees should, however, encourage people to make a general donation for Health Service purposes as this gives the greatest flexibility in the application of donations.

18.3 Acceptance of Non-Charitable Donations

Donations should only be accepted where they are compatible with the “advancement of health” as this is the purpose applicable to the Endowment funds. Other donations should not be accepted by Endowments. Commercial Research funds or any income received in payment for services provided by the Board should be treated as exchequer rather than endowment income and administered by the Board. This guidance does not cover patients’ monies or staff funds.

18.4 Approval of Expenditure

Expenditure from Endowment Funds is restricted to the purpose(s) of the appropriate fund and can only be made with the approval of the Trustees. Such approval will be delegated to the Director of Finance to authorise expenditure from the General

Funds.

Designated Fundholders will be responsible for authorising/controlling expenditure incurred on those accounts for which they have designated fundholder responsibilities.

General Endowment Fundholders are able to approve individual items of expenditure of up to £10,000 or such other amounts as the Trustees may agree from time to time. For individual expenditure items in excess of £10,000 (or other agreed amount) up to a ceiling of £50,000, it will be necessary to obtain the agreement of the Endowment Sub-Committee. Individual expenditure items in excess of £50,000 must be authorised by the Board of Trustees.

National Innovation Fund payments are subject to other authorisation and governance routes. Project budgets are agreed in conjunction with the CSO and project payments are linked to milestones agreed by individual project boards. The Director of Finance has authority to make milestone project payments up to the value of the agreed project budget. Any payment required to be made that would be in excess of the project budget requires to be approved by the Endowment Sub Committee after identification of appropriate funding.

Any expenditure incurred from Endowment Funds must comply with SFI 10 – Procurement.

18.5 Custody and Security of Assets

All gifts of funding must be held in bank accounts specified for Endowments and withdrawals may only be sanctioned by authorised signatories.

The Trustees can only accept gifts for purposes relating to the advancement of health as defined earlier in this document. In cases of doubt, the Director of Finance should be consulted.

Endowment assets shall be maintained along with the general estate and inventory of assets of NHS GJ.

18.6 Investment

Endowment fund cash balances will be placed in interest bearing accounts on behalf of the Trustees as determined by the Director of Finance. Where cash balances held by the Endowment Fund are not scheduled for imminent use Treasury management processes will be put in place to ensure that the fund has sufficient cash available to support charitable activities.

Any endowment funding which have been purposed as investments by the Board of Trustees will be invested by the investment managers appointed by the Trustees of NHS Greater Glasgow and Clyde who manage the investment on behalf of the NHS GJ Endowment Fund.

18.7 Control of Endowment Funds

The Director of Finance will prepare and issue procedures in respect of Endowment funds. These procedures should cover the following matters:

- Governing instruments for every fund
- Controls and authorisation to open new funds
- Treatment of offers of new funds
- Legacies and bequests
- Controls over and authorisation of expenditure including lists of authorised signatories
- The accounts and records necessary to account for all transactions
- Fund-raising
- Trading income
- Investment income
- Periodic reporting of balances

The Director of Finance must ensure that:

- The Trustees are advised on banking arrangements and with Board of Trustees approval secure appropriate banking services
- The Trustees receive reports on receipt of funds, investment and any other matters agreed by the Board of Trustees
- Annual Report and Accounts are prepared in the required manner and within the agreed time- scales
- External audit services are in place
- The Trustees receive reports on the outcome of the Annual External Audit
- The Endowment Fund liability to taxation and excise duty is managed appropriately
- Legal advice is obtained where necessary.

19 Risk Management and Insurance

19.1 General

The Chief Executive shall ensure that NHS GJ has a strategy of risk management, which will be approved and monitored by the Board of Directors.

The Head of Risk and Clinical Governance will be responsible for the management of claims and in this capacity will liaise closely with the Central Legal Office to ensure that all Clinical and Non-Clinical claims are appropriately investigated and processed.

The Director of Finance is responsible for managing the financial elements of claims.

The strategy of risk management shall include:

- A process for identifying and quantifying risks and potential liabilities
- Engendering among all levels of employees a positive attitude towards the management of risk
- 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
- Maintenance of an organisation wide risk register
- Contingency plans to offset the impact of adverse events
- Audit arrangements including; internal audit, clinical audit, health and safety review
- Arrangements to review the risk management strategy
- A clear indication of which risks are/shall be insured

The existence, integration and evaluation of the above elements will assist in providing a basis to make a statement on the effectiveness of risk management arrangement in the organisation as required by current guidance on the Governance statement within the Annual Report and Accounts.

