Appendix 2

NHS Greater Glasgow and Clyde

Standing Financial Instructions

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NHS Greater Glasgow & Clyde
Standing Financial Instructions

Section		Page
1	Introduction and Code of Conduct for Staff	1
2	Allocations, Business Planning, Budgets, Budgetary Control and Monitoring	5
3	Annual Accounts and Reports	9
4	Audit	10
5	Banking Arrangements	14
6	Income, Security of Cash, Cheques and other Negotiable Instruments	16
7	Service Provision and Service Level Agreements (including Voluntary Sector Organisations)	18
8	Pay Expenditure	19
9	Non-Pay Expenditure	21
10	Orders, Quotations and Tenders	26
11	Stores	32
12	Capital Investment	34
13	Assets	38
14	Financial Information Management	40
15	Endowments Funds	43
16	Family Health Services	47
17	Community Health and Care Partnerships/Other Partnerships	49
18	Fraud, Losses and Legal Claims	50
19	Patients' Private Funds and Property	53
20	Use of Management Consultants	55

Appendix

1	Standards of Business Conduct for NHS Staff - MEL 1994 (48)

SECTION 1

INTRODUCTION AND CODE OF CONDUCT FOR STAFF

GENERAL

1.1 These Standing Financial Instructions (SFI's or Instructions) detail the financial responsibilities, policies and procedures to be adopted by NHS Greater Glasgow and Clyde (NHSGGC). They are designed to ensure that its financial transactions are carried out in accordance with the law and Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness.

1.2 These Instructions are issued in accordance with the National Health Service (Financial Provisions) (Scotland) Regulations 1974, Regulation 4, together with the subsequent guidance and requirements contained in NHS Circular No. 1974 (GEN) 88 and annex, for the regulation of the conduct of the Board, its members and officers, in relation to financial matters. They will have effect as if incorporated in the Standing Orders for the Proceedings and Business of the Board.

1.3 The SFI's identify the financial responsibilities that apply to everyone working for NHSGGC and its constituent organisations. They do not provide detailed procedural advice. However, financial procedural notes will be prepared to reflect the requirement of these SFI's. These statements should therefore be read in conjunction with the relevant financial operating procedures. Financial operating procedures, and changes thereto, will be approved by the appropriate Audit Support Group.

1.4 Departmental heads with financial responsibilities 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 SFI's.

1.5 The SFI's are in themselves a component of wider Risk Management Strategy that seeks to safeguard all of the processes of NHSGGC.

1.6 Failure to comply with SFI's is a disciplinary matter which could result in dismissal.

CODE OF CONDUCT FOR STAFF

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

1.7.2 The Code of Conduct for Staff (the Code) was introduced in January 2009 and it incorporates the following documents:

- The Standards of Business Conduct for NHS Staff [NHS Circular MEL (1994) 48];
- A Common Understanding: Guidance on Joint Working between NHS Scotland and the Pharmaceutical Industry [NHS Circular HDL (2003) 62];
- The NHSGGC Whistleblowing Policy
- The NHSGGC Fraud Policy.

1.7.3 The Code provides instruction and guidance on how staff should maintain strict ethical standards in the conduct of NHSGGC business. It forms part of the NHSGGC standard contract of employment and all staff are required to adhere to the Code. Key principles underpinning the Code include the following:

NHSGGC 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, staff, 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 staff and the public.

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

- Staff should ensure that the interests of patients remain paramount at all times.
- Staff should be impartial and honest in the conduct of their business. The Prevention of Corruption Acts 1906 and 1916 make it an offence for an employee corruptly to accept any inducement or reward for doing, or refraining form doing anything in his/her official capacity, or corruptly showing favour or disfavour in the handling of contracts.
- Staff should use the public funds entrusted to them to the best advantage of the service, always ensuring value for money.
- Staff 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.

1.7.4 In the first instance, employees should contact their line manager or Head of Department or Director for advice on the application of the Code.

TERMINOLOGY

1.8 Any expression to which a meaning is given in the Health Service Acts or in the financial regulations made under the Acts shall have the same meaning in these Instructions; and

1. "NHS Greater Glasgow and Clyde" (NHSGGC) is the common name used to define the entity/organisation whose legal name is Greater Glasgow Health Board.

2. "Board" means the Management Committee of NHSGGC/Greater Glasgow Health Board, or such other Committee of the Board to which powers have been delegated.

3. "Budget" means an allocation of resources by the Board, Chief Executive or other officer 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 NHSGGC Board.

4. "Chief Officer" means any officer who is directly accountable to the Chief Executive i.e. Directors, Chief Operating Officers/Directors of Divisions/Partnerships and some Heads of Department.

5. "Budget Holder" means the Chief Officer or employee with delegated authority to manage finances (income and expenditure) for a specific area of the organisation.

6. "SGHD" means Scottish Government Health Directorates

7. "Director of Finance" means Director of Finance – Corporate and Partnerships, unless otherwise stated, or senior staff with delegated authority.

RESPONSIBILITIES AND DELEGATION

1.9 The Board will exercise financial supervision and control by:-

1. formulating the financial strategy;

2. requiring the submission and approval of annual budgets within approved allocations;

3. approving SFI's;

4. defining specific responsibilities placed on directors and employees as indicated in the Scheme of Delegation.

1.10 All directors and employees have a general responsibility for the security of the property of NHSGGC, for avoiding loss, for economy and efficiency in the use of resources and for conforming 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.

1.11 It is the duty of the Chief Executive, managers and heads of department, to ensure that existing staff and all new appointees are informed of their responsibilities within these Instructions. Breaches of these Instructions will be reported to the Director of Finance.

1.12 Within these SFI's it is acknowledged that the Chief Executive is ultimately accountable to the Board for ensuring that NHSGGC meets its obligations to perform its functions within the available financial resources. The Chief Executive has overall responsibility for NHSGGC's activities and is responsible to the Board for ensuring that its financial obligations and targets are met.

1.13 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. The Chief Executive is the Accountable Officer for NHSGGC's Finances, as set out in the Memorandum to National Health Service Accountable Officers by the SGHD in accordance with the Public Finance and Accountability (Scotland) Act 2000.

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

1. 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;

2. the preparation, documentation, implementation and maintenance of NHSGGC's financial policies, procedures and systems in support of a comprehensive control environment;

3. the co-ordination any corrective action necessary to further these policies, procedures and systems;

4. the preparation and maintenance of such accounts, costs, estimates etc. for the purposes of carrying out NHSGGC's duties and establishing with reasonable accuracy NHSGGC's financial position;

5. the provision of financial advice to NHGGC's Board and its officers;

6. the accurate and timely submission to the Scottish Government Health Directorates of Annual Accounts and such other reports, returns and monitoring information as may be required to allow the SGHD to discharge its responsibilities.

1.15 The Director of Finance may make minor changes to terminology contained in, or presentation of, these SFI's as required, without seeking approval. Any such changes will be reported to the NHS Board at the time of the annual review of these Instructions.

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

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

1.18 All references in these Instructions to the singular form will be read as equally applicable to the plural.

1.19 All references in these Instructions to the masculine gender shall be read as equally applicable to the female gender.

1.20 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.

SECTION 2

ALLOCATIONS, BUSINESS PLANNING, BUDGETS, BUDGETARY CONTROL AND MONITORING

2.1 NHSGGC will perform its functions within the total of funds allocated by Scottish Ministers and any other source of recognised income. All plans, financial approvals and control systems will be designed to meet this obligation.

2.2 ALLOCATIONS AND REVENUE PLAN

The Director of Finance will:

1. at least once per year, review the bases and assumptions used for distributing allocations and ensure that these are reasonable and realistic and secure NHSGGC's entitlement to funds;

2. submit Financial Plans to the Board for approval, for both revenue and capital expenditure, detailing sources of income and the proposed application of those funds, including any sums to be held in reserve;

3. ensure that the proposed application of funds reconciles to the allocations received and other sources of income;

4. ensure that the Financial Plan states clearly the significant assumptions on which it is based and details any major changes in activity, delivery of service or resources required to achieve the Plan;

5. ensure that the Financial Plan reflects the objectives set out in the Local Delivery Plan and the Local Health Plan;

6. regularly report to the Board on significant changes to the initial allocation and the uses of such funds.

2.3 PREPARATION AND APPROVAL OF BUDGETS

2.3.1 The Director of Finance will, on behalf of the Chief Executive, prepare and submit budgets for approval by the Board. Such budgets will predominantly cover allocations to Divisions and Partnerships to provide services for the delivery of healthcare and will also identify funding required for the operation of the corporate functions of NHSGGC. Such budgets will:

1. be in accordance with the aims and objectives set out in the Local Health Plan;

2. accord with workload and manpower plans;

3. be produced following discussion with appropriate Division representatives and other budget holders;

4. be prepared within the limits of available funds; and

5. identify potential risks.

2.3.2 The Director of Finance will establish procedures to monitor financial performance against budget and the Financial Plan, periodically review them and report to the Board.

2.3.3 All budget holders, and managers, must provide information as required by the Director of Finance to enable budgets to be compiled and monitored, using as appropriately defined reporting formats.

2.3.4 The Director of Finance has a responsibility to ensure that adequate financial advice is provided on an ongoing basis to budget holders to help them discharge their budgetary control responsibilities effectively and efficiently.

2.4 BUDGETARY DELEGATION

2.4.1 The Chief Executive may delegate the management of a budget to permit the performance of a defined range of activities.

This reflects the emerging nature of partnership working, both with other public sector organisations and private agencies providing healthcare services [See also Section 7 of these Instructions].

This delegation must be in writing and be accompanied by a clear definition of:

1. the amount of the budget;
2. the purpose(s) of each budget heading;
3. individual and group responsibilities;
4. authority to exercise virement;
5. achievement of planned levels of service; and
6. the provision of regular monitoring reports.

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

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

2.4.4 Non-recurring budgets should not be used to finance recurring expenditure without the authority in writing of the Chief Executive.

2.4.5 Any person committing NHSGGC to expenditure should either be the relevant budget holder or be specifically authorised to do so by the budget holder. Expenditure for which no provision has been made in an approved budget and not subject to funding under the delegated powers of virement shall only be incurred after authorisation by the Chief Executive, or the Director of Finance or the Board as appropriate.

2.5 BUDGETARY CONTROL AND REPORTING

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

1. - Monthly financial reports available to the Board, in a form approved by the Board, containing:

   - income and expenditure to date showing trends and forecast year-end position;
   - movements in working capital materially affecting resource limits;
   - capital project spend and projected out-turn against plan;
   - explanations of any material variances from plan;
   - details of any corrective action where necessary;
   - an assessment of financial risk.

2. - the issue of timely, accurate and comprehensible advice and financial reports to each budget holder, covering areas for which they are responsible;

3. - investigation and reporting of variances from financial, workload and manpower budgets;

4. - monitoring of management action to correct variances; and

5. - arrangements for the authorisation of in-year budget transfers.

2.5.2 Each budget holder is responsible for ensuring that:

1. any likely overspending or reduction of income, which cannot be met by virement, is not incurred without the prior consent as outlined in para 2.4.5 above;

2. the amount provided in the approved budget is not used in whole or in part for any purpose other than that specifically authorised subject to the rules of virement.

2.5.3 The Chief Executive is responsible for identifying and implementing efficiency and rationalisation programmes together with income initiatives in accordance with the requirements of the Financial Plan and any other guidance received from the SGHD from time to time and to thereby ensure a balanced budget.

2.5.4 Chief Operating Officers/Directors of each division/partnership must ensure that these budgetary control and reporting disciplines operate in their Division/partnership. This supports NHSGGC's overarching budgetary control environment.

2.6 MONITORING RETURNS

2.6.1 The Chief Executive is responsible for ensuring that the appropriate monitoring returns are submitted to the SGHD and any other statutory organisation as required.

2.7 CAPITAL EXPENDITURE

2.7.1 The general rules applying to delegation and reporting shall also apply to capital expenditure including the requirement to stay within the Capital Resource limit [HDL (2002) 40 refers] [See also Section 12 of these Instructions].

2.8 SCHEME OF DELEGATION

2.8.1 The Board shall approve a Scheme of Delegation which will specify:

1. areas of responsibility;
2. nominated officers; and
3. the scope of the delegation in terms of financial value, time span etc.

The Scheme of Delegation will be reviewed and approved by the Board as part of the annual review of Corporate Governance arrangements.

SECTION 3

ANNUAL ACCOUNTS AND REPORTS

3.1 The Director of Finance on behalf of the Board, will:

1. keep, in such form as the Scottish Ministers may direct, account of all monies received or paid out by NHSGGC;

2. prepare financial returns in accordance with the guidance issued and regulations laid down by the Scottish Ministers, NHSGGC's accounting policies and generally accepted accounting principles;

3. prepare, certify and submit Accounts in respect of each financial year as required by Section 86 (3) of the NHS (Scotland) Act 1978;

4. ensure that Accounts are prepared in a format which meets the requirements of the Health Board Accounts Manual, recognise best accounting practice and such other legislation, directions and guidance as may be in force at the time;

5. ensure that the Accounts are produced in accordance with the timetable set down by the SGHD and by the Auditor General.

6. ensure that there is evidence of compliance with NHSGGC's Corporate Governance measures in accordance with NHS MEL (1999) 14, NHS MEL (1999) 83 and NHS HDL (2002) 11 on Corporate Governance: Statement on Internal Control, or subsequent extant guidance.

3.2 NHSGGC's Annual Accounts must be audited by an independent External Auditor (External Audit is dealt with at greater length in Section 4 of these Instructions).

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

SECTION 4

AUDIT

4.1 AUDIT COMMITTEE

4.1.1 In accordance with Standing Orders and as set out in guidance issued under Circular MEL (1994) 80, the Board will establish an Audit Committee.

The purpose of the Audit Committee is to assist the Board 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 that an appropriate system of internal control is in place to ensure that:

- business is conducted in accordance with 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; and
- reasonable steps are taken to prevent and detect fraud and other irregularities.

The Audit Committee will support the Board and the Accountable Officer by reviewing the comprehensiveness, reliability and integrity of assurances provided to meet the assurance needs of the Board 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.

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

4.1.3 Where the Audit Committee feel 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 Convener of the Audit Committee should raise the matter at a full meeting of the Board. Exceptionally, the matter may need to be referred to the SGHD (to the NHSiS Director of Finance in the first instance).

4.1.4 The Director of Finance will be responsible for ensuring that an adequate internal audit service is provided and the Audit Committee will be involved in reviewing tenders and awarding contracts when the contract for internal audit services is renewed or changed.

4.1.5 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 Committee under its Terms of Reference.

4.1.6 Two Audit Support Groups (ASG's), one covering the Corporate and Partnership functions (and chaired by the Director of Finance) and other the Acute Division (chaired by the Director of Finance – Acute Services), will monitor and follow up routine audit issues. The internal and external auditors will attend meetings of the ASG's. The ASG's will report details of their work to the Audit Committee, which will monitor their operation.

4.2 EXTERNAL AUDIT

4.2.1 NHSGGC's Accounts must be audited by auditors appointed by the Scottish Ministers. Under the Public Finance and Accountability (Scotland) Act 2000, the Auditor General for Scotland will secure the audit of the Board's Accounts on behalf of the Scottish Ministers.

4.2.2 The 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.

4.2.3 The external auditor will discharge his reporting responsibilities under the Audit Scotland Code of Audit Practice by providing the following outputs from the audit:-

1. an Audit Certificate on NHSGGC's Statement of Annual Accounts;
2. a Final Report to Board Members;
3. Management Letters and other reports to management as required.

4.2.4 The Director of Finance will ensure that:-

1. the external auditors receive full co-operation in the conduct of the audit;
2. the Final Report to Board Members together with the audited Accounts are presented timeously to the Board for noting and adoption, and the adopted Accounts are subsequently forwarded to the SGHD;
3. action is taken in respect of all recommendations contained in the external auditor's reports and letters in accordance with the timetable agreed with the external auditor.

4.2.5 The external auditor will normally be expected to attend Audit Committee meetings and has a right of access to the Chair of the Board, all Audit Committee Members and other Members of the Board. The external auditor will meet on at least one occasion each year with the Audit Committee without the Director of Finance, other Executive Directors or Board staff being present.

4.3 DIRECTOR OF FINANCE

4.3.1 The Director of Finance is responsible for:

1. 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;
2. ensuring that the internal audit service is adequate and meets NHS mandatory standards;
3. ensuring that responses to internal audit reports are provided timeously and that internal audit recommendations are implemented as agreed.
4. ensuring that, in cases of fraud, the NHSS Counter Fraud Service is notified without delay, in accordance with NHSGGC's Fraud Policy and the Partnership Agreement with NHSS Counter Fraud Services.

4.3.2 Whenever any matter arises which involves, or is thought to involve, irregularities concerning cash, stores or other assets of NHSGGC, or any suspected irregularity in the exercise of any function of a pecuniary nature, the Director of Finance, or the Fraud Liaison Officer appointed by him, must be notified immediately.

4.3.3 The Director of Finance will ensure that cases of fraud, misappropriation or other irregularities are investigated in accordance with the Fraud Response Plan approved by the Board.

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

4.4 INTERNAL AUDIT

4.4.1 The role of internal audit will be based upon the guidance contained in the NHS Internal Audit Standards issued by the SGHD. These standards are mandatory and specifically it will be the responsibility of the Chief Internal Auditor/Audit Manager to review, appraise and report upon:

1. the extent of compliance with, and the financial effect of, relevant established policies, plans and procedures;

2. the adequacy and application of financial and other related management controls;

3. the suitability of financial and other related management data;

4. the extent to which NHSGGC's assets and interests are accounted for and safeguarded from losses of all kinds arising from:

   (a) fraud and other offences (where malpractice is suspected, the Director of Finance should be notified immediately).

   (b) waste, extravagance and inefficient administration, poor value for money or other causes;

5. the efficient use of resources;

6. the adequacy of follow up action to his reports;

7. post transaction monitoring of property transactions in accordance with the provisions of the NHS Property Transaction Handbook.

4.4.2 The Director of Finance or other officers, such as the Chief Internal Auditor/Audit Manager, Fraud Liaison Officer or NHSS Counter Fraud Staff acting on the Director of Finance's behalf [including staff of third parties if the internal audit service is outsourced] will be entitled, without necessarily giving prior notice, to require and receive:

1. 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);

2. access at all reasonable times to any premises or land of NHSGGC;

3. the production or identification by any employee of any Board cash, stores, or other property under the employee's control; and

4. explanations concerning any matter under investigation.

4.4.3 The Chief Internal Auditor/Audit Manager will report directly to the Director of Finance, and copy all reports to him. The Director of Finance will ensure that appropriate responses are provided and action is taken in respect of all internal audit reports.

1. the timetable for completion of reports and provision of responses will be as agreed between the Chief Internal Auditor/Audit Manager and the Director of Finance.

2. 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/Audit Manager will seek the advice of the Chairman of the Audit Committee or Chairman or Vice Chairman of the Board.

3. failure to take any necessary remedial action within a reasonable period will be reported to the Chief Executive.

4.4.4 The Chief Internal Auditor/Audit Manager will normally attend Audit Committee meetings and has a right of access to the Chair of the Board, all Audit Committee Members and other Members of the Board. The internal auditor will meet on at least one occasion each year with the Audit Committee without the Director of Finance, other Executive Directors or Board staff being present.

4.4.5 The Chief Internal Auditor/Audit Manager will prepare an annual audit report for consideration of the Audit Committee. The report must cover:

1. a statement on the adequacy and effectiveness of NHSGGC's internal controls based on the audit work undertaken during the year;

2. major internal control weaknesses identified;

3. progress on the implementation of internal audit recommendations;

4. progress against the internal audit annual plan over the previous year.

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

4.4.7 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.

SECTION 5

BANKING ARRANGEMENTS

5.1 GENERAL

5.1.1 The Director of Finance is responsible for managing NHSGGC's banking arrangements and for advising the Board on the provision of banking services and the operation of accounts, including the levels of delegated authority.

5.2 BANKING PROCEDURES

5.2.1 All funds will be held in accounts in the name of NHSGGC and accounts may only be opened by the Director of Finance.

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

5.2.3 All transactions relating to Board business must be reflected through these accounts.

5.2.4 The use of Board funds for making personal loans or for cashing personal cheques is not permitted.

5.2.5 The Director of Finance is responsible for:

1. establishing bank accounts and Office of the Paymaster General (OPG) accounts;
2. establishing separate bank accounts for NHSGGC's non-exchequer funds;
3. defining the use of each account;
4. ensuring that payments made from bank accounts do not exceed the amount credited to the account except as detailed in section 5.3 below.

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

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

5.2.7 The Director of Finance must advise NHSGGC's bankers 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.

5.2.8 The Director of Finance will advise NHSGGC's bankers of the conditions under which any on-line banking service to which NHSGGC 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.

5.3 BANK ACCOUNTS

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

5.3.2 Bank accounts will not be permitted to be overdrawn, pooling arrangements on bank accounts maintained at the same branch in the same name and in the same right notwithstanding.

5.3.3 All procedures in relation to OPG banking must be operated in accordance with the provisions contained in the Paymaster Banking Services User Guide dated June 1996.

5.4 TENDERING AND REVIEW

5.4.1 The Director of Finance will review the banking arrangements of NHSGGC at regular intervals to ensure they reflect best practice and represent best value for money.

5.4.2 Banking services will be subject to the procurement procedures set out in Section 10 of these Instructions.

SECTION 6

INCOME, SECURITY OF CASH, CHEQUES AND OTHER NEGOTIABLE INSTRUMENTS

6.1 INCOME SYSTEMS

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

6.1.2 All staff charged with the responsibility administering monies have a duty to ensure that these funds are safeguarded and that any monies received are banked promptly.

6.2 FEES AND CHARGES

6.2.1 Where services are provided to external bodies, and the fees or charges are not determined by SGHD or by Statute, those responsible for that service must ensure that an appropriate charge is made. These charges should be reviewed annually. Independent professional advice on matters of valuation will be taken as necessary.

6.2.2 Employees entering into arrangements whereby fees are charged to a third party, must inform one of the following senior financial officers:-

1. the Director of Finance
2. the Director of Finance - Acute
3. the Head of Finance – Corporate Financial Reporting
4. the Financial Services Manager
5. the Head of Finance – Acute Services
6. the Head of Finance – NHS Partnerships

6.2.3 Fees may be waived only on the authority of one of the aforementioned.

6.3 DEBT RECOVERY

6.3.1 The Director of Finance is responsible for ensuring that appropriate recovery action on all outstanding debts is taken.

6.3.2 Income not received/bad debts should only be written-off with the appropriate authority and dealt with in accordance with the losses procedures detailed in section 18 “Fraud, Losses and Legal Claims”.

6.3.3 Systems should be put in place to prevent overpayments, but where they do occur, overpayments should be detected and recovery initiated. Write-off of unrecovered amounts is also covered in section 18, as referred to above,

6.4 SECURITY OF CASH, CHEQUES AND OTHER NEGOTIABLE INSTRUMENTS

6.4.1 The Director of Finance is responsible for ensuring:

1. the approval of the form of all receipt books, agreement forms, or other means of officially acknowledging or recording monies received or receivable;

2. the appropriate ordering and secure control of any such stationery;

3. the provision of adequate facilities and systems for employees whose duties include collecting and holding of cash, including the provision of safes or lockable cash boxes, the procedures for keys, and for coin operated machines;

4. that systems and procedures for handling cash and negotiable securities on behalf of NHSGGC are in place;

5. that a system for the transportation of cash is in place.

6.4.2 The use of Board funds for making personal loans or for cashing personal cheques is not permitted.

6.4.3 Cash balances held on NHSGGC premises will be kept to the minimum required for the provision of NHSGGC services. Where there is any significant increase in the level of funds held (either official or unofficial), the approval of the relevant Chief Officer must be obtained.

6.4.4 All cheques, postal orders, cash orders, cash, etc. should be banked intact promptly, to the credit of the prescribed income or debtors account. Disbursements may not be made from cash received.

6.4.5 The holders of safe keys should not accept unofficial funds for depositing in their safes

6.4.6 Keys should be held on the keyholder's person or kept secure at all times. Keys should not be kept in, or on, desks (either hidden or otherwise). A spare key should be held off-site by a senior manager for instances where the keyholder has an unplanned absence. The senior manager will take adequate precautions surrounding the security of the spare key and will keep a record of any instances where it is issued.

6.4.7 During the absence (e.g. on holiday) of the holder of a safe or cash box key, the officer who acts in his place is subject to the same controls as the normal holder of the key. There should be a written discharge for the safe and/or cash box contents on the transfer of responsibilities and the discharge document must be retained for inspection.

6.4.8 Any loss or shortfall of cash, cheques, or other negotiable instruments, however occasioned, shall be reported immediately in accordance with the agreed procedure for reporting losses (see SFI 18 – Fraud, Losses and Legal Claims).

SECTION 7

SERVICE PROVISION AND SERVICE LEVEL AGREEMENTS (INCLUDING VOLUNTARY SECTOR ORGANISATIONS)

7.1 The Board will approve, within the context of the Local Delivery Plan, the particular arrangements for healthcare services for the population on an annual basis. The Chief Executive is responsible for ensuring that

1. appropriate agreements are in place with healthcare service providers (both within and outwith the NHS);

2. agreements for healthcare are made with due regard to the guidance on planning and priorities issued by the SGHD, as well as the need to achieve value for money and to minimise risk. Agreements must ensure that the agreed activity levels are appropriate in terms of the demand for services and NHSGGC's allocation.

7.2 Appropriate agreements should be in place for:

1. the provision of healthcare services NHSGGC by other NHS bodies and by bodies outwith the NHS; and

2. the provision of healthcare services to other NHS bodies by the Board.

7.3 Where the healthcare services are provided to NHSGGC by another NHS Board, or where healthcare services are provided to another NHS body by NHSGGC, a Service Level Agreement (SLA) should be prepared specifying the level of activity expected of the provider and defining the funding arrangements.

7.4 Where services are provided by non-NHS organisations, a contract should be prepared specifying the services to be provided and the defining the full range of relevant terms and conditions. If appropriate, the advice of the NHS Scotland Central Legal Office should be obtained.

7.5 In addition, the Director of Finance will ensure that services have been procured in line with arrangements set out in these SFI's. The Director of Finance will ensure that:

1. there is a system to ensure the payment is related to satisfactory delivery of the required service, value for money is achieved and risks to the Board are eliminated or reduced ;

2. all systems operate in such a way as to maintain patient confidentiality;

3. the total value of healthcare agreements placed are within the resources available to NHSGGC.

4. procedures are in place for the handling of charges in respect of Unplanned Activity Contracts (UNPAC's) and Out of Area Treatment Services (OAT's) in accordance with the guidance issued by the SGHD.

7.6 VOLUNTARY SECTOR ORGANISATIONS

Where the Board provides funding to a voluntary sector organisation, the project must meet the criteria set out in the Project Authorisation Checklist approved by the Audit Committee and the process followed must comply with the guidance issued by the Head of Procurement in terms of

- Establishment of the project;
- Development of strategy;
- Procurement;
- Tendering;
- Management post award of tender.

SECTION 8

PAY EXPENDITURE

8.1 REMUNERATION

8.1.1 The Board will establish a NHSGGC Staff Governance Committee whose composition and remit will be approved by the Board.

8.1.2 The NHSGGC Staff Governance Committee will establish a Remuneration Sub Committee to consider the remuneration of the senior managers on the Executive Pay Arrangements within the NHSGGC area, to ensure consistent application of the methods of objective setting, appraisal of performance and remuneration decisions.

8.1.3 NHSGGC will remunerate the Chair and Non-executive Directors in accordance with the instructions issued by Scottish Ministers.

8.2 STAFF APPOINTMENTS, CHANGES AND TERMINATIONS

8.2.1 Directors or employees authorised to do so may engage, re-engage or regrade employees, or hire agency staff, only within the limit of their approved budget and financial establishment. All appointments must be in accordance with approved Human Resources and Staff Governance Policies.

8.2.2 All appointments, termination and change forms must be immediately sent to the Payroll Department. It is essential that a termination form is submitted to the Payroll Department in the prescribed form 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 he has left without notice, the Payroll Department must be informed immediately.

8.2.3 Where contractors are used (as opposed directly employed staff), any contract awarded must demonstrate value for money and comply with procurement procedure 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.

8.3 PROCESSING OF PAYROLL

8.3.1 The Director of Finance is responsible for ensuring:

1. that appropriate payroll services are provided to meet NHSGGC's needs;
2. that there are appropriate operating policies and procedures in place to control all pay expenditure;
3. that a list is maintained of all officers duly authorised to approve pay expenditure and changes;
4. that only approved time records, pay sheets and other pay records and notifications are used.

8.3.2 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.

8.4 PROCESSING OF EXPENSES

8.4.1 The Director of Finance will ensure that all expenses claimed by employees of NHSGGC or outside parties are reimbursed in line with the relevant regulations. Claim forms for expenses will 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 and will be submitted timeously and/or in accordance with the agreed timetable.

8.5 AUTHORISATION

8.5.1 All payments to staff 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 specific review of any entries relating to officers whose work is being relied on.

8.5.2 In no circumstances should officers authorise/approve their own payroll input or expenses.

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

8.6 CONTRACT OF EMPLOYMENT

8.6.1 The Director of Human Resources is responsible for;

1. ensuring that all employees are issued with a Contract of Employment in a form approved by the Board and which complies with employment legislation; and

2. 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.

SECTION 9

NON-PAY EXPENDITURE

9.1 INTRODUCTION

9.1.1 All non-pay expenditure will be authorised, purchased and paid in accordance with these Standing Financial Instructions, ensuring that the NHSGGC achieves financial balance, procures best value for money goods and services, meets commercial best practice and complies with European and UK competition legislation.

9.2 STAFF RESPONSIBILITIES

9.2.1 The Director of Finance will ensure that:

1. all accounts and claims are properly paid;
2. the Board is advised on the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained;
3. these thresholds are regularly reviewed;
4. that NHSGGC has a Construction Procurement Policy that is consistent with national policy and guidelines.

9.2.2 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;

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

9.2.4 There must be segregation of duties between the activities of requisitioning, ordering, receipting and paying of goods and services. The Director of Finance and Head of Procurement will ensure that such segregation is in place at all times.

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

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

9.2.7 No staff should make a binding commitment on behalf of NHSGGC unless they have the delegated authority to do so. Any authorised commitments must be in writing. Staff should be aware that the terms of the Requirements of Writing (Scotland) Act state that NHSGGC can be bound by a verbal undertaking given by an officer of NHSGGC in the course of business.

9.3 ACTIONING NON-PAY EXPENDITURE

9.3.1 Budgetary Control

9.3.1.1 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.

9.3.1.2 Contracts or orders will not be placed in a manner devised to avoid the financial limits specified by the Board.

9.3.2 Tendering and Quotations

9.3.2.1 All contracts and purchases will be tendered in accordance with SFI10 "Orders, Quotations and Tenders", with the objective of securing goods and/or services of the necessary quality and quantity in accordance with NHSGGC's objectives and strategies at the most economic rates. All procurement must be carried out in accordance with all relevant National and EU regulations, directives and guidelines.

9.3.2.2 The European Union Consolidated Procurement Directive is applicable to all public sector organisations effective from the 31 January 2006. This regulation is prescriptive in its requirements for public sector organisations and these SFI's are designed to ensure NHSGGC's full compliance.

9.3.2.3 The Freedom of Information (Scotland) Act 2002 is applicable to public sector procurements where specific provisions and requirements with regard to disclosure of information apply and may override commercial sensitivities in some circumstances if deemed in the public interest. Given the potential for commercial prejudice therefore, and the risks to NHSGGC 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 in most circumstances. These SFIs set out appropriate responsibilities for designated officers with external commitment authority, who in turn shall ensure that tender and contract award processes meet the provisions and requirements of this regulation.

9.3.2.4 The Race Relations (Amendment) Act 2000 amends the provisions of the Race Relations Act 1976 and outlaws any racial discrimination, including any potential discrimination through the provision of goods and services. All public authorities therefore have a duty to take race equality into account when procuring goods, works, or services from external providers. These SFI's set out appropriate responsibilities for designated officers with external commitment authority, who in turn shall ensure that tender and contract award processes meet the legal provisions and requirements. (For further information refer to National Procurement Guidance Document for Race Equality and Procurement in NHS Scotland www.nationalprocurement.scot.nhs.uk/E-Diversity)

9.3.3 Contracts

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

9.3.3.2 Contracts will be entered into whenever they are considered to be in the best interests of NHSGGC and all purchases will be made from NHSGGC or National contracts, where available. 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 should be consulted.

9.3.3.3 All such contracts shall be approved and issued only by the Head of Procurement unless specific delegated authority has been granted by the Chief Executive or the Board.

9.3.4 Purchase Indents

9.3.4.1 Prior to any Official Order being raised a purchase indent must be submitted and approved in accordance with section 9.3.5 and 9.3.6 of these Instructions.

9.3.5 Authorisation

9.3.5.1 All indents and associated orders for the purchase of items must be properly authorised in accordance with these SFI's. The ordering/authorising officer is responsible for satisfying himself that NHSGGC's contracting and ordering instructions have been properly complied with before he signs an order and that the order does not commit NHSGGC to expenditure in excess of the budgeted amount.

9.3.5.2 The Director of Finance has responsibility, acting on behalf of the Chief Executive for the setting of financial limits.

9.3.6 Delegation of Authority

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

9.3.6.2 Each operating unit will maintain a Scheme of Delegation and all employees must comply with the limits set in all aspects of non-pay expenditure. The Financial Governance and Audit Manager will be responsible for ensuring that schemes are consistent.

9.3.6.3 Indents/Requisitions for supplies can only be authorised by the budget holder of the directorate or department (or someone formally delegated with that authority) 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.

9.3.7 Purchase Orders

9.3.7.1 Only NHSGGC's authorised ordering officers, as approved by the Director of Facilities, shall sign purchase orders.

9.3.7.2 No goods or services may be ordered without the use of NHSGGC's official order form, including electronic versions. No officer of NHSGGC is permitted to make commitments outwith 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.

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

9.3.8 Construction Procurement

9.3.8.1 All construction procurement will be made in accordance with NHSGGC's Construction Procurement policy.

9.4 PAYMENT OF ACCOUNTS

9.4.1 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:

1. 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;

2. payment shall only be made for good and services that have a corresponding official purchase order;

3. payment for goods and services is only made when goods and services are received and accepted (excepting as at 9.4.3 below).

9.4.2 Specifically the system will include checks that:

1. goods received are in accordance with those ordered and that prices are correct or within tolerances approved by the Director of Finance.

2. work done or services rendered have been carried out satisfactorily and are in accordance with the order and the agreed contract terms.

3. 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.

4. expenditure is in accordance with regulations and authorisations.

5. the account is arithmetically correct.

6. VAT is recovered where permitted by legislation

7. the account is in order for payment.

9.4.3 Payments should not normally be made in advance of need i.e. before the liability to pay has matured. However, there may be certain exceptional circumstances where it is in NHSGGC's interests to make such a payment. Under no circumstances should any advance payment be made where there is a risk to public funds.

9.4.4 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.

9.4.5 Where a manager certifying accounts relies upon other managers to do preliminary checking, he shall ensure that those officers 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.

9.4.6 In the case of contracts for building or engineering works that require payment to be made on account during progress of the works, the NHSGGC will make payment based on receipt of a certificate from the appropriate technical consultant or manager. Certificates will be subject to such examination as may be considered necessary before authorisation by the Director of Facilities (or other Director responsible).

9.4.7 The Director of Finance may authorise 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 or payroll systems.

SECTION 10

ORDERS, QUOTATIONS AND TENDERS

10.1 BUDGET PROVISION

10.1.1 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.

10.2 SPECIFICATION OF NEED

10.2.1 The approval of specifications for externally sourced products or services requirements and the approval of charges against specified budgets for all externally purchased products or services shall be the responsibility of budget holders and limits on budget holder's individual approval levels shall be specified in the Scheme of Delegation (SoD).

10.2.2 Budget holder approval of specifications for certain externally supplied products or services shall be delegated to Clinical Heads of Service or Managers of designated specialist support departments. Clinical Heads of Service or designated specialist support managers will be responsible for providing specification criteria under national contract, where required, and for ensuring that products meet required specifications.

10.2.3 Budget holders' approval of charges against specified budgets for externally purchased products or services may also be delegated to nominated Project or other Health Board executive or senior managers as specified in Capital or Revenue budget setting and approval processes.

10.3 OFFICIAL ORDERS

10.3.1 No goods, services or works, other than purchases from petty cash, purchase cards or where particular supplies have been exempted by the Chief Executive or Director of Finance, will be ordered, except on an official order, and contractors will be notified that they should not accept orders unless on an official form.

10.3.2 The Head of Procurement will prescribe standard conditions of contract appropriate to each class of supplies and services and for the execution of all works. All contracts and orders entered into will incorporate these conditions.

10.4 ORDERING PROCEDURE

10.4.1 Official orders will be consecutively numbered, in a form approved by the Head of Procurement and shall include information concerning prices or costs as he may require. The order shall incorporate an obligation on the supplier or contractor to comply with the conditions printed on the orders as regards delivery, carriage, documentation, variations etc.

10.4.2 Order/requisition forms shall only be issued to and signed by officers so authorised as identified within the Scheme of Delegation. Lists of authorised officers shall be maintained and a copy of such lists supplied to the Director of Finance on request.

10.4.3 Only Post Holders delegated by the Board shall be authorised to commit NHSGGC to commitments with external parties.

10.4.4 Orders shall not be placed in a manner devised to avoid the financial thresholds specified in this Instruction.

10.5 CONTRACTS

10.5.1 Where supplies and services of the type and quantity required are available on National, Regional or Local Contract, the order must be placed with a supplier designated in that contract. Only in exceptional circumstances and only with the authority of the Director of Facilities, shall supplies and services available on contract be ordered out-with contract. Such exception will be recorded and reported to the Director of Finance and relevant Audit Support Group. Use should also be made of other UK Public Sector available contracts where they provide best value of money.

10.5.2 Where approved Contracts exist for the same product or services, with more than one supplier, then the contracted supplier offering best value for money must be selected.

10.5.3 For works projects, tender lists will be compiled after consulting Constructionline or in accordance with any other requirements issued by the Scottish Government.

10.5.4 Where a framework contract exists (either nationally or locally), this contract must be used and a mini-competition held to identify the supplier who offers best value in terms of the specified evaluation criteria for the goods and/or services.

10.6 TRANSACTIONS INVOLVING PROPERTY

10.6.1 All transactions involving property will be conducted in accordance with the procedures set out in the NHS Property Transaction Handbook and SFI 12 Capital Expenditure.

10.7 QUOTATIONS

10.7.1 Where the supply of goods or services is estimated to be less than £25,000, the following applies, subject to the provisions of paragraph 10.5 and 10.9: (the limits quoted are exclusive of VAT where it is recoverable, and inclusive if VAT where it is irrecoverable)

10.7.1.1 **Expenditure less than £1,000**: The ordering officer should be able, by price comparison, to demonstrate that value for money is being obtained. Details of this should be written on/attached to the file copy of the order.

10.7.1.2 **Expenditure more than £1,000 but less than £5,000:** requires that prices (which need not necessarily be in writing) be obtained from 3 different companies; these will be retained in the Purchase file.

10.7.1.3 **Expenditure more than £5,000 but less than £25,000:** At least three competitive quotations shall be obtained from different companies. Quotations must be in writing and retained for inspection. For complex or higher value items a specification should be prepared as appropriate.

10.7.2 Where quotes are obtained on the basis that the value of the supply was genuinely believed to be less than £25,000, but satisfactory quotes are returned marginally in excess of this amount, then the purchase may proceed subject to the completion of a waiver to tender form. In cases where it is anticipated that the cost may exceed £25,000, then formal tenders should be sought in accordance with paragraph 10.8

10.8 COMPETITIVE TENDERING

10.8.1 Where the supply of goods or services is estimated to be **£25,000** or above, the following applies except where other arrangements have been previously approved by the Head of Procurement. (the limits quoted are exclusive of VAT where it is recoverable, and inclusive if VAT where it is irrecoverable)

10.8.2 Competitive tenders, which must have a formal specification, with a minimum of three tenders in each case, will be invited for the supply of all goods and services; building and engineering or works of construction and maintenance. All tendering documentation must be retained and filed for inspection

10.8.3 The process for tendering is stated at 10.10, below. EU Directives must be adhered to where contract values are expected to exceed current EU limits. Electronic tendering processes may be used where approved in advance by the Director of Finance or authorised nominee.

10.8.4 The procurement of goods and services will not be sub divided into smaller lots in order to circumvent the requirement to obtain competitive quotations or tenders.

10.9 WAIVING OF TENDER/QUOTATION PROCEDURE

10.9.1 In the following exceptional circumstances, except in cases where EU Directives must be adhered to, a Director, as specified in the Scheme of Delegation, can approve the waiving of the above requirements:

1. where a the repair of a particular item of equipment can only be carried out by the manufacturer;
2. where the supply is for goods or services of a special nature or character in respect of which it is not possible or desirable to obtain competitive quotations or tenders;
3. a contractor's special knowledge is required;
4. where the Chief Executive has approved negotiation with a single tenderer; this must be evidenced in writing;
5. where the number of potential suppliers is limited, and it is not possible to invite the required number of quotations or tenders, or where the required number do not respond to an invitation to tender or quotation to comply with these SFI's;
6. where, on the grounds of urgency, or in an emergency, it is necessary that an essential service is maintained or where a delay in carrying out repairs would result in further expense to NHSGGC.

10.9.2 Where goods and services are supplied on this basis, and the value exceeds £5,000, a "Waiver of Tender/Quotation" form should be completed, and signed by the appropriate director and the Head of Procurement; in the case of 1, 2, 3, 4 and 5 above, this must be completed in advance of the order being placed, but may be completed retrospectively in the case of 6.

10.9.3 The Head of Procurement will maintain a record of all such exceptions, and will supply details to the relevant Audit Support Group.

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

10.10 TENDERING PROCEDURE

10.10.1 Advertising

NHSGGC requires adequate advertising of future requirements for goods and services as follows:

1. all supplies covered by the EU Public Procurement legislation will be advertised in accordance with the requirements of that legislation.

2. all other supplies which have an aggregated contract / order value of greater than £50k shall be advertised on the appropriate internet site a minimum of 2 weeks ahead of drawing up tender lists. In exceptional circumstances the Head of Procurement or authorised nominee can waive the requirement.

3. for all requirements for 'Products and Services' with an annual or contract term value in excess of the threshold prescribed by the EU, the requirement shall also be submitted electronically in the required format for Advertisement in the OJEU Journal in accordance with the regulated timescales and procedures.

10.10.2 Selection of Tenderers

Tenderers will be selected based on their ability to meet minimum qualification criteria. This shall normally include financial standing, technical competence and operation capability.

10.10.3 Issue of Tender Documents

10.10.3.1 All tender documents shall be sent to prospective suppliers with return labels issued by NHSGGC which will be addressed to the Head of Procurement, NHS Greater Glasgow & Clyde, and shall be marked "Tender for .....(title of tender)" but shall not bear the name or identity of the sender. Suppliers will also be issued with comprehensive instructions regarding the return of the documents including any related bills of quantities. These instructions shall specifically forbid the supplier from marking the tender envelopes in a manner that indicates the sender or from associating the tender envelope with any related bill of quantity.

10.10.3.2 The Head of Procurement or authorised nominee will be notified of any tender documents issued along with the closing date and time for opening the tenders.

10.10.4 The Register of Tenders

10.10.4.1 A Register of Tenders will be kept in a sequentially numbered bound tender receipt book. The tender receipt book will be considered controlled stationery, under the control of Head of Procurement or authorised nominee who will issue to staff authorised to receive tenders on behalf of NHSGGC and record such issues.

10.10.4.2 The following details should, as a minimum, be recorded in the Register of Tenders:

1. details of the subject of the tender
2. closing date and time of receipts
3. date and time of opening of tenders with reasons for any differences from closing date and time
4. tender references sufficient to trace details of invitation to tender or details of open tender
5. amounts
6. names and signatures of the Head of Procurement's representatives and
7. Independent witness.

10.10.5 Receipt and Safe Custody of Tenders

10.10.5.1 Tender envelopes shall be stamped and held unopened in a secure container until after the closing date or time. A register of tenders received will be maintained at the point of receipt. This will record the date and time of receipt and also the contract that the tender relates to.

10.10.5.2 An identifying reference will be written on the envelope and entered in the register.

10.10.5.3 Tenders will be opened, as soon as possible after the stated closing date and time, by the Head of Procurement or his nominated representative, in the presence of an independent witness of senior status. Both parties will initial each tender document opened.

10.10.5.4 All relevant details of tenders received, including the tendered cost, where specified will be entered in the Register of Tenders which shall be signed by the Head of Procurement or his nominated representative and the independent witness.

10.10.5.5 Where it is clearly in the interests of NHSGGC, late, amended, incomplete or qualified tenders may be considered. In such circumstances, a full report should be made to the Chief Executive or authorised nominee, who will have authority to admit such tenders. Where a company invited to tender requests a delay in the submission, any deferment approved shall be notified to all the companies concerned.

10.10.5.6 The Head of Procurement or authorised nominee will be notified of the date and time of all meetings arranged for the purpose of adjudicating tenders.

10.10.5.7 The Director of Finance has the right to inspect records of tenders to be received at any time in order that an auditor and/or a member of the Finance Department may attend the opening. The Director of Finance or his representative is not required to give any notice of attendance at tender openings.

10.10.6 Tender Acceptance

10.10.6.1 Where competitive tenders have been obtained, the most economically advantageous shall normally be accepted. A written report must be produced on the circumstances of the decision, and submitted to the Head of Procurement or authorised nominee.

10.10.6.2 Any 'in-house' bids must be submitted and evaluated on exactly the same basis as bids from outwith NHSGGC.

10.10.7 Form of Contract Award

Dependant on the nature of the procurement, an official order and/or a letter of acceptance should be issued for every contract resulting from an invitation to tender. Unsuccessful tenderers will be notified in writing.

10.11 CONTRACT REGISTER / RECORDS

10.11.2 The Head of Procurement or authorised nominee shall maintain a register of all contracts awarded by virtue of the circumstances detailed at paragraphs 10.8 and 10.9 above. Such a register shall be open to audit on an annual basis under the direction of the Finance Director or Chief Executive.

10.11.3 Retained files, of all authorised requisitions, purchase orders and contracts, either in paper or in electronic form shall be kept by each designated procurement department in accordance with audit and HM Revenue requirements.

10.12 CODE OF CONDUCT FOR STAFF

10.12.1 The Code of Conduct for Staff, which includes the circular - Standards of Business Conduct for NHS Staff, has specific guidance on the acceptance of gifts and hospitality in relation to NHSGGC's commercial dealings. This Code has been incorporated into the contract of employment of each member of staff. A copy of the relevant NHS Circular should be enclosed with each employee's contract of employment and is attached at Appendix 1.

10.12.2 The Standards of Business Conduct state that "It is a long established principle that public sector bodies which include the NHS, must be impartial and honest in the conduct of their business and that their employees must remain beyond suspicion. It is an offence under the Prevention of Corruption Acts 1906 and 1916 for an employee to corruptly accept any inducement or reward for doing, or refraining from doing anything in his or her official capacity". It further states that "any money, gift or consideration received by an employee in public service from a person or organisation holding or seeking to obtain a contract will be deemed by the courts to have been received corruptly unless the employee proves the contrary".

10.13 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 and the scheme of delegation and/or approved by the appropriate procurement department to ensure any arrangements are consistent with purchasing policy and do not commit the Health Board to a future uncompetitive purchase.

SECTION 11

STORES

11.1 The Head of Procurement is responsible for the control of stores, except for:

1. pharmaceutical stock, which is the responsibility of the Director of Pharmacy; and
2. laboratories, radiography, occupational therapy, which are the responsibility of the senior manager in each of those departments.

11.2 The Head of Procurement will ensure that there are adequate arrangements in place to monitor and control the performance of any third party supplying storage and distribution services for stock owned by the Board.

11.3 Responsibility for security arrangements and the custody of keys for all stores locations should be clearly defined in writing and agreed with the designated manager, as referred to in 11.1 or the Head of Procurement.

11.4 All stores systems and records should be in a form specified by the Head of Procurement or Director of Finance. NHS Circular SHHD/DGM/(1990) 82 stipulates the basis for stores accounting. Where practicable, stocks should be marked as Board property.

11.5 Records should be maintained of all goods received and a delivery note should be obtained from the supplier at the time of delivery and should be signed by the person receiving the goods. The acceptance and recording of goods received should be independent of those that requisitioned/ordered the goods. Instructions should be issued to staff covering the procedure to be adopted in respect of:

1. where the quantity delivered does not agree with that ordered;
2. where the quality/specification is unsatisfactory or not in accordance with the order;
3. where no delivery note is available; and
4. notification of suppliers of unsatisfactory deliveries.

11.6 All issue of stores must be supported by a requisition, authorised by the appropriate Budget-holding manager (or delegated officer). The Head of Procurement must be notified of all authorised signatories and their delegated authorities. The receiving department should acknowledge receipt of stores, this must be returned to the Stores Department independent of the storekeeper.

11.7 All transfers and returns should be recorded in a form approved by the Head of Procurement.

11.8 Breakages, obsolete stock and other losses of goods in stores should be recorded as they occur and a summary presented to the managers identified as responsible in 11.1 on a regular basis.

11.9 Stocktaking arrangements should be agreed with the Director of Finance or the Financial Services Manager, and a physical check covering all items in store performed at least once a year. The physical check should involve at least one officer other than the storekeeper. The stocktaking records should be numerically controlled and signed by the officers undertaking the check. Any surpluses or shortages revealed in stocktaking should be reported immediately to the Head of Procurement, who will investigate as appropriate. Known losses of stock items not on stores control should also be reported to the Head of Procurement. The Head of Procurement will report all losses to the Director of Finance on an annual basis, or immediately if significant or caused by fraud or theft.

11.10 Where continuous stocktaking is performed, with all stock items having been covered at least once during the year (and higher value items more frequently) and the results of these checks have proved satisfactory, it may not be necessary to carry out a full stock count. Where it is proposed not to carry out a full stock count, the permission of the Director of Finance and the agreement of the external auditors must be sought in advance.

11.11 Where a complete system of stores control is not justified, e.g. family planning stock, alternative arrangements shall require the approval of the Financial Services Manager .

11.12 The designated manager, as referred to in 11.1 shall be responsible for ensuring there is an effective system for a review of slow moving and obsolete items and for condemnations, disposal and replacement of all unserviceable articles. These should be reported to the Director of Finance for recording in the Register of Losses (see SFI 18 – Frauds, Losses, and Legal Claims) and written down to their net realisable value.

SECTION 12

CAPITAL INVESTMENT

12.1 GENERAL

12.1.1 Capital Planning and Approval Processes were delegated to Health Boards in 2002 [HDL (2002)40 refers]. These Instructions reflect the inherent responsibility of Boards to manage their capital needs from within a single capital resource allocation.

12.1.2 These Instructions should be read in conjunction with the Scottish Capital Investment Manual issued by the SGHD and NHSGGC's Construction Procurement Policy. For property transactions, the relevant guidance is contained in the NHS Property Transaction Handbook. The requirements for the preparation of business cases remains contained in the relevant sections of MEL (1998)46, although this is due to be updated by SGHD.

12.2 CAPITAL INVESTMENT

12.2.1 The Chief Executive will ensure that there is a Capital Planning Group (CPG) in place, with the responsibility for the development and maintenance of the Board's Capital Plan.

12.2.2 The role and remit of the group will include the responsibility to:

1. establish priorities for the allocation of capital resources, preparing the Capital Plan and submitting this for approval to the NHS Board.

2. oversee the allocation of capital resources to projects in line with Board approval(s).

3. allocate any residue of available capital resources, including slippage which is identified by Directorates/CHPs/other partnerships during the course of the financial year.

4. monitor capital expenditure compared to plan, preparing revised forecasts and report progress to PRG/NHS Board on a quarterly basis.

5. review business cases, as required, prior to submission for PRG approval.

12.2.3 The CPG will be chaired by the Board's Director of Acute Services Strategy Implementation and Planning. Its membership would include the Chief Operating Officer (Acute), CHP Directors, Mental Health Partnership Director, Head of Service Planning, Head of Capital Planning and Procurement and Head of Finance (Capital and Planning), together with those with lead responsibility for capital programme management across Acute and Partnerships, and Property Disposals/Acquisitions. The Director of IM&T could also be a member of the Group and the Director of Finance (Corporate and Partnerships) and Director of Finance (Acute) would be available to attend as required. The CPG will meet quarterly during the year.

12.2.4 The Director of Finance will ensure that for every capital expenditure proposal, the CPG will be provided with assurance that the financial consequences, both capital and revenue, of the proposal have been fully detailed in the business case, and are within the constraints of the Financial Plan.

12.2.5 The Director of Acute Services Strategy Implementation and Planning will:

1. at least once per year, review the bases and assumptions used for allocating capital funds. This review will include proposals for which business case approval has been given and will note as relevant any timing considerations. Such requirements will be considered alongside requirements to meet on-going equipment (including ICT), plant and buildings renewals;

2. submit to the Board for approval at any early stage in each financial year, a Capital Investment Plan detailing sources of funding and proposed allocation, including any sums to be held in reserve;

3. ensure that the Capital Plan reflects the objectives set out in the Local Health Plan

The Director of Acute Services Strategy Implementation and Planning will regularly report to the Board on significant changes to the initial allocation and the uses of such funds.

12.2.6 **Commitment of Expenditure**

A scheme of delegation will operate based on the principles listed in above. This will allow Directorates, CHPs etc to proceed to commit to expenditure on approved allocations. It is proposed that the scheme of delegation will operate as follows:

12.2.6.1 **Non IM&T Schemes**

1. For individual schemes up to £1.5million, full devolved power to authorise expenditure is made available, with no requirement for PRG approval. For schemes within this category, where the financial value exceeds £500,000, a mini business case should be prepared and approved locally.

2. For individual schemes with a value between £1.5million and £5million, a mini business case should be prepared and submitted for approval by PRG.

3. For individual schemes with a value between £5million and £10million, a business case should be prepared and submitted for approval by PRG.

4. For individual schemes with a value of £10million and above, a business case will require to be prepared and submitted for NHS Board approval, prior to submission to SGHD for approval, as before. The contents of the business case will be consistent with extant SGHD guidance.

12.2.6.2 **IM&T Schemes**

1. For individual schemes of value up to £500k, devolved power to commit expenditure is given to the ICT Programme Board of the NHS Board.

2. For individual schemes of value £500k up to £1 million, a mini business case should be prepared and submitted for approval by PRG.

3. For individual schemes of value in excess of £1 million, up to £2 million, a business case should be prepared and submitted for approval by PRG.

4. For individual schemes of value in excess of £2 million, a business case will require to be prepared and submitted for NHS Board approval, prior to onward submission to SGHD for approval, as before. The contents of the business case will be consistent with extant SGHD guidance.

12.2.7 **Content of Business Cases**

The proposed content for business case submissions is detailed below:

12.2.7.1 **Mini Business Case**

This should provide an explanation for the capital proposal, providing key points on each of the following headings, as applicable:

1. description of proposal;
2. statement of strategic fit;
3. summary of options considered (including assessment of relative strengths and weaknesses, leading to identification of preferred option);
4. summary of implementation plan with key milestones;
5. financial analysis, including summary of capital and revenue cost implications and proposed source(s) of funding;
5. risk assessment (including plan for managing implementation and financial risk).

For guidance, it is anticipated that a mini business case should be a document comprising between 2 and 5 pages.

12.2.7.2 **Business Case**

This should provide an explanation for the Capital proposal, providing key points on each of the following headings, as applicable:

1. description of proposal;
2. statement of strategic fit;
3. detailed option appraisal, explanation of alternative options reviewed against a set of pre-agreed criteria and scoring summary;
4. financial appraisal, including summary of capital and revenue cost implications of alternative options;
5. overview of preferred option;
6. summary of implementation plan for preferred option with key milestones;
7. summary of benefit of preferred option;
8. risk management - plan for management of implementation and financial risks associated with preferred option.

For guidance, it is anticipated that a business case should be a document comprising between 5 and 10 pages.

12.2.8 The Director of Finance will ensure that procedures governing the financial management, including variations to contract, of capital investment projects and valuation for accounting purposes are issued.

12.3 PRIVATE FINANCE

12.3.1 The guidance relating to Public Private Partnerships (PPP) contained in the Scottish Capital Investment Manual should be regarded as part of these Instructions.

12.3.2 The Board will determine the nature and process of its scrutiny of PPP proposals. The role of the Board will be agreed from time to time in accordance with whatever guidance may be in force either locally (from the Chief Executive) or nationally (from the SGHD).

12.4 MAJOR CAPITAL INVESTMENT

12.4.1 For all major capital investment projects (currently defined as those with capital value over £1.5 million, including fees and VAT), NHSGGC will, in addition to the above, adhere to the following national mandatory requirements.

NHSGGC will also:

1. practice risk management, value management and whole life costing when procuring construction projects funded from public capital;
2. approve all construction projects using a whole life cost plan against which periodic post occupation whole life cost analysis should be compared;
3. subject projects to a cost analysis of the construction cost element at construction tender acceptance stage;
4. subject projects to a post project evaluation, normally within six months of client occupation;
5. subject projects to a post occupancy evaluation at occupation plus 2 to 3 years;
6. appoint an Investment Decision Maker, Project Owner and a suitably experienced and trained Project Sponsor;
7. support the Project Sponsor with a Client adviser where necessary and with a suitably qualified Project Manager.

12.4.2 In addition to mandatory requirements relating to individual major capital investment projects, further requirements dictate that NHSGGC must:

1. have a construction procurement policy consistent with and supportive of the SGHD's policy and guidance;
2. subject its major occupied buildings to an annual occupancy cost analysis;
3. contribute to and participate in wider actions which support the policy aims including the publication of outcomes arising from major capital investment projects to assist benchmarking and life long learning purposes;
4. consider all relevant means of assessing construction procurement performance including benchmarking and performance indicators
5. contribute to the Department of the Environment, Transport and the Region's (DETR) construction industry client key performance indicators.

12.5 FRAMEWORKS SCOTLAND

Where Frameworks Scotland is used to appoint a contractor(s), the process followed must comply with these SFIs and the guidance issued by the Scottish Government.

SECTION 13

ASSETS

13 ASSETS

13.1 Assets include all property of NHSGGC including physical assets, such as buildings, equipment, vehicles, stores, cash, and intangibles such as intellectual property or goodwill. All staff have duty to protect and safeguard the assets of NHSGGC in the performance of their duties and it is the responsibility of the Chief Executive to ensure that 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 12 Capital Expenditure.

13.2. ASSET REGISTERS

13.2.1 For the purposes of these Instructions, Fixed Assets will be defined in accordance with the guidance contained in the Scottish Capital Investment Manual and the Capital Asset Accounting Manual produced by the SGHD.

13.2.2 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.

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

1. additions to the fixed asset register are clearly identified to an appropriate budget holder and validated by reference to:
    a. properly authorised and approved agreements, architect's certificates, supplier's invoices and other documentary evidence in respect of purchases from third parties;
    b. stores, requisitions and wages records for own materials and labour including appropriate overheads; and
    c. lease agreements in respect of assets held under a finance lease and capitalised;
2. 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);
3. balances on fixed assets accounts in ledgers are reconciled to balances on the fixed asset register;
4. the value of each asset is indexed to current values in accordance with methods as specified in the Capital Accounting Manual;
5. 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 NHSGGC;
6. capital charges are calculated and paid as specified in the Capital Accounting Manual.

13.3 SECURITY OF ASSETS

13.3.1 The Director of Finance will ensure that procedures for the control of assets (including fixed assets, cash, cheques and negotiable instruments) are prepared and implemented. These procedures will make provision for the:

1. recording of managerial responsibility for each asset;
2. identification of additions and disposals;
3. identification of all repairs and maintenance expenses;
4. physical security of assets;
5. periodic verification of the existence of, condition of, and title to, assets recorded;
6. identification and reporting of all costs associated with the retention of an asset; and
7. reporting, recording and safekeeping of cash, cheques and negotiable instruments.

13.3.2 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 18 of these Instructions.

133.3 Whilst each employee has a responsibility for the security of property of NHSGGC, 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 the Board. Any breach of agreed security practices must be reported in accordance with instructions.

13.3.4 Any damage to NHSGGC's premises, vehicles and equipment, or any loss of equipment, stores or supplies must be reported by directors and employees in accordance with the procedure for reporting losses (Section 18 of these Instructions).

13.3.5 Where practical, assets should be marked as NHSGG property.

13.3.6 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.

13.4 DISPOSAL OF ASSETS

13.4.1 All disposals of assets should secure maximum income for NHSGGC (or minimise the cost where the disposal has no proceeds). 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 NHSGGC has been obtained. Where the disposal incurs a cost to NHSGGC, it should be dealt with in accordance with SFI 10 Orders Quotations and tenders.

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

13.4.3 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.

SECTION 14

FINANCIAL INFORMATION MANAGEMENT

14.1 CODE OF PRACTICE ON OPENNESS AND FREEDOM OF INFORMATION

14.1.1 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 staff have a duty to comply with the Code.

14.1.2 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 NHSGGC 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 officers or, alternatively, the appropriate Head of Administration.

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

14.2 CONFIDENTIALITY AND SECURITY

14.2.1 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 NHSSGGC. They 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.

14.2.2 Executive Directors and Heads of Department are responsible for the security and accuracy of data relating to his/her area of responsibility. In particular, the Director of Finance is responsible for the security of NHSGGC data processed and stored by information systems designed or procured under his responsibility. He is responsible for ensuring the accuracy and security of NHSGGC's financial data, including that held on and processed by computer.

14.2.3 In discharging these responsibilities, Directors should follow the guidelines contained in NHS MEL (1992) 45 - Computer Security Guidelines.

14.2.4 These instructions should be read in conjunction with:-

1. the Computer Misuse Act 1990;
2. the Data Protection Act 1998;
3. the guidance on safeguarding personal data relating to contracting process contained in NHS MEL (1992) 14 and NHS MEL (1994) 42;
4. the Code of Practice issued by the Scottish Office Home and Health Department in respect of the Confidentiality of Personal Health Information;
5. NHS MEL (1999) 19 - Caldicott Guardians.

14.3 CONFIDENTIALITY OF PERSONAL HEALTH INFORMATION

14.3.1 Under the terms of NHS MEL (1999) 19 and subsequent guidance issued by the SGHD, NHSGGC has nominated the Medical Director as the Caldicott Guardian to "safeguard and govern the uses made within NHSGGC of patient identifiable information including both clinical and non clinical information."

14.4 RESOLUTION OF CONFLICT

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

14.5 COMPUTERISED FINANCIAL SYSTEMS

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

1. procedures are devised and implemented to ensure adequate protection of NHSGGC's data, programs and computer hardware, for which he is responsible, from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard for the Data Protection Act 1998;

2. 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;

3. adequate controls exist such that the computer operation is separated from systems development, maintenance and amendment;

4. an adequate audit trail exists through the computerised system and that such computer audit reviews as he may consider necessary are being carried out.

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

14.5.3 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.

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

1. the acquisition, development and maintenance of such systems are in line with corporate policies including NHSGGC's ICT Strategy;

2. data produced for use with financial systems is adequate, accurate, complete and timely, and that a management audit trail exists;

3. finance staff have access to such data; and

4. such computer audit reviews as are considered necessary are being carried out.

14.5 **RETENTION OF RECORDS**

14.5.1 Records should be retained in accordance with the guidance contained in:-

- HDL (2006) 28 - The Management, Retention and Disposal of Administrative Records;
- Public Records (Scotland) Act 1937;
- Data Protection Act 1998;
- Freedom of Information (Scotland) Act 2002;
- Caldicott Review of Patient Identifiable Information 1997;

or any other relevant laws or regulations and subsequent instructions/guidance issued by the SGHD.

14.5.2 The Head of Board Administration will issue guidance on this matter as required and in cases of doubt his advice should be obtained.

SECTION 15

ENDOWMENT FUNDS

15.1 GENERAL

15.1.1 Endowment funds are defined as gifts, donations and endowments made under the relevant Charities legislation and held on trust for purposes relating to the National Health Service, the objects of which are for the benefit of the National Health Service in Scotland. The Directors of NHSGGC act ex officiis as Trustees of the Endowment Funds.

15.1.2 The endowments are currently a Registered Scottish Charity in terms of the Charities and Trustee Investment Act 2005 and subject to the provisions of the Charities Accounts (Scotland) Regulations 2006.

15.2 APPROVAL OF EXPENDITURE

15.2.1 Expenditure from Endowment Funds is restricted to the purpose(s) of the appropriate Fund and can only be made with the approval of the Board of Directors as Trustees. Such approval will be delegated to the Director of Finance to authorise expenditure from General Funds against approved budgets.

15.2.2 Designated fundholders will be responsible for authorising/controlling expenditure incurred on those accounts for which they have designated fundholder responsibilities. They will be able to approve individual items of expenditure of up to £50,000. For individual expenditure items in excess of £50,000 up to a ceiling of £250,000, it will be necessary to obtain additional authorisation from two of the following:

Chief Executive
Director of Finance, Corporate and Partnerships
Chief Operating Officer, Acute Sector
Director of Finance, Acute Sector

For individual expenditure items in excess of £250,000, the approval of the Endowments Sub Committee of the NHS Board will be required.

15.2.3 Any expenditure incurred from Endowment Funds must comply with SFI 10 – Orders, Quotations and Tenders.

15.3 CUSTODY AND SECURITY OF ASSETS

15.3.1 All gifts must be held in NHSGGC's name in bank accounts specified for Endowments and withdrawals may only be sanctioned by authorised signatories. The Board of Trustees can only accept gifts for purposes relating to the NHS or research. In cases of doubt, the Director of Finance should be consulted.

15.3.2 All share and stock certificates and other assets relating to Endowment Funds will be held in the name of Nominees approved by the Trustees and will be deposited with the Endowment Funds' bankers or in some other secure facilities as determined acceptable to the Director of Finance. The Director of Finance will ensure a record is kept of all share and stock certificates on behalf of the Board of Trustees. Property deeds will be held by the Central Legal Office.

15.3.3 Assets in the ownership of, or used by, NHSGGC as corporate trustee shall be maintained along with the general estate and inventory of assets of NHSGGC.

15.4 INVESTMENT

15.4.1 Endowment Funds will be invested by the investment managers appointed by the of the NHS Board. The investment managers will have full discretionary powers but subject to any restrictions that the trustees may impose from time to time.

15.4.2 The Board of Trustees, via the Endowments Sub Committee, will be responsible for:

1. the formulation of investment policy;
2. the appointment of investment managers and the review of their performance;
3. reporting of investment performance.

15.4.3 The Director of Finance will be responsible for all aspects of the management of the investment of funds held on trust, and will advise the Board of Trustees on the following:

1. participation in common investment funds;
2. authorisation for the use of trust assets.

15.5 CONTROL OF ENDOWMENT FUNDS

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

1. governing instruments for every fund;
2. controls and authorisation to open new funds;
3. treatment of offers of new funds;
4. legacies and bequests;
5. controls over and authorisation of expenditure including lists of authorised signatories;
6. the accounts and records necessary to account for all transactions;
7. fund-raising;
8. trading income;
9. investment income;
10. periodic reporting of balances.

15.5.2 The Director of Finance must ensure that:

1. the Board of Trustees is advised on banking arrangements and with Board approval, securing the appropriate banking services;

2. the Board of Trustees receive reports on receipt of funds, investment and any other matters agreed by the Board of Trustees;

3. annual accounts are prepared in the required manner within the agreed time-scales;

4. internal and external audit services are in place;

5. the Board of Trustees receive reports on the outcome of the annual audit;

6. the Funds' liability to taxation and excise duty is managed appropriately;

7. legal advice is obtained where necessary.

15.6 GUIDANCE FOR FUNDHOLDERS

15.6.1 Application to Open a Specific Endowment Account

1. Any employee may apply to open a specific endowment fund where he/she wishes to use funds which have become available for the benefit of their Directorate/ department or the Board as a whole. The funds in question could be, for example, fees which are due to the individual personally but which he/she wishes to be used for the benefit of the whole department or organisation.

2. The Director of Finance (or authorised nominee) is authorised to approve the opening of funds. Where the Director of Finance wishes to open a fund, the approval of the Chief Executive will be required and where the Chief Executive wishes to open a fund, the approval of the Chair of the Board will be required.

15.6.2 Purpose of the Account

1. Where application is made to open a specific endowment fund, the purpose of the fund should be clearly stated and should be as specific as possible. For example, "training and development of departmental staff" would be acceptable as the stated purpose of a specific fund while "miscellaneous expenditure" would not.

2. Individuals should remember that, once they have decided to donate monies which may have been due to them personally, those monies are not available for personal use and can only be used for the purposes for which the fund was established.

15.6.3 Responsibility for Expenditure

1. The Trustees (i.e. all Board Members) retain ultimate responsibility for ensuring that endowment funds are appropriately managed.

2. The Fundholder has delegated responsibility for ensuring that on a day to day basis the fund is used for the purpose intended.

3. Where the Ledger Manager considers that proposed expenditure does not meet the intended purpose of the fund, he/she will bring this to the attention of the Fundholder. If agreement cannot be reached then either the Fundholder or the Endowments Accountant will report the matter to the Director of Finance and Chair of the Board who will consult with the Trustees if necessary.

15.6.4 Approval of Expenditure from Fund

1. Each fund requires two nominated signatories either of whom may authorise payments subject to any limits which may be specified by the Fundholder(s) when the fund is opened.

2. A signatory will not authorise payments to or in respect of himself/herself.

SECTION 16

FAMILY HEALTH SERVICES

16.1 INTRODUCTION

161.1 NHSGGC discharges its responsibility under Part II of the NHS (Scotland) Act 1978 by contracting the provision of Family Health Services to doctors, dentists, pharmacists and optometrists who are independent contractors.

16.2 INDEPENDENT CONTRACTORS

16.2.1 NHSGGC will maintain lists of approved contractors, and will make additions to, and deletions from, those lists, taking into account the health needs of the local population, and the access to existing services. All applications and resignations received will be dealt with equitably, within any time limits laid down in the contractors' NHS terms of service.

16.2.2 NHSGGC will ensure that:

1. lists of all contractors, for which NHSGGC is responsible, are maintained and kept up to date;

2 systems are in place to deal with applications, resignations, and inspection of premises, etc., within the appropriate contractor's terms of service;

3. there are mechanisms to monitor the quality of services provided by contractors and where this is found to be unsatisfactory that appropriate remedial action is taken;

4. where a contractor is in breach of regulations, or whose service provision raises serious concerns, a report is submitted to the Reference Committee to consider disciplinary action;

16.3 PAYMENTS PROCEDURE

16.3.1 The Director of Finance will ensure:

1. that appropriate arrangements exist for payments to be made on behalf of NHSGGC by National Services Scotland;

2. payments are subject controls which include checks that:

   (a) rules have been correctly and consistently applied;

   (b) overpayments are prevented (or if not prevented, recovery measures are initiated);

   (c) fraud is detected;

   This will involve a combination of pre and post payment verification in line with nationally agreed protocols.

~~1.~~3. that arrangements are in place to identify contractors receiving exceptionally high, low or no payments, and highlight these for further investigation; and

~~2.~~4. that a prompt response is made to any query raised by National Services Scotland – Practitioner Services Division regarding claims from contractors submitted directly to them

~~3.~~5. that controls and checks are in place to cover patients claiming exemption from NHS charges.

~~4.~~6. that any cases of contractor or patient fraud are investigated and criminal/civil/disciplinary action is taken where appropriate.

16.4 **FRAUD**

16.4.1 Any instances of suspected fraud or other financial irregularity must be reported in accordance with SFI 18, Fraud, Losses and Legal Claims.

SECTION 17

COMMUNITY HEALTH AND CARE PARTNERSHIPS/OTHER PARTNERSHIPS

17.1 Community Health and Care Partnerships (CHCPs) will provide and manage healthcare for their designated area in accordance with delegated authorities and budgets provided by NHSGGC and any participating Local Authorities. All NHSGGC employed staff and, any council employee managing NHSGGC funds, will comply with these Standing Financial Instructions.

17.2 Each CHCP will have an overlying financial governance framework, including a Scheme of Delegation, which will clarify the applicability of the policies and procedures of the participating bodies. This will not override, or dilute, the requirement that these SFI's must be complied with in respect of all NHSGGC funded activities.

17.3 All other partnerships will comply with the above principles.

SECTION 18

FRAUD, LOSSES AND LEGAL CLAIMS

18.1 FRAUD, OTHER CRIMINAL OFFENCESAND FINANCIAL IRREGULARITIES

18.1.1 The Chief Executive, as Accountable Officer, is responsible for ensuring that all suspected fraud, theft, corruption and other financial irregularities are investigated and appropriate action taken. Operational responsibility for this is delegated to the Director of Finance and/or NHSGGC's Fraud Liaison Officer(s), who will take/instruct the necessary action and keep the Chief Executive appraised of any salient issues, or where controversy may arise. NHSGGC has a formal Fraud Policy, which sets out the Board's policy and individuals' responsibilities. The Policy is supported by a Fraud Action Plan which details the procedures to be followed when fraud, theft, corruption or other financial irregularities are suspected (ensuring compliance with circular HDL(2005)5). The following paragraphs provide an outline of the requirements but the Fraud Policy and relevant section of the Fraud Action Plan should be referred to for further detail.

18.1.2 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.

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 the property of another with the intention of permanently depriving them of it.

18.1.3 NHSGGC will take appropriate legal and/or disciplinary action against any employee, 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 made to the Procurator Fiscal for consideration.

18.1.4 Every officer has a duty to report, without delay, any instances 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 officer's line manager, in the first instance, but may be directly to the Director of Finance or Fraud Liaison Officer if there are concerns about reporting to the line manager. NHSGGC encourages anyone having reasonably held suspicions of fraud, or other irregularity, to report it. Individuals should have no fear of reporting such matters unless they know their allegations to be groundless and/or raised maliciously.

18.1.5 In cases where fraud, corruption or embezzlement is suspected, all investigations must be carried out by staff from NHSS Counter Fraud Service. Line managers must therefore immediately contact the Director of Finance or Fraud Liaison Officer who will arrange preliminary discussions with NHSS Counter Fraud Service. No action should be taken, that may prejudice the outcome of any potential criminal prosecution, prior to consultation with the NHSS 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 in the Fraud Action Plan.

18.1.6 In cases of theft, line managers should contact the Fraud Liaison Officer and the police. Local managers should assume that they have delegated authority to investigate minor thefts (subject to the approval of their service head) but should still contact the Fraud Liaison Officer to confirm this and to discuss any requirements for specialist assistance. Any major thefts, or theft involving some form of deception (which may require investigation by the NHSS Counter Fraud Service), should be discussed immediately with the Fraud Liaison Officer. There is a presumption that all thefts should be reported to the police and that the crime reference should be entered on the Incident Report Form IR1 and Loss Report. Managers must submit a copy of their formal investigation report (which will be satisfied by an IR1 or Loss Report in simple cases) to NHSGGC's Fraud Liaison Officer.

18.1.7 NHSGGC is not authorised to carry out any form of covert surveillance. If any manager considers that such a measure is necessary to detect or prevent a crime then they should contact the Fraud Liaison Officer to arrange assistance from an authorised agency.

18.1.8 It is possible that any instance of fraud or other financial irregularity, may attract enquiries from the media or other outside sources. Staff 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 NHSGGC policy, be referred to NHSGGC's Communications Office, which will provide an appropriate response after consultation with the NHSS Counter Fraud Service and/or the Fraud Liaison Officer.

18.2 LOSSES AND SPECIAL PAYMENTS

18.2.1 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.

18.2.2 Any officer discovering or suspecting a loss of any kind will immediately inform his local manager. The manager will complete a loss form which will be signed by a budget holder and submitted to Operational Financial Services. Losses in excess of the Budget Holder's delegated authority to write off losses should also be authorised by the appropriate Chief Operating Officers/Partnership Director. Where the loss is due to fraud or theft, the manager will immediately act as detailed at section 18.1 above.

18.2.3 The Director of Finance will ensure that a losses register in which details of all losses and compensations will be recorded as they are known is maintained.

18.2.4 The Board will approve the writing off of losses, within the limits delegated to it from time to time by the SGHD, except that delegated responsibility may be given by the Board to the Chief Executive or other officers. Any significant losses written off under this delegated authority will be reported to the Audit Committee (or Audit Support Group) of NHSGGC. Details of the delegated levels of authority are given in the Scheme of Delegation.

18.2.5 No losses or special payments that exceed the limits delegated to NHSGGC by the SGHD will be made without their prior approval.

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

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

1. any insurance claim can be made against insurers; or
2. legal action can be taken to recover all or part of the amount of the loss.

18.3 CLAIMS FOR MEDICAL/CLINICAL NEGLIGENCE

The Head of Board Administration will arrange for the Acute Services Division and Partnerships to hold a register of claims for medical and clinical negligence including details of payments made.

18.4 OTHER LEGAL CLAIMS

The Head of Board Administration will arrange for the Acute Services Division and Partnerships to hold a register of other legal claims e.g. under Health and Safety legislation.

18.5 DISPOSALS AND CONDEMNATIONS

18.5.1 The procedures for the disposal of assets are set out in these instructions at Section 13 - Assets.

18.5.2 The Director of Finance will ensure that procedures for the recording and condemnation of all unserviceable items are prepared and issued.

SECTION 19

PATIENTS' PRIVATE FUNDS AND PROPERTY

19.1 PROCEDURE

19.1.1 NHSGGC has a responsibility to provide safe custody for money and other personal property (hereafter referred to as "property") handed in by patients, found in the possession of unconscious or confused patients, found in the possession of mentally disordered patients, or found in the possession of patients dying in hospital. Such property shall be dealt with as provided below and in accordance with the Adults with Incapacity (Scotland) Act 2000.

19.1.2 Patients or their guardians, as appropriate, shall be informed before or at admission by:

- notice and information booklets;
- hospital admission documentation and property records; and
- the oral advice of administrative and/or nursing staff responsible for admissions

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

19.1.3 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 staff 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 SGHD.

19.1.4 Any money or property handed over for safekeeping will be evidenced by the issue of an official receipt.

19.1.5 Records of patients' property shall be completed by a member of the hospital staff in the presence of a second member of staff and in the presence of the patient or the personal representative, where practicable. It should be signed by the member of staff 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 staff member.

19.1.6 Patients' income, including pensions and allowances, shall be dealt with in accordance with current SGHD guidelines and Department of Work and Pensions regulations.

19.1.7 Where monies or valuables are handed in to other than the Patients' Funds Cashier then they will be held securely and transferred to the Patients' Funds Cashier at the first reasonable opportunity.

19.1.8 Patients' funds will be banked and administered in accordance with instructions provided by the Director of Finance. Any funds not required for immediate use will be lodged in an interest bearing account with interest being credited to individual patients based on the level of funds held by each patient. Bank and funds reconciliations should be prepared on a monthly basis and reviewed by a more senior officer not involved in the day to day operation of the funds.

19.1.9 In the case of patients incapable of handling their own affairs, and unless their affairs are managed under legal authority by some other party, their affairs will be supervised by a hospital Multi-disciplinary Review Team, following the guidance of the 1985 Report of the Working Party on Incapax Patients' Funds and in accordance with the Adults with Incapacity (Scotland) Act 2000.

19.1.10 In all cases where property, including cash and valuables, of a deceased patient is of a total value of more than £10,000 (or such other amount as may be prescribed by legislation and advised by the SGHD), 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 £10,000, forms of indemnity will be obtained (although confirmation of estate may still be obtained in instance where dispute likely).

19.1.11 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.

19.1.12 Staff should be informed on appointment, by the appropriate departmental or senior manager of their responsibilities and duties for the administration of the property of patients.

19.1.13 Staff should not benefit directly or indirectly form the management of patients' private funds or property. Where it could be perceived that a member of staff 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.

19.1.14 The Board is not authorised to hold funds or valuables on behalf of patients in a community setting. Staff should decline requests to do so otherwise they could become personally liable in the event of loss.

19.2 OUTSIDE CONTRACTORS

19.2.1 Where NHSGGC contracts with a private, voluntary sector or non NHS body for the provision of NHS patient care, the Director of Finance will ensure that the relevant contract specifies standards to be adopted for the administration and management of patients' private funds and property.

19.2.2 Detailed instructions, equivalent to those adopted by the Health Board, will be required and will form the basis of the standards required contractually of health care providers in respect of the administration and control of patients' funds and property. The Director of Finance will ensure the performance of partnership providers is monitored and measured against these procedures.

SECTION 20

USE OF MANAGEMENT CONSULTANTS

20.1 Where use of management consultants is being considered, the guidance of Circular NHS MEL (1994) 4 must be observed. This guidance covers the engagement, control and reimbursement of fees to management consultants.

20.2 The use of management consultants will be supported by formal statement indicating why use of a consultant is appropriate.

20.3 Engagement of management consultants must be carried out in accordance with SFI 10 – Orders, Quotations and Tenders and, where this is not possible, the reasons clearly documented along with a demonstration of value for money. Any single tenders/quotes must be authorised in accordance with that SFI.

20.4 Contracts will include:

1. description of work to be done and measure of completion;
2. timescales;
3. resources to be used by the management consultant;
4. level of fees to be paid and timing of payment;
5. level of expenses to be reimbursed, with limits and requirement for receipts;
6. use of NHSGGC resources and confidentiality of information;
7. ownership of documents produced on the assignment.

20.5 This does not apply to legal services, which must be obtained through the NHS Central Legal Office.