



**PUBLIC HEALTH AGENCY**  
**STANDING FINANCIAL INSTRUCTIONS**

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# STANDING FINANCIAL INSTRUCTIONS

## 1. INTRODUCTION

### 1.1 General

- 1.1.1 These Standing Financial Instructions (SFIs) are issued in accordance with the Financial Directions issued by the Department of Health, Social Services & Public Safety (DHSSPS) under the provisions of Governance, Resources and Accounts Act (NI) 2001 and the Audit and Accountability (NI) Order 2003, for the regulation of the conduct of the Public Health Agency (PHA) in relation to all financial matters. They shall have effect as if incorporated in the Standing Orders (SOs) of the PHA.
- 1.1.2 These Standing Financial Instructions detail the financial responsibilities, policies and procedures adopted by the PHA. They are designed to ensure that the PHA's financial transactions are carried out in accordance with the law and with Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness. They should be used in conjunction with the Schedule of Decisions Reserved to the board and the Scheme of Delegation adopted by the PHA.
- 1.1.3 These Standing Financial Instructions identify the financial responsibilities which apply to everyone working for the PHA and its constituent organisations. They do not provide detailed procedural advice and should be read in conjunction with the detailed departmental and financial procedure notes. All financial procedures must be approved by the Director of Finance (ref para 1.2.6).
- 1.1.4 Should any difficulties arise regarding the interpretation or application of any of the Standing Financial Instructions then the advice of the Director of Finance **must be sought before acting**. The user of these Standing Financial Instructions should also be familiar with and comply with the provisions of the PHA's Standing Orders.
- 1.1.5 **The failure to comply with Standing Financial Instructions and Standing Orders can in certain circumstances be regarded as a disciplinary matter that could result in dismissal.**
- 1.1.6 Overriding Standing Financial Instructions  
If for any reason these Standing Financial Instructions are not complied with, full details and any justification for non-compliance along with the circumstances surrounding the non-compliance shall be reported to the next formal meeting of the Audit Committee for referring action or ratification. All members of the board and staff have a duty to disclose any non-compliance with these Standing Financial Instructions to the Director of Finance as soon as possible.

## 1.2 **Responsibilities and Delegation**

### 1.2.1 The Board of the PHA (board)

The board exercises financial supervision and control by:

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

1.2.2 The PHA has resolved that certain powers and decisions may only be exercised by the board in formal session. These are set out in the 'Matters Reserved to the board' document within Standing Orders.

1.2.3 The PHA will delegate responsibility for the performance of its functions in accordance with Standing Orders and the Schemes of Delegation documents adopted by the PHA.

### 1.2.4 The Chief Executive and Director of Finance (ref para 1.2.6)

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

Within the Standing Financial Instructions, it is acknowledged that the Chief Executive is ultimately accountable to the board, and as Accounting Officer, to the Minister for Health Social Services and Public Safety (HSSPS), for ensuring that the board meets its obligation to perform its functions within the available financial resources. The Chief Executive has overall executive responsibility for the PHA's activities; is responsible to the Chairman and the board for ensuring that its financial obligations and targets are met and has overall responsibility for the PHA's system of internal control.

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

### 1.2.6 The Director of Finance

The PHA employs the services of the HSCB Finance Department to deliver Financial Management, Accounts and Financial Assurance services through the Director of Finance (ref para 1.2.4) of the Health and Social Care Board.

In this regard the Director of Finance of the HSCB acts as the Director of Finance of the PHA and will support and provide Financial Advice to the Chief Executive and the board of the PHA.

Within this document where the Director of Finance is noted this should be read as the Director of Finance of the HSCB, unless specifically stated otherwise,

The Director of Finance is responsible for:

- (a) Implementing the PHA's financial policies and for coordinating any corrective action necessary to further these policies;
- (b) maintaining and advising the PHA on an effective system of internal financial control including ensuring that detailed financial procedures and systems incorporating the principles of separation of duties and internal checks are prepared, documented and maintained to supplement these instructions;
- (c) ensuring that the PHA maintains sufficient records to show and explain the PHA's transactions, in order to disclose, with reasonable accuracy, the financial position of the PHA at any time; and

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

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

### 1.2.7 Business Services Organisation

The DHSSPS has directed that a range of transactional financial services will be outsourced and delivered by the Business Services Organisation (BSO) on behalf of the PHA namely:

- (a) Banking Services (ref section 6);



- (b) Payroll Services (ref section 11);
- (c) Payment Services (ref section12); and
- (d) Capital Asset Register (ref section 14).

Additionally Internal Audit, Procurement, Human Resources, Counter Fraud and Probity, Information Technology and Legal services are also delivered by the Business Services Organisation.

Where Financial services are delivered by the BSO the Director of Finance (ref para 1.2.6) will set out the arrangements within the PHA SLA with the BSO and monitor the delivery of these services on behalf of the PHA. With regard to other services provided by the BSO for the PHA the Director of Operations will set out the arrangements for these within the PHA SLA with the BSO and monitor the delivery of them.

#### 1.2.8 PHA board Members, Members and Employees

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

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

#### 1.2.9 Contractors and their employees

Any contractor (e.g. General Practitioner) or employee of a contractor who is empowered by the PHA to commit the PHA to expenditure or who is authorised to obtain income shall be covered by these instructions. It is the responsibility of the Chief Executive to ensure that such persons are made aware of this.

#### 1.2.10 Miscellaneous

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

## 2. **AUDIT**

## 2.1 **Audit Committee**

- 2.1.1 In accordance with Standing Orders and the Cabinet Office's guidance on Codes of Practice for Public Bodies (FD/DFP 03/06), the agency shall formally establish an Audit Committee, with clearly defined terms of reference and following guidance from the NHS Audit Committee Handbook (DAO (DFP) 07/07) which will provide an independent and objective view of internal control by:
- (a) overseeing Internal and External Audit services and the adequacy of management response to audit findings;
  - (b) reviewing financial and information systems and monitoring the integrity of the financial statements and reviewing significant financial reporting judgments;
  - (c) review the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of the organisation's activities (both clinical and non-clinical), that supports the achievement of the organisation's objectives;
  - (d) monitoring compliance with Standing Orders and Standing Financial Instructions;
  - (e) reviewing schedules of losses and compensations and making recommendations to the board;
  - (f) reviewing schedules of debtors/creditors balances over 6 months and £5,000 old and explanations/action plans;
  - (g) reviewing the information prepared to support the Assurance framework process prepared on behalf of the board and advising the board accordingly; and
  - (h) ensuring there is an effective Counter Fraud strategy in place/operation which is in line with DFP's guide "Managing the Risk of Fraud"
- 2.1.2 Where the Audit Committee considers there is evidence of ultra vires transactions, evidence of improper acts, or if there are other important matters that the Committee wishes to raise, the Chairman 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 DHSSPS (to the Director of Finance (ref. Para 1.2.6) in the first instance). All incidents of fraud must be reported consistent with DHSSPS policy.

2.1.3 It is the responsibility of the Director of Finance to ensure an adequate internal audit service is provided and the Audit Committee shall be involved in the selection process when/if an internal audit service provider is changed.

2.1.4 The Governance and Audit Committee shall carry out the functions of an Audit Committee as set out above along with other functions in relation to Governance as set out in the Standing Orders.

## 2.2 **Director of Finance and Director of Operations**

2.2.1 The Director of Finance is responsible for:

- (a) ensuring there are arrangements to review, evaluate and report on the effectiveness of internal financial control including the establishment of an effective Internal Audit function;
- (b) deciding at what stage to involve the police in cases of misappropriation and other irregularities not involving fraud or corruption;

2.2.2 The Director of Finance or designated auditors are entitled without necessarily giving prior notice to require and receive;

- (c) access to all records, documents and correspondence relating to any financial or other relevant transactions, including documents of a confidential nature;
- (d) access at all reasonable times to any land, premises or members of the board or employee of the PHA;
- (e) the production of any cash, stores or other property of the PHA under a member of the board or an employee's control; and
- (f) explanations concerning any matter under investigation.

2.2.3 The Director of Operations is responsible for ensuring there are arrangements to review, evaluate and report on the effectiveness of internal control, excluding internal financial control.

2.2.4 Jointly the Director of Finance and the Director of Operations are responsible for:

- (a) ensuring that the Internal Audit is adequate and meets the Public Sector Internal Audit Standards (PSIAS) in addition that it complies with circular HSS(F) 21/03 detailing Internal Audit arrangements between a sponsoring Department and its Non Departmental Public Bodies and circular HSS(F) 13/2007 on the model HPSS Financial Governance Documents.

- (b) ensuring that an annual internal audit report is prepared for the consideration of the Audit Committee and the PHA board.

The report must cover:

- a clear opinion on the effectiveness of internal control in accordance with current assurance framework guidance issued by the DHSSPS including for example compliance with control criteria and standards;
- major internal financial control weaknesses discovered;
- progress on the implementation of internal audit recommendations;
- progress against plan over the previous year;
- strategic audit plan covering the coming three years; and
- a detailed plan for the coming year.

## 2.3 **Role of Internal Audit**

2.3.1 Internal Audit will review, appraise and report upon:

- (a) the extent of compliance with and the financial effect of relevant established policies, plans and procedures;
- (b) the adequacy and application of financial and other related management controls;
- (c) the suitability of financial and other related management data;
- (d) the extent to which the PHA's assets and interests are accounted for and safeguarded from loss of any kind, arising from:
- fraud and other offences;
  - waste, extravagance, inefficient administration; and
  - poor value for money or other causes.
- (e) Internal Audit shall also independently verify the Assurance Framework statements in accordance with guidance from the DHSSPS.

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

- 2.3.3 The Chief Internal Auditor will normally attend Audit Committee meetings and has a right of access to all Audit Committee members, the Chairman and Chief Executive of the PHA.
- 2.3.4 The Chief Internal Auditor shall be accountable to the Director of Finance. The reporting system for Internal Audit shall be agreed between the Director of Finance (ref para 1.2.6), the Director of Operations, the Audit Committee and the Chief Internal Auditor. The agreement shall be in writing and shall comply with the guidance on reporting contained in the Public Sector Internal Audit Standards (PSIAS). The reporting system shall be reviewed at least every 3 years.

The reporting system for Internal Audit shall be as follows:

- (a) An urgent interim report is to be made orally or in writing to alert management to the need to take immediate action to correct a serious weakness in performance or control or whether there are reasonable grounds for suspicion of malpractice;
- (b) Interim reports may also be made where it is necessary to make a significant change in the scope of the assignment or where it is desirable to inform management of progress;
- (c) At the end of the audit a meeting will be arranged between Internal Audit, Director of Operations and the appropriate Director/Manager from the area being audited to review the report. The Director of Finance (or nominated persons) will attend in all audits relating to finance;
- (d) On completion of an audit a draft report will be sent by the Chief Internal Auditor to the Director of Finance, the Director of Operations and the Director/Manager with direct responsibility for the areas being audited and who has the authority to take action on audit recommendations;
- (e) The Director or Manager who has authority to take action on the recommendations will draft an appropriate and acceptable management response to address or reject the recommendations in a timeline agreed initially with the Director of Operations;
- (f) This management response will be sent to the Director of Operations for review and onward transmission to the Chief Internal Auditor to enable a final report to be issued;
- (g) The final report will be issued to the Chief Executive, the Director of Finance the Director of Operations, the Assistant Director of Planning & Operational Services and the appropriate Director/ Manager in the area being audited;

- (h) An action plan will be prepared and issued to all relevant parties. This action plan will include deadlines for action to be taken and review dates to ensure action has been taken. Action plans will be held on file for review and presentation to the audit committee; and
- (i) The final internal audit reports with management responses must be submitted to the Audit Committee for consideration.
- (j) Revised descriptors have been issued as per circular guidance (HSC(F) 32/2013) ,which should be used to describe internal audit findings and when providing their overall opinion at Year-end. The descriptors are Substantial, Satisfactory, Limited and Unacceptable.

## 2.4 External Audit

- 2.4.1 The Northern Ireland Comptroller and Auditor General is the appointed External Auditor of the PHA, who may outsource the External Audit programme to appropriately qualified private sector organisations. The External Auditor is paid for by the PHA. The Audit Committee must ensure a cost-efficient service.
- 2.4.2 If there are any problems relating to the service provided by an outsourced External Auditor, then this should be raised with the External Auditor and referred on to the NIAO if the issue cannot be resolved. The Director of Finance (ref para 1.2.6) will notify the board of any such instances.
- 2.4.3 Value for Money Audit work is directed by the nominated DHSSPS Senior Officer. The PHA shall be funded for 100% of each study done in the PHA and of any later work to follow-up completed studies.

## 2.5 Fraud and Corruption

- 2.5.1 In line with their responsibilities, the PHA Chief Executive and Director of Finance (ref para 1.2.6) shall monitor and ensure compliance with Directions issued by the DHSSPS Counter Fraud Policy Unit on fraud and corruption.
- 2.5.2 The Director of Finance of the HSCB shall nominate a Fraud Liaison Officer, as specified by the DHSSPS Counter Fraud Policy and Guidance, to provide specialist advice and support to the Chief Executive and Director of Operations of the PHA in fulfilling these duties.
- 2.5.3 The Fraud Liaison Officer of the HSCB shall periodically report to the PHA Director of Operations and shall work, on behalf of the PHA, with staff in the Counter Fraud and Regional Counter Fraud Unit at the BSO and the Regional Counter Fraud Policy Unit in accordance with the DHSSPS Counter Fraud Policy.

2.5.4 The Fraud Liaison Officer will provide written reports to the PHA's Governance and Audit Committee, on counter fraud work within and on behalf of the PHA.

## 2.6 **Security Management**

2.6.1 In line with his responsibilities, the PHA Chief Executive will monitor and ensure compliance with any Directions issued by the Minister on HSC security management.

## 3. **RESOURCE LIMIT CONTROL**

### 3.1 **Resource Limit Control**

3.1.1 The PHA is required by statutory provisions not to exceed Cash and Resource Limits, with a further requirement to declare all in-year easements to the DHSSPS. The Chief Executive has overall executive responsibility for the PHA's activities and is responsible to the PHA for ensuring that it stays within these limits and any in-year or cumulative deficits are eliminated.

3.1.2 The definition of use of resources is set out in RAB directions on use of resources which are available in the DHSSPS Finance Manual.

3.1.3 Any sums received on behalf of the Minister for HSSPS are treated as sums received by the PHA.

3.1.4 The Director of Finance (ref para 1.2.6) will:

- (a) provide monthly reports in the form required by the DHSSPS;
- (b) ensure money drawn from the DHSSPS against Cash limit, by the BSO on the PHA's behalf, is required for approved expenditure only, and is drawn only at the time of need, follows best practice as set out in 'Cash Management in the NHS';
- (c) be responsible for ensuring that an adequate system of monitoring financial performance is in place to enable the PHA to fulfill its statutory responsibility not to exceed its Annual Revenue and Capital Resource Limits and Cash limit; and
- (d) be responsible for advising the Chief Executive on any operational financial risk for the register and ensure that the Chief Executive and Agency Management Team are advised of potential financial problems to ensure timely action is taken so that Departmental Expenditure limits are not breached.

3.1.5 The Agency Management Team shall ensure that adequate information is provided in a timely way to the Director of Finance (ref para 1.2.6) to enable reliable financial projections to be made, and necessary advice provided to the Chief Executive on any financial risk to the break-even position.

### **3.2 Promoting Financial Stability**

3.2.1 The PHA has an obligation, with all other HSC Organisations, to contain expenditure within the resources available. Deficits should not be allowed to develop, and where they do threaten to arise, the PHA, as a commissioner, must, in partnership with the HSCB and providers, agree appropriate contingency and/or recovery arrangements are put in place.

3.2.2 The principles set out in circular HSS(F) 29/2000, "Promoting Financial Stability within HPSS Organisations" must be adhered to. In particular, no service developments should be initiated without the prior securing of recurrent funding from the DHSSPS

## **4. ALLOCATIONS, FINANCIAL STRATEGY, JOINT COMMISSIONING PLAN BUDGETS, BUDGETARY CONTROL AND MONITORING**

### **4.1 Allocations**

4.1.1 The Director of Operations will periodically review the basis and assumptions used for distributing allocations and ensure that these are reasonable and realistic and secure the PHA's entitlement to funds;

4.1.2 The Director of Finance will:

- (a) prior to the start of each financial year submit to the PHA for approval a Financial Plan showing the total allocations received and their proposed distribution including any sums to be held in reserve;
- (b) regularly update the PHA on significant changes to the initial allocation and the uses of such funds.

### **4.2 Preparation and Approval of Joint Commissioning Plans and Budgets**

4.2.1 The Chief Executive of the Health and Social Care Board (HSCB) will compile a Joint Commissioning Plan in conjunction with the PHA which takes into account financial targets and forecast limits of available resources. The Joint Commissioning Plan will be presented to the boards of both the HSCB and the PHA by their respective Chief Executives for approval by both organisations before it is submitted to the DHSSPS. The Joint Commissioning Plan will contain:

- (a) a statement of the significant assumptions on which the plan is based including a proposed deployment of resources across care programmes for the following period;



- (b) details of major changes in workload, delivery of services and resources required to achieve the plan.
- 4.2.2 Prior to the start of the financial year the Director of Finance (ref para 1.2.6) will, on behalf of the Chief Executive, prepare and submit budgets for approval by the board. Such budgets will:
  - (a) be in accordance with the aims and objectives set out in the Joint Commissioning Plan;
  - (b) be in accordance with the PHA aims and objectives set out in its Corporate Strategy and Business Plans;
  - (c) accord with workload and manpower plans;
  - (d) be produced following discussion with other relevant HSC Organisations;
  - (e) be prepared within the limits of available funds; and
  - (f) identify potential risks.
- 4.2.3 The Director of Finance shall monitor financial performance against budget and plan, periodically review them, and report to the board.
- 4.2.4 All Budget Holders must ensure that the necessary Business Case preparation and approvals, for expenditure decisions, have been obtained at Departmental level **before** committing to recurrent revenue expenditure in new service commissioning or to support any other proposed investment e.g. ICT. Failure to obtain the required approvals will mean that the expenditure has been incurred without the required authority and is a serious matter. Budget Holders should refer to the latest guidance on proportionate effort in respect of completing business cases (HSC (F) 46/2013) and the NI Guide on Expenditure Appraisal and Evaluation.
- 4.2.5 All HSC Organisations/providers and PHA budget holders must provide information as required by the Director of Finance to enable budgets to be compiled.
- 4.2.6 The Director of Finance has a responsibility to ensure that adequate training is delivered on an on-going basis to budget holders to help them manage their budgets effectively.
- 4.3 **Budgetary Delegating within the PHA**
  - 4.3.1 The Chief Executive may delegate the management of a budget to permit the performance of a defined range of activities. This delegation must be in writing and be accompanied by a clear definition of:
    - (a) the amount of the budget;

- (b) the purpose(s) of each budget heading;
  - (c) individual and group responsibilities;
  - (d) authority to exercise virement only within total Revenue or total Capital (non virement between revenue and capital);
  - (e) achievement of planned levels of service;
  - (f) the provision of regular reports; and
  - (g) processes for securing management approval, authorisation and performance reporting.
- 4.3.2 The Chief Executive and delegated budget holders must not exceed the budgetary total or virement limits set by the board.
- 4.3.3 Any budgeted funds not required for their designated purpose(s) revert to the immediate control of the Chief Executive, subject to any authorised use of virement. Where DHSSPS resources allocated for a particular purpose are not required or not required in full, for that purpose, they must be returned to the Department for potential redistribution.
- 4.3.4 Non-recurring budgets should not be used to finance recurring expenditure without the authority in writing of the Chief Executive, as advised by the Director of Finance (ref para 1.2.6).
- 4.3.5 All Budget Holders are required to regularly review all projected expenditure and identify to the Director of Finance on a timely basis, where inescapable expenditure has the potential to breach their delegated budget.
- 4.4 **Budgetary Control and Reporting within the PHA**
- 4.4.1 The Director of Finance (ref para 1.2.6) will devise and maintain systems of budgetary control. These will include:
- (a) monthly financial reports to the board in a form approved by the board containing:
    - income and expenditure to date showing trends and forecast year-end position;
    - capital project spend and projected outturn against plan based on information received from the Director of Operations;
    - explanations of any material variances from plan;
    - details of any corrective action where
    - Chief Executive's and Director of Finance's views of whether such actions are sufficient to correct the situation.

- (b) the issue of timely, accurate and comprehensible advice and financial reports to each budget holder, covering the areas for which they are responsible;
- (c) investigation and reporting of variances from financial, workload and manpower budgets;
- (d) monitoring of management action to correct variances;
- (e) arrangements for the authorisation of in-year budget transfers.

4.4.2 Each Budget Holder is responsible for ensuring that:

- (a) any likely overspending or reduction of income which cannot be met by virement is not incurred without the prior consent of the board or its delegated representative;
- (b) the amount provided in the approved budget is not used in whole or in part for any purpose other than that specifically authorised subject to the rules of virement;
- (c) no permanent employees are appointed without the approval of the Chief Executive and the Director of Finance, or his/her delegated representative, other than those provided for within the available resources and manpower establishment as approved by the board;
- (d) Early indications of slippage against budget and projections are reported to the Director of Finance and the Director of Operations;
- (e) Re-utilisation of slippage amounts must be within the Agency Management Team and PHA board approved areas (the Agency Management Team and board will discuss and agree priorities periodically and advise budget holders). This may mean that all slippage generated is returned to the centre for a corporate decision on deployment or return to the DHSSPS; and
- (f) Attending such training identified as necessary by the Director of Finance

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

4.5 **Capital Expenditure**

4.5.1 The general rules applying to delegation and reporting shall also apply to capital expenditure. The particular applications relating to capital are contained in SFI 14 together with the provisions of the Capital Accounting Manual(Ref HSC (F) 63/2012)

#### 4.6 **Monitoring Returns**

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

### 5. **ANNUAL ACCOUNTS AND REPORTS**

- 5.1 The Director of Finance (ref para 1.2.6) on behalf of the PHA, will:
- (a) prepare financial returns in accordance with the accounting policies and guidance given by the DHSSPS and the Treasury, the PHA's accounting policies, and generally accepted accounting practice;
  - (b) prepare and submit annual financial reports to the DHSSPS certified in accordance with current guidelines; and
  - (c) submit financial returns to the DHSSPS for each financial year in accordance with the timetable prescribed by the DHSSPS.
- 5.2 The PHA's annual accounts and annual report must be audited by an auditor appointed by the NIAO. The PHA's audited annual accounts and annual report must be presented to a public meeting and made available to the public after laying before the NI Assembly. . This document must comply with the DHSSPS' manual for Accounts.

### 6. **BANK ACCOUNTS**

#### 6.1 **General**

- 6.1.1 The Director of Finance (ref para 1.2.6) is responsible for setting clarity of roles and responsibilities within the BSO SLA in respect of managing the PHA's banking arrangements, and for advising the PHA on the provision of banking services and operation of accounts. This advice will take into account guidance/Directions issued from time to time by the DHSSPS.
- 6.1.2 The board shall approve the banking arrangements.

#### 6.2 **Banking Procedures**

- 6.2.1 The Director of Finance (ref para 1.2.6) will prepare detailed instructions to advise the Business Services Organisation on the operation of bank accounts which must include:
- (a) the conditions under which each bank account is to be operated;
  - (b) those authorised to sign cheques or other orders drawn on the PHA's accounts; and

- (c) the limit to be applied to any overdraft.
- 6.2.2 The Director of Finance must advise the PHA's bankers in writing of the conditions under which each account will be operated.
- 6.3 **Bank Accounts**
- 6.3.1 The Director of Finance of the Business Services Organisation (BSO) is responsible for:
  - (a) bank accounts;
  - (b) establishing separate bank accounts for the PHA's non-public funds;
  - (c) ensuring payments made from bank accounts do not exceed the amount credited to the account except where arrangements have been made;
  - (d) reporting to the board all arrangements made with the PHA's bankers for accounts to be overdrawn; and
  - (e) monitoring compliance with DHSSPS guidance on the level of cleared funds.
- 6.4 **Tendering and Review**
- 6.4.1 The Director of Finance will review the commercial banking arrangements of the PHA at regular intervals to ensure they reflect best practice and represent best value for money by periodically seeking competitive tenders for the PHA's commercial banking business, in co-operation with other HSC organisations. The PHA should avail of the regional banking contract, unless in exceptional circumstances.
- 6.4.2 Competitive tenders for HSC banking business should be sought at least every 5 years or extended period as agreed by the PHA. The results of the tendering exercise should be reported to the board.
- 7. INCOME, FEES AND CHARGES AND SECURITY OF CASH, CHEQUES AND OTHER NEGOTIABLE INSTRUMENTS**
- 7.1 **Income Systems**
- 7.1.1 The Director of Finance of the Business Services Organisation is responsible for designing, maintaining and ensuring compliance with systems for the proper recording, invoicing, collection and coding of all monies due, including HSC transactions.

7.1.2 The Director of Finance of the Business Services Organisation is also responsible for ensuring that the BSO complies with the prompt banking of all monies received.

7.1.3 Performance against 7.1.1 and 7.1.2 will be monitored by the Director of Finance (ref para 1.2.6) and set out within the SLA with the BSO.

## 7.2 Fees and Charges

7.2.1 The Director of Finance (ref para 1.2.6) is responsible for approving and regularly reviewing the level of all fees and charges other than those determined by the DHSSPS or by Statute. Independent professional advice on matters of valuation shall be taken as necessary. Where sponsorship income (including items in kind such as subsidised goods or loans of equipment) is considered the guidance in the DHSSPS's Commercial Sponsorship - Ethical standards in the HSC shall be followed.

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

## 7.3 Debt Recovery

7.3.1 The Director of Finance is responsible for ensuring the Business Services Organisation completes the appropriate recovery action on all outstanding debts.

7.3.2 Income not received should be advised to the Director of Finance (ref para 1.2.6) and be dealt with in accordance with losses procedures and guidance issued by DHSSPS circular HSC(F) 50/2012.

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

## 7.4 Security of Cash, Cheques and other Negotiable Instruments

7.4.1 The Director of Finance of the Business Services Organisation is responsible for:

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

- (d) prescribing systems and procedures for handling cash and negotiable securities on behalf of the PHA.
- 7.4.2 Public Funds shall not under any circumstances be used for the encashment of private cheques or IOUs.
- 7.4.3 All cheques, postal orders, cash etc., shall be banked intact. Disbursements shall not be made from cash received, except under arrangements approved by the Director of Finance (ref para 1.2.6).
- 7.4.4 The holders of safe keys shall not accept unofficial funds for depositing in their safes unless such deposits are in special sealed envelopes or locked containers. It shall be made clear to the depositors that the PHA is not to be held liable for any loss, and written indemnities must be obtained from the organisation or individuals absolving the PHA from responsibility for any loss.
- 7.4.5 Any shortfall in cash, cheques or other negotiable instruments must be reported to the Director of Finance or Fraud Liaison Officer as soon as it is discovered.

## **8. TENDERING AND CONTRACTING PROCEDURE**

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

The procedure for making all contracts by or on behalf of the PHA shall comply with these Standing Orders and Standing Financial Instructions (except where Standing Order No. 5.2.19 Suspension of Standing Orders is applied).

### **8.2 Northern Ireland Public Procurement Policy, EU Directives Governing Public Procurement and DHSSPS Mini-Code Guidance.**

Northern Ireland Public Procurement Policy, Directives by the Council of the European Union and Guidance on procurement matters promulgated by the DHSSPS prescribing procedures for awarding all forms of contracts shall have effect as if incorporated in these Standing Orders and Standing Financial Instructions.

### **8.3 Reverse e-Auctions**

The PHA should follow extant guidance on the conduct of all tendering activity carried out through Reverse e-Auctions. For further guidance on Reverse e-Auctions refer to the PHA's Centre of Procurement Expertise (BSO PaLS).

#### 8.4 **Capital Investment Manual and other DHSSPS Guidance**

The PHA shall comply as far as is practicable with the requirements of the DHSSPS "Capital Investment Manual", CONCODE and liaise with Health Estates department in respect of capital investment and estate and property transactions. In the case of external management consultancy contracts the PHA shall comply with DHSSPS guidance on the Use of Professional Services as set out in HSC (F) 25/2012 and HSC (F) 47/2012.

#### 8.5 **Formal Competitive Tendering**

##### 8.5.1 General Applicability

The PHA shall ensure that competitive tenders are invited for:

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

##### 8.5.2 Health Care Services

Where the PHA elects to invite tenders for the supply of healthcare services these Standing Orders and Standing Financial Instructions shall apply as far as they are applicable to the tendering procedure and need to be read in conjunction with Standing Financial Instruction No. 8 and No. 9. In all cases the PHA must comply with the requirements of the Public Contract Regulations 2006 in respect of the disbursement of funds and/or grant aid to the voluntary sector and discharge its duties to ensure that such monies, where used for procurement purposes, comply with the relevant requirements of the Public Contracts Regulations 2006.

##### 8.5.3 **Exceptions and instances where formal tendering need not be applied (HSC (F) 05/2012)**

It is always advised to review procedures on CONNECT and seek clarification with BSO PALs prior to placing an order however;

Formal publicly advertised tendering procedures **need not be applied** (ref Standing Orders Administrative Scheme of Delegation 3.4.7) where:

- (a) the estimated expenditure or income does not, or is not reasonably expected to, exceed **£30,000**; or



- (b) where the supply is proposed under special arrangements negotiated by the DHSSPS in which event the said special arrangements must be complied with;
  - (c) regarding disposals as set out in Standing Financial Instructions No.16;
- 8.5.4 Direct Award Contracts (DAC) encompassing Single Tender Actions / Waiving of Competition above £5,000
- Guidance has been issued from DHSSPS in the form of circular HSC(F) 05/2012 stating that any proposal which will not be subject to competition must be forwarded to the PHA's Centre of Procurement Expertise (COPE), which is BSO PALs for goods and services, for advice and agreement before it may be approved by the Chief Executive. This requirement is regardless of whether the actual purchasing is being conducted by PALs.
- 8.5.5 The case setting out why the Single Tender Action (DAC) is required must be presented by management to BSO PALs. After review PALs will provide a Red, Amber, Green (RAG) rating, this will then be considered by the Chief Executive for approval. It should be noted that procurement may not proceed until the Chief Executive has formally approved.
- 8.5.6 In addition this process also covers procurement with sole suppliers and contract extensions which are outside the options originally specified in the original contract.
- 8.5.7 Officers should liaise with the Director of Operations prior to procurement to ensure latest DFP and DHSSPS procurement guidance is compiled with.
- 8.5.8 Clear documented evidence must be retained and this should be forwarded to the Director of Operations or central retention, as well as reported to the Governance & Audit Committee.
- 8.5.9 The Regulatory Framework surrounding public procurement allows, in certain circumstances, single tender actions. Please refer to Public Contracts Regulations 2006 and amending regulations 2009 and 2011 circular HSC(F) 05/2012. The exceptions quoted are within a very few, narrowly defined parameters.
- 8.5.10 Please refer to the PHA's Standing Order's Administrative Schemes of Delegation 3.4.7 for financial limits and tendering requirements.
- 8.5.11 List of Approved Firms

The PHA shall ensure that the firms/individuals invited to tender (and where appropriate, quote) are among those on approved lists. Where in the opinion of the Director of Operations it is desirable to seek tenders from firms not on

the approved lists, the reason shall be recorded in writing to the Chief Executive (see SFI 8.6.8 List of Approved Firms).

#### 8.5.12 Building and Engineering Construction Works

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

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

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

### 8.6 **Contracting/Tendering Procedure**

#### 8.6.1 Invitation to Tender

- (a) All invitations to tender shall clearly state the closing date and time for the receipt of tenders. As per DHSSPS circular guidance (HSC(F) 62/2013) involvement of incumbent suppliers in the preparation of procurement competition should be carefully controlled and avoided where possible;
- (b) All invitations to tender shall state that no tender will be accepted unless:
  - submitted in a plain sealed package or envelope bearing a pre-printed label supplied by the PHA (or the word "tender" followed by the subject to which it related) and be received before the closing date and time for the receipt of such tender addressed to the Chief Executive or nominated Manager;
  - that tender envelopes/packages shall not bear any names or marks indicating the sender. The use of courier/postal services must not identify the sender on the envelope or on any receipt so required by the deliverer.

OR

Where an e-tendering system is in use shall not be accessible by any means until after the appointed date and time of closing and only then by appropriately authorised personnel.

- (c) Every tender for goods, materials, services or disposals shall embody such of the HSC Standard Contract Conditions as are applicable; and

- (d) Every tender for building or engineering works (except for maintenance work, when Estmancode guidance shall be followed) shall embody or be in the terms of the current edition of one of the Joint Contracts Tribunal Standard Forms of Building Contract or Department of the Environment (GC/Wks) Standard forms of contract amended to comply with Concode; or, when the content of the work is primarily engineering, the General Conditions of Contract recommended by the Institution of Mechanical and Electrical Engineers and the Association of Consulting Engineers (Form A), or (in the case of civil engineering work) the General Conditions of Contract recommended by the Institute of Civil Engineers, the Association of Consulting Engineers and the Federation of Civil Engineering Contractors. These documents shall be modified and/or amplified to accord with DHSSPS guidance and, in minor respects, to cover special features of individual projects.

#### 8.6.2 Receipt and safe custody of tenders

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

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

OR

Where an e-tendering system is in use the electronic files shall be held in a secure electronic environment until time of opening has passed at which point the system shall release the files for access by appropriately authorised personnel.

#### 8.6.3 Opening tenders and Register of tenders

The PHA would expect the Planning and Logistics Service (PALs) of the BSO would undertake the following on its behalf.

- (a) As soon as practicable after the date and time stated as being the latest time for the receipt of tenders, they shall be opened by two senior officers/managers designated by the Chief Executive and not from the originating department;
- (b) Where services are to be provided by a Centre of Procurement Expertise (CoPE) it will be the responsibility of the CoPE to ensure that appropriate personnel from the CoPE are present at tender opening;

- (c) The rules relating to the opening of tenders will need to be read in conjunction with any delegated authority set out in the PHA's Schemes of Delegation;
- (d) The 'originating' Department will be taken to mean the Department sponsoring or commissioning the tender;
- (e) The involvement of HSCB Finance Directorate staff in the preparation of a tender proposal will not preclude the Director of Finance (ref para 1.2.6) or any approved Senior Manager from the Finance Directorate from serving as one of the two senior managers to open tenders;
- (f) All Executive Directors/members will be authorised to open tenders regardless of whether they are from the originating department provided that the other authorised person opening the tenders with them is not from the originating department.

The PHA's Company Secretary will count as a Director for the purposes of opening tenders;

- (g) Every tender received shall be marked with the date of opening and initialed by those present at the opening;
- (h) A register shall be maintained by the Chief Executive, or a person authorised by him, to show for each set of competitive tender invitations dispatched:
  - the name of all firms/ individuals invited;
  - the names of firms/ individuals from which tenders have been received;
  - the date the tenders were opened;
  - the persons present at the opening;
  - the price shown on each tender;
  - a note where price alterations have been made on the tender.

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

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

- (i) Incomplete tenders, i.e. those from which information necessary for the adjudication of the tender is missing, and amended tenders i.e., those amended by the tenderer upon his own initiative either orally or in writing after the due time for receipt, but prior to the opening of other

tenders, should be dealt with in the same way as late tenders.  
(Standing Order No. 17.6.5).

#### 8.6.4 Admissibility

- (a) If for any reason the designated officers are of the opinion that the tenders received are not strictly competitive (for example, because their numbers are insufficient or any are amended, incomplete or qualified) no contract shall be awarded without the approval of the Chief Executive;
- (b) Where only one tender is sought and/or received, the Chief Executive, Director of Finance (ref para 1.2.6) and the Director of Operations, shall, as far practicable, ensure that the price to be paid is fair and reasonable and will ensure value for money for the PHA.

#### 8.6.5 Late Tenders

- (a) Tenders received after the due time and date, but prior to the opening of the other tenders, may be considered only if the Chief Executive or his nominated officer decides that there are exceptional circumstances i.e. dispatched in good time but delayed through no fault of the tenderer. Where services are to be provided by a Centre of Procurement Expertise (CoPE), a duly authorised CoPE officer will act as nominated officer;
- (b) Only in the most exceptional circumstances will a tender be considered which is received after the opening of the other tenders and only then if the tenders that have been duly opened have not left the custody of the Chief Executive or his nominated officer or if the process of evaluation and adjudication has not started. Where services are to be provided by a Centre of Procurement Expertise (CoPE), a duly authorised CoPE officer will act as nominated officer;
- (c) While decisions as to the admissibility of late, incomplete or amended tenders are under consideration, the tender documents shall be kept strictly confidential, recorded, and held in safe custody by the Chief Executive or his nominated officer. Where services are to be provided by a Centre of Procurement Expertise (CoPE), a duly authorised CoPE officer will act as nominated officer.

#### 8.6.6 Acceptance of formal tenders (See overlap with SFI No. 8.7)

Prior to commencement of a tender process a group shall be constituted to evaluate and agree the award of contract. Nominees to the group shall be provided by the Chief Executive or his/her nominated officer and shall have the delegated authority to act on behalf of the PHA in respect of the award of contract.

- (a) Prior to participation in an evaluation process those Officers participating in the evaluation will be required to complete a Declaration of Objectivity and Interests;
- (b) Any discussions with a tenderer which are deemed necessary to clarify technical aspects of his tender before the award of a contract will not disqualify the tender. Such discussions must be carried out by or with the knowledge and approval of the Procurement Officer responsible for management of the tender process;
- (c) The lowest tender, if payment is to be made by the PHA, or the highest, if payment is to be received by the PHA, shall be accepted unless there are good and sufficient reasons to the contrary. Such reasons shall be set out in either the contract file, or other appropriate record.

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

- experience and qualifications of team members;
- understanding of client's needs;
- feasibility and credibility of proposed approach; and
  - ability to complete the project on time;
  - social considerations as per circular guidance HSC(F) 60/2013.

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

- (d) No tender shall be accepted which will commit expenditure in excess of that which has been allocated by the PHA and which is not in accordance with these Instructions except with the authorisation of the Chief Executive or Director of Finance (ref para 1.2.6).
- (e) The use of these procedures must demonstrate that the award of the contract was:
  - not in excess of the going market rate / price current at the time the contract was awarded;
  - that best value for money was achieved.
- (f) All Tenders should be treated as confidential and should be retained for inspection.

### 8.6.7 Tender reports to the board of the PHA

Reports to the board will be made on an exceptional circumstance basis only.

### 8.6.8 List of approved firms (see SFI No. 8.5.5)

#### (a) Responsibility for maintaining list

BSO Procurement and Logistics service has been nominated by the Chief Executive to maintain lists of approved firms from who tenders and quotations may be invited. These shall be kept under frequent review. The lists shall include all firms who have applied for permission to tender and as to whose technical and financial competence the PHA is satisfied. All suppliers must be made aware of the Trust's terms and conditions of contract.

#### (b) Building and Engineering Construction Works

- Invitations to tender shall be made only to firms included on the approved list of tenderers compiled in accordance with this Instruction or on the separate maintenance lists compiled in accordance with Estmancode guidance (Health Notice HN(78)147).
- Firms included on the approved list of tenderers shall comply with the N.I. Public Sector standard Equality Clause and ensure that when engaging, training, promoting or dismissing employees or in any conditions of employment, shall not discriminate against any person because of colour, race, ethnic or national origins, religion or sex, and will comply with the provisions of the Equal Pay Act 1970, the Sex Discrimination Act 1975, the Race Relations Act 1976, and the Disabled Persons (Employment) Act 1944 and any amending and/or related legislation.
- Firms shall conform at least with the requirements of the Health and Safety at Work Act (N.I. Order) and any amending and/or other related legislation concerned with the health, safety and welfare of workers and other persons, and to any relevant British Standard Code of Practice issued by the British Standard Institution. Firms must provide to the appropriate manager a copy of its safety policy and evidence of the safety of plant and equipment, when requested.

#### (c) Financial Standing and Technical Competence of Contractors

The Director of Finance (ref para 1.2.6), Director of Operations or the PHA's Centre of Procurement Expertise may make or institute any enquiries he deems appropriate concerning the financial standing and financial suitability of approved contractors. The lead care Director with responsibility for clinical and social care governance will make

such enquiries as is felt appropriate to be satisfied as to their technical/professional/medical competence.

#### 8.6.9 Exceptions to using approved contractors

If in the opinion of the Chief Executive and the Director of Operations, or the Director with lead responsibility for clinical governance or the PHA's Centre of Procurement Expertise, it is impractical to use a potential contractor from the list of approved firms/individuals (for example where specialist services or skills are required and there are insufficient suitable potential contractors on the list), or where a list for whatever reason has not been prepared, the Chief Executive should ensure that appropriate checks are carried out as to the technical and financial capability of those firms that are invited to tender or quote.

An appropriate record in the contract file should be made of the reasons for inviting a tender or quote other than from an approved list.

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

**8.7.1 General Position on Quotations (Set out in detail in administrative schedule to the Standing Orders)** Quotations are required where formal tendering procedures are not adopted and where the intended expenditure or income exceeds, or is reasonably expected to exceed the current levels contained within the DHSSPS Mini-code Guidance.

#### 8.7.2 Competitive Quotations

- (a) Quotations should be obtained in accordance with the DHSS&PS Mini-code based on specifications or terms of reference prepared by, or on behalf of, the PHA;
- (b) Quotations should be in writing unless the Chief Executive or his nominated officer determines that it is impractical to do so in which case quotations may be obtained by telephone (only for order value up to and including £2,000). Confirmation of telephone quotations should be obtained as soon as possible and the reasons why the telephone quotation was obtained should be set out in a permanent record;
- (c) All quotations should be treated as confidential and should be retained for inspection; and
- (d) The Chief Executive or his nominated officer should evaluate the quotation and select the quote which gives the best value for money. If this is not the lowest quotation if payment is to be made by the PHA, or the highest if payment is to be received by the PHA, then the choice made and the reasons why should be recorded in a permanent record and held as evidence by the approving officer.



Where quotations are obtained without formal competition being sought approval must be given by the Chief Executive or his/her appointed Officer.

### 8.7.3 Quotations to be within Financial Limits

No quotation shall be accepted which will commit expenditure in excess of that which has been allocated by the PHA and which is not in accordance with Standing Financial Instructions except with the authorisation of either the Chief Executive or Director of Operations, supported by the Director of Finance (ref para 1.2.6).

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

8.8.1 Providing all the conditions and circumstances set out in these Standing Financial Instructions have been fully complied with, formal authorisation and awarding of a contract may be decided by the officers nominated in the Chief Executive's Scheme of Delegation at Appendix 1.

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

8.8.3 Formal authorisation must be put in writing. In the case of authorisation by the board this shall be recorded in their minutes.

8.8.4 Where the contract to be awarded is a multi-organisation or Regional Contract then the Chief Executive shall nominate in advance a PHA employee(s) to participate in the tender evaluation and adjudicate the contract on behalf of the Trust. In doing so the Chief Executive shall delegate authority to that officer(s) to award the contract on behalf of the PHA.

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

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

- (a) the PHA shall use the BSO PALs / Centre of Procurement Expertise (COPE) for procurement of all goods and services unless the Chief Executive or nominated officers deem it inappropriate. The decision to use alternative sources must be documented;
- (b) If the PHA does not use the PALs / COPE - where tenders or quotations are not required because expenditure is below **£2,000**, the PHA shall procure goods and services in accordance with procurement procedures approved by the Director of Operations.

**8.10 Private Finance for capital procurement (see overlap with SFI No. 14.2)**

The PHA should normally market-test for PFI (Private Finance Initiative funding) when considering a capital procurement. When the board proposes, or is required, to use finance provided by the private sector the following should apply:

- (a) The Chief Executive shall demonstrate that the use of private finance represents value for money and genuinely transfers risk to the private sector (HSC(F) 47/2015;
- (b) Where the sum exceeds delegated limits, a business case must be referred to the appropriate DHSSPS for approval or treated as per current guidelines;
- (c) The proposal must be specifically agreed by the board of the PHA; and
- (d) The selection of a contractor/finance company must be on the basis of competitive tendering or quotations.

**8.11 Compliance requirements for all contracts**

The board may only enter into contracts on behalf of the PHA within the statutory powers delegated to it by the Minister for HSSPS and shall comply with:

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

#### 8.12 **Agency Personnel (also refer to 11.3 on staff appointments)**

The Chief Executive shall nominate officers with relevant delegated budgetary authority to enter into contracts of employment with agency staff for temporary cover.

These engagements should follow the process set out by the Director of Human Resources (BSO) and unless a Single Tender Action is approved in advance by the Chief Executive, be within the terms of the current contract, (please also refer to SFI 11.3 regarding appointments prior to engaging staff).

#### 8.13 **Healthcare Services Agreements**

Service agreements with HSC providers for the supply of healthcare services shall be drawn up in accordance with the NHS and Community Care Act 1990 and administered by the PHA. Service agreements are not contracts in law and are not enforceable by the courts. However, a contract with an NHS Foundation Trust, being a PBC, is a legal document and is enforceable in law.

The Chief Executive shall nominate officers to commission service agreements with providers of healthcare in line with the joint commissioning plan approved by the board.

#### 8.14 **Disposals**

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

- (a) any matter in respect of which a fair price can be obtained only by negotiation or sale by auction as determined (or pre-determined in a reserve) by the Chief Executive or his/her nominated officer;
- (b) obsolete or condemned articles and stores, which may be disposed of in accordance with the supplies policy of the PHA;
- (c) items to be disposed of with an estimated sale value of less than £20,000, this figure to be reviewed on a periodic basis;
- (d) items arising from works of construction, demolition or site clearance, which should be dealt with in accordance with the relevant contract; and
- (e) land or buildings concerning which DHSSPS guidance has been issued but subject to compliance with such guidance.

## 8.15 **In-house Services**

- 8.15.1 The Chief Executive shall be responsible for ensuring that best value for money can be demonstrated for all services provided on an in-house basis. The PHA may also determine from time to time that in-house services should be market tested by competitive tendering.
- 8.15.2 In all cases where the board determines that in-house services should be subject to competitive tendering the following groups shall be set up:
- (a) Specification group, comprising the Chief Executive or nominated officer/s and specialist.
  - (b) In-house tender group, comprising a nominee of the Chief Executive and technical support.
- 8.15.3 All groups should work independently of each other and individual officers may be a member of more than one group but no member of the in-house tender group may participate in the evaluation of tenders.
- 8.15.4 The evaluation team shall make recommendations to the board.
- 8.15.5 The Chief Executive shall nominate an officer to oversee and manage the contract on behalf of the PHA.

## **9. HSC SERVICE AGREEMENTS FOR PROVISION OF SERVICES (See overlap with SFI No. 8.13 and 12.3)**

### **9.1 Service Level Agreements (SLAs) for internal HSC agreements or Contracts with 3<sup>rd</sup> Party organisations**

- 9.1.1 The Chief Executive, as the Accounting Officer, is responsible for ensuring the PHA enters into suitable agreements or contracts (Service Level Agreements SLA's) with service providers for the provision of Health and social care services.

All agreements or contracts should aim to implement the agreed priorities contained within the Joint Commissioning Plan and wherever possible, be based upon integrated care pathways to reflect expected patient experience, improving the Health and Wellbeing of the population and reducing inequalities . In discharging this responsibility, the Chief Executive should take into account:

- (a) promotion of Health and Wellbeing improvements;
- (b) promotion of the reduction of inequalities;
- (c) the standards of service quality expected;
- (d) the relevant service framework (if any);

- (e) the provision of reliable information on cost and volume of services;
- (f) the Performance Assessment Framework;
- (g) that agreements and contracts build where appropriate on existing Joint Investment Plans; and
- (h) that agreements and contracts are based on integrated care pathways.

## 9.2 **Involving Partners and Jointly Managed Risk**

A good SLA will result from a dialogue of clinicians, social workers, users, carers, public health professionals, AHPs and managers. It will reflect knowledge of local needs and inequalities. This will require the Chief Executive to ensure that the PHA works with all partner agencies involved in both the delivery and the commissioning of the service required. The SLA or Contract will apportion responsibility for handling a particular risk to the party or parties in the best position to influence the event and financial arrangements should reflect this. In this way the PHA can jointly manage risk with all interested parties. Due consideration, in all provider/purchaser arrangements, must be observed as the HSC moves toward a 'Patient/Client-led HSC'.

## 9.3 **A 'Patient/Client-led HSC and 'Local Commissioning''**

(Commissioning a Patient/Client-led HSC and Local Commissioning are being rolled out by the DHSSPS and full support and latest guidance may be accessed at <http://www.dhssps.gov.uk>).

## 9.4 **Reports to board on SLAs and Contracts**

The Chief Executive, as the Accounting Officer, will need to ensure that regular reports are provided to the board detailing actual and forecast expenditure against SLA 's and Contracts with the independent sector.

# 10. **JOINT COMMISSIONING**

## 10.1 **Role of the PHA in Commissioning Health and Care Services**

- 10.1.1 The PHA will work with the HSCB to jointly commission Health and Care services on behalf of the resident population. This will require the PHA to work in partnership with the HSCB, local HSC Trusts, users, carers and the voluntary sector to develop an annual Joint Commissioning Plan.

## 10.2 **Role of the Chief Executive**

- 10.2.1 The Chief Executive as the Accounting Officer has responsibility for ensuring Health and Care services are commissioned in accordance with the priorities agreed in the Joint Commissioning Plan. This will involve ensuring SLA s and contracts are put in place with the relevant providers, based upon integrated care pathways.
- 10.2.2 SLA s and Contracts will be the key means of delivering the objectives of the Priorities for Action and therefore they need to have a wider scope. The PHA Chief Executive will need to ensure that all SLA s and Contracts;
- (a) Promote Health and Wellbeing improvements;
  - (b) Actively promote the reduction of inequalities;
  - (c) Where appropriate build on existing Joint Investment Plans;
  - (d) Meet the standards of service quality expected;
  - (e) Fit the relevant service framework (if any);
  - (f) Enable the provision of reliable information on cost and volume of services;
  - (g) Fit the Performance Assessment Framework;
  - (h) Are based upon cost-effective services; and
  - (i) Are based on integrated care pathways.
- 10.2.3 The Chief Executive, as the Accounting Officer, will need to ensure that regular reports are provided to the board detailing actual and forecast expenditure and activity for each SLA and Contract.
- 10.2.4 Where the PHA makes arrangements for the provision of services by non-NHS providers it is the Chief Executive, as the Accounting Officer, who is responsible for ensuring that the agreements put in place have due regard to the quality and cost-effectiveness of services provided.
- 10.2.5 The role and function of the PHA means that it will have a high proportion of contracts and grant arrangements with a large number of non HSC organisations. All such contracts and grant arrangements must comply with the PHA process and standard documentation for commissioning with non HSC organisations.

### 10.3 **Role of Director of Finance (ref para 1.2.6)**

10.3.1 A system of financial monitoring must be maintained by the Director of Finance to ensure the effective accounting of expenditure under the SLA s and Contracts. This should provide a suitable audit trail for all payments made under the agreements, but maintains patient confidentiality.

## 11. **TERMS OF SERVICE, ALLOWANCES AND PAYMENT OF MEMBERS OF THE PHA BOARD AND EMPLOYEES OF THE PHA**

### 11.1 **Remuneration and Terms of Service (see overlap with SO No. 5)**

11.1.1 In accordance with Standing Orders the board shall establish a Remuneration and Terms of Service Committee, with clearly defined terms of reference, specifying which posts fall within its area of responsibility, its composition, and the arrangements for reporting.

11.1.2 The Committee will **(in areas not already specified by the Department)**:

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

11.1.3 The Committee shall report in writing to the board the basis for its recommendations. The board shall use the report as the basis for their decisions, but remain accountable for taking decisions on the remuneration and terms of service of officer members in matters not already directed by

the Department. Minutes of the board's meetings should record such decisions;

11.1.4 The board will consider and need to approve proposals presented by the Chief Executive for the setting of remuneration and conditions of service for those employees and officers not covered by either Departmental direction or by the Committee; and

11.1.5 The PHA will pay allowances to the Chairman and non-executive members of the board in accordance with instructions issued by the Minister and in line with DHSSPS circular guidance HSC(F) 10/2014.

## 11.2 **Funded Establishment**

11.2.1 The manpower plans incorporated within the annual budget will form the funded establishment.

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

11.2.3 The Finance Director will ensure that appropriate controls are in place to ensure the funded establishment is not exceeded without prior authority of the Chief Executive.

## 11.3 **Staff Appointments (also ref 8.12 Agency Staffing)**

11.3.1 No officer, Member of the board or PHA employee may engage new staff (either to vacancies or new posts), re-grade employees, or agree to changes in any aspect of remuneration, or hire agency staff (ref 8.12) either on a permanent or temporary basis:

(a) unless expressly authorised to do so by the Chief Executive or his/her nominated officer; and

(b) within the limit of their approved budget and funded establishment numbers as confirmed by the Director of Finance (ref para 1.2.6), who will review with reference to the overall Management and Administration budget set by the DHSSPS and staff establishment.

(c) The Director of Finance shall raise any issues regarding non-approval based on the terms set in 11.3.1 (b) with the Chief Executive.

(d) The introduction of electronic recruitment and approval processes shall not remove the requirements of 11.3.1 a – c.

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



11.3.3 In accordance with DHSSPS & HMRC guidance, staff will ensure that all individuals appointed to deliver services for PHA, regardless of type or duration of their appointment, are engaged using correct procedures. This covers staff directly recruited, employment agency appointments & other self-employed appointees, in accordance with DHSSPS circular reference HSC(F) 21/2014.

#### 11.4 **Processing Payroll**

11.4.1 The Director of Finance of the Business Services Organisation is responsible for:

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

11.4.2 The Director of Finance (Ref para 1.2.6) will agree and ensure the issue of instructions by the BSO regarding:

- (a) verification and documentation of data;
- (b) the timetable for receipt and preparation of payroll data and the payment of employees & non-executive appointees and allowances;
- (c) maintenance of subsidiary records for superannuation, income tax, social security and other authorised deductions from pay;
- (d) security and confidentiality of payroll information;
- (e) checks to be applied to completed payroll before and after payment;
- (f) authority to release payroll data under the provisions of the Data Protection Act;
- (g) methods of payment available to various categories of employee and officers;
- (h) procedures for payment by cheque, bank credit, or cash to employees and officers;
- (i) procedures for the recall of cheques and bank credits;
- (j) pay advances and their recovery;

- (k) maintenance of regular and independent reconciliation of pay control accounts;
  - (l) separation of duties of preparing records and handling cash; and
  - (m) a system to ensure the recovery from those leaving the employment of the PHA of sums of money and property due by them to the PHA.
- 11.4.3 Appropriately nominated managers have delegated responsibility for:
- (a) submitting manual or electronic time records, and other notifications in accordance with agreed timetables;
  - (b) completing time records and other notifications in accordance with the instructions and in the form prescribed by the Director of Finance of the BSO; and
  - (c) submitting manual or electronic termination forms in the prescribed form immediately upon knowing the effective date of an employee's or officer's resignation, termination or retirement. Where an employee fails to report for duty or to fulfill obligations in circumstances that suggest they have left without notice, the Director of Operations must be informed immediately.
- 11.4.4 Regardless of the arrangements for providing the payroll service, the Director of Operations, supported by the Director of Finance (ref para 1.2.6) of the HSCB, shall ensure that the chosen method is supported by appropriate (contracted) terms and conditions, adequate internal controls and audit review procedures and that suitable arrangement are made for the collection of payroll deductions and payment of these to appropriate bodies.
- 11.4.5 Payroll processing performance will be monitored by the Director of Finance (ref para 1.2.6) and set out within the SLA with the BSO.

## 11.5 **Contracts of Employment**

**The DHSSPS has directed that the processing of PHA payroll be outsourced to the Business Services Organisation.**

- 11.5.1 The board shall delegate responsibility to a nominated BSO officer (HR Director) for:
- (a) ensuring that all employees are issued with a Contract of Employment in a form approved by the board and which complies with employment legislation;
  - (b) dealing with variations to, or termination of, contracts of employment.

**The Director of Operations will ensure that there is an appropriate Service Level Agreement with the BSO and monitoring arrangements in place to ensure proper control systems are in place and operating effectively. This will provide the performance monitoring framework to be operated by the Director of Operations.**

## **12. NON-PAY EXPENDITURE (Procurement and Programme)**

### **12.1 Delegation of Authority**

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

12.1.2 The Chief Executive will set out:

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

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

### **12.2 Choice, Requisitioning, Ordering, Receipt and Payment for Goods and Services (see overlap with Standing Financial Instruction No. 8)**

#### **12.2.1 Requisitioning**

The requisitioner, in choosing the item to be supplied (or the service to be performed) shall always obtain the best value for money for the PHA. In so doing, the advice of the PHA's Centre of Procurement Expertise (BSO PALs) shall be sought. Requisitions should be placed using the E-Procurement system

#### **12.2.2 System of Payment and Payment Verification**

The Director of Finance of the BSO shall be responsible for the prompt payment of accounts and claims once appropriately authorised by PHA officers. Payment of contract invoices shall be in accordance with contract terms, or otherwise, in accordance with Public Sector Prompt Payment Policy.

12.2.3 The Director of Operations supported by the Director of Finance will through a Service Level Agreement and monitoring arrangements with the BSO:

- (a) advise the board regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; and, once approved, the thresholds should be incorporated in Standing Orders and Standing Financial Instructions and regularly reviewed;
- (b) prepare procedural instructions or guidance within the Scheme of Delegation on the obtaining of goods, works and services incorporating the thresholds;
- (c) be responsible for the prompt payment of all properly authorised accounts and claims;
- (d) be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable. The system shall provide for:
  - An electronic approval framework for the electronic authorising of invoices and requisitions/orders.

A list of board members/employees (including specimens of their signatures) authorised to approve expenditure.

- Certification either manually or electronically that:
  - goods have been duly received, examined and are in accordance with specification and the prices are correct;
  - work completed or services rendered have been satisfactorily carried out in accordance with the order, and, where applicable, the materials used are of the requisite standard and the charges are correct;
  - in the case of contracts based on the measurement of time, materials or expenses, the time charged is in accordance with the time sheets, the rates of labour are in accordance with the appropriate rates, the materials have been checked as regards quantity, quality, and price and the charges for the use of vehicles, plant and machinery have been examined;
  - where appropriate, the expenditure is in accordance with regulations and all necessary authorisations have been obtained;
  - the account is arithmetically correct; and
  - the account is in order for payment.
- A timetable and system for submission to the BSO Director of Finance of accounts for payment; provision shall be made for the early submission of accounts subject to cash discounts or otherwise requiring early payment; and

- Instructions to employees regarding the handling and payment of accounts within the BSO Finance Department.
- (e) be responsible for ensuring that payment for goods and services is only made once the goods and services are received. The only exceptions are set out in SFI No. 12.2.4 below.

#### 12.2.4 Prepayments

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

- (a) Prepayments are only permitted where the financial advantages outweigh the disadvantages (i.e. cash flows must be discounted to NPV using the National Loans Fund (NLF) rate plus 2%) and the intention is not to circumvent cash limits;
- (b) The appropriate officer member must provide, in the form of a written report, a case setting out all relevant circumstances of the purchase. The report must set out the effects on the PHA if the supplier is at some time during the course of the prepayment agreement unable to meet his commitments;
- (c) The Director of Operations will need to be satisfied with the proposed arrangements before contractual arrangements proceed (taking into account the EU public procurement rules where the contract is above a stipulated financial threshold); and
- (d) The budget holder is responsible for ensuring that all items due under a prepayment contract are received and they must immediately inform the appropriate Director or Chief Executive if problems are encountered. This may impact on the ability of the Agency to deliver breakeven if the goods/services which are expected are not delivered by 31 March each financial year.

#### 12.2.5 Official Orders

Official Orders either manual or electronic must:

- (a) be consecutively numbered;
- (b) be in a form approved by the PHA Director of Operations or the BSO Director of Operations on his behalf;
- (c) state the PHA's terms and conditions of trade; and
- (d) only be issued to, and used by, those duly authorised by the Chief Executive.

#### 12.2.6 Duties of Managers and Officers

Managers and officers acting for the PHA must ensure that they comply fully with the guidance and limits specified by the Director of Operations and that:

- (a) all contracts (except as otherwise provided for in the Scheme of Delegation), leases, tenancy agreements and other commitments which may result in a liability are notified to the Director of Operations in advance of any commitment being made;
- (b) contracts above specified thresholds are advertised and awarded in accordance with EU rules on public procurement;
- (c) where consultancy advice is being obtained, the procurement of such advice must be in accordance with DHSSPS "guidance on the Use of Professional Services relating to the Engagement of External Consultants" (HSC(F) 25/2012 and HSC(F) 47/2012 and the sharing of lessons learned from post project evaluation following the use of consultancy HSC(F) 51/2015.
- (d) no order shall be issued for any item or items to any firm which has made an offer of gifts, reward or benefit to directors or employees, other than:
  - isolated gifts of a trivial character or inexpensive seasonal gifts, such as calendars; or
  - conventional hospitality, such as lunches in the course of working visits;

**This provision needs to be read in conjunction with the Standing Order No 6 and the principles outlined in the PHA's policy on "Standards of Business Conduct for Staff and the Gifts and Hospitality Policy".**

- (e) no requisition/order is placed for any item or items for which there is no budget provision unless authorised by the Director of Operations on behalf of the Chief Executive;
- (f) all goods, services, or works are ordered on an official order via a requisition on the E-procurement system;
- (g) verbal orders must only be issued very exceptionally - by an employee designated by the Chief Executive and only in cases of emergency or urgent necessity. These must be confirmed by an official order and clearly marked "Confirmation Order";
- (h) orders must not split or otherwise placed in a manner devised so as to avoid the financial thresholds;

- (i) goods are not taken on trial or loan in circumstances that could commit the PHA to a future uncompetitive purchase;
  - (j) changes to the list of members/employees and officers authorised to certify invoices are notified to the BSO;
  - (k) purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Director of Operations; and
  - (l) petty cash records are maintained in a form as determined by the Director of Finance of the BSO.
- 12.2.7 The Chief Executive and Director of Finance (ref para 1.2.6) shall ensure that the arrangements for financial control and financial audit of building and engineering contracts and property transactions comply with the guidance contained within CONCODE and the Land transactions Handbook. The technical audit of these contracts shall be the responsibility of the relevant Director.
- 12.3 **Joint Finance Arrangements with HSC Organisations and Voluntary Bodies (see overlap with Standing Financial Instruction NO 9.1)**
- 12.3.1 Payments to HSC organisations and voluntary organisations **shall** comply with procedures laid down by the Director of Operations which shall be in accordance with DHSSPS guided best practice. See overlap with Standing Financial Instruction No 9.1)
- 12.4 **Grants and Service Level agreements with non-HSC organisations for Programme Expenditure**
- 12.4.1 Programme expenditure with non-HSC organisations for the provision of services to patients or clients shall, regardless of the source of funding, incorporate the principles set out in The Departmental Grants Manual, March 2005, issued by the DHSSPS.  
(Please refer to