19.2 Scheme of Financial Delegation

The Director of Finance is the nominated person for agreeing settlements with the Central Legal Office (CLO). Where financial settlements have been negotiated the scheme of delegation is as follows

- The Deputy Director of Finance may agree claim settlements up to £10,000

- The Medical Director in conjunction with the Director of Finance and Chief Executive Officer may agree settlement up to £100,000
- The Director of Finance will refer settlement in any case where the principal sum is expected to be over £100,000 to the Chief Executive, Medical Director, and Nurse Director
- For settlements above £100,000 there is a requirement to seek the prior approval of SGHSCD.

The Head of Risk and Clinical Governance and the Deputy Director of Finance will ensure that the Chief Executive, the Medical Director and the Director of Finance are made aware of all claim settlements on a quarterly basis.

For Procedural Guidelines on the above please refer to the Claims Policy.

19.3 Clinical Negligence and other Risks (CNORIS)

NHS GJ's financial risk arising from Clinical Negligence and selected aspects of non-clinical risk is managed through CNORIS (an insurance based approach managed by NSS on behalf of the Scottish Government Health and Social Care Directorate). NSS are responsible for processing claims, the database and production of reports. All claims in relation to CNORIS are submitted to and processed by NSS.

The scheme consists of a single pool of funds to meet claims. The SGHSCD fund all payments during the financial year. At the end of the financial year SGHSCD collect funding from scheme members to recover the deficit accrued in-year eliminating the need to forecast losses or to reserve funds with scheme members contributing to losses only during the period in which claims have been settled.

NHS GJ shall decide if all insurance either through CNORIS/commercial insurance or self-insurance covers the risk areas (clinical, property and employers/third party liability).

There are occasions where commercial insurance arrangement will be required e.g. motor vehicles owned by the Board.

The Director of Finance shall ensure that insurance arrangements exist in accordance with the risk management strategy.

19.4 Authorisation of Legal Fees

A list of NHS GJ employees authorised to access CLO services has been agreed and established and is held by the Finance Team. Any additions / deletions to this list must be authorised by the relevant Executive Director and advised to the Deputy Director of Finance.

A copy of this list is also held by the Central Legal Office and they have been instructed to work only with those named on the list. NHS GJ will only accept invoices from the CLO which relate to the authorised employees.

Authorising employees have a responsibility to ensure compliance with controls put in place to minimise the possibility of the advice or service that is being requested duplicating legal work previously carried out for NHS GJ.

Where possible the requesting of CLO services should be established through electronic methods. This represents the most effective and cost efficient means of communication and its use is strongly supported by the CLO.

20 Fraud, Losses and Legal Claims

20.1 Fraud, Other Criminal Offences and Financial Irregularities

The Chief Executive, as Accountable Officer, is responsible for ensuring that all suspected fraud, theft, bribery, corruption and other financial irregularities are investigated and appropriate action taken. Operational responsibility is delegated to the Director of Finance and/or NHS GJ's Fraud Liaison Officer (FLO) who will take/instruct the necessary action and keep the Director of Finance and Chief Executive informed of any salient issues, or where controversy may arise. NHS GJ has a formal Fraud Policy which sets out individuals' responsibilities. The Policy is supported by a formal Partnership Agreement with NHS Counter Fraud Service which details the action to be taken when fraud, theft, corruption or other financial irregularities are suspected (ensuring compliance with circular DL(2019)04. The following paragraphs provide an outline of the requirements but the Fraud Policy should be referred to for further detail.

The definitions of fraud, corruption and embezzlement (generally referred to as "fraud") and the related activity of theft are contained in the Fraud Policy, and are as follows:-

- **Fraud:** the use of deception with the intention of obtaining an advantage, avoiding an obligation or causing loss to another party.
- **Bribery or Corruption:** the offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person.
- **Embezzlement:** the felonious appropriation of property by a person to which it has been entrusted.
- **Theft:** the dishonest appropriation of property without the consent of the rightful owner or other lawful authority.

NHS GJ will take appropriate legal and/or disciplinary action against any employee, Board Director, contractor or other third party if any of the above offences are found to be proven. In instances where there is sufficient evidence to support a criminal prosecution there is a presumption that a referral will be made to the Procurator Fiscal for consideration.

Every employee has a duty to report, without delay, any instances (or suspicions) of fraud, corruption, embezzlement, theft or other financial irregularities that they

discover.

This also includes any reasonably held suspicions that such circumstances have occurred (or are about to occur). This should normally be reported to the employee's Line Manager, in the first instance, but may be directly routed to the Fraud Liaison Officer if there are concerns about reporting to the Line Manager.

NHS GJ encourages anyone having reasonably held suspicions of fraud or other irregularity to report. Individuals should report suspicions unless they know their allegations to be groundless and/or raised maliciously.

In cases where fraud, bribery, corruption or embezzlement is suspected all investigations must be carried out by employees from NHS Counter Fraud Service. Line Managers must therefore immediately contact the Fraud Liaison Officer who will arrange preliminary discussions with NHS Counter Fraud Service. No action should be taken that may prejudice the outcome of any potential criminal prosecution prior to consultation with the Fraud Liaison Officer and NHS Counter Fraud Service.

This does not however prevent immediate action being taken where there are issues regarding safety and/or suspicions that evidence may be destroyed. Further guidance is available from the Fraud Liaison Officer.

In cases of theft Line Managers should contact the appropriate Director who will contact the Police. Local managers in collaboration with the relevant Director should assume that they have delegated authority to investigate minor thefts (subject to the approval of the Fraud Liaison Officer). Any major thefts, a series of thefts or theft involving some form of deception should be discussed immediately with the Fraud Liaison Officer as these may require investigation by NHS Counter Fraud Service.

There is a presumption that all thefts should be reported to the Police and that the crime reference should be entered onto the Datix system.

NHS Golden Jubilee is not authorised to carry out any form of covert surveillance. If any employee considers that such a measure is necessary to detect or prevent a crime then they should contact the Fraud Liaison Officer to arrange who will consider and if in agreement seek assistance from NHS Counter Fraud Service.

It is possible that any instance of fraud or other financial irregularity may attract enquiries from the media or other outside sources. Employees should not make statements to the media regarding any financial irregularity as this could prejudice the outcome of any criminal enquiry or proceedings. Any enquiries from the media or third parties should in line with normal NHS Golden Jubilee policy be referred to NHS Golden Jubilee's Communications Team which will provide an appropriate response after consultation with the NHS Counter Fraud Service and/or the Fraud Liaison Officer.

20.2 Compliance with Bribery Act 2010

The Board will uphold all laws relevant to countering bribery and corruption including the Bribery Act 2010. This commitment applies to every aspect of NHS GJ activity

including dealing with public and private sector organisations and the delivery of care to patients.

NHS GJ operates a zero tolerance approach to bribery committed by any person working for or providing services to the Board. The Act recognises a number of offences including the following:-

- The offering, promising or giving of a bribe (active bribery)
- The requesting, agreeing to receive or accepting a bribe (passive bribery)

Any employee who commits active or passive bribery will be subject to disciplinary action. In addition, the matter will be referred to the relevant authorities for criminal investigation. The maximum sentence for any individual convicted of bribery is 10 years.

The Act also refers to a further offence of corporate liability for failing to prevent bribery on behalf of a commercial organisation. (For the purposes of the Act, NHS Bodies are considered commercial organisations.) NHS GJ has put in place a range of measures intended to prevent bribery and these are subject to formal and regular review to ensure they remain fit for purpose.

20.3 Losses and Special Payments

The Director of Finance will ensure that procedural instructions on the recording of, and accounting for, condemnations, losses and special payments are prepared and issued.

Any employee discovering or suspecting a loss of any kind will immediately inform their Line Manager. The manager will complete a loss form which will be signed by a budget holder and submitted to the Depute Director of Finance. Losses in excess of an employee's delegated authority to write off losses should also be authorised accordingly with regard to authorisation levels. Where the loss is due to fraud or theft the Line Manager will immediately act as detailed at section 21.1 above.

The Director of Finance will ensure the maintenance of Register of Losses in which all details are recorded.

NHS GJ can approve the writing off of losses or special payments within its delegated limits as set by the SGHSCD and delegated responsibility is given by the Board of Directors to the Chief Executive and/or Director of Finance. Any significant losses written off under this delegated authority will be subsequently reported to the Audit and Risk Committee.

No losses or special payments that exceed the limits delegated to NHS GJ can be made without their prior approval of the SGHSCD.

The Director of Finance is authorised to take any necessary steps to safeguard NHS GJ's interest in bankruptcies and company liquidations.

For any loss, the Director of Finance will consider whether:

- Any insurance claim can be made against insurers
- Legal action can be taken to recover all or part of the amount of the loss.

All changes to securities will require the approval of the Director of Finance as they affect the Board's financial exposure and risk of bad debts.

20.4 Claims for Medical/Clinical Negligence

The Head of Risk and Clinical Governance will hold a register of claims for medical and clinical negligence including details of payments made.

20.5 Other Legal Claims

The Director of Finance will arrange for the Deputy Director of Finance to hold a register of other legal claims e.g. under Health and Safety legislation.

20.6 Disposals and Condemnations

The procedures for the disposal of assets are set out in these instructions. The Director of Finance will ensure that procedures for the recording and condemnation of all unserviceable items are prepared and issued.

Results of this work will be reported to the Audit and Risk Committee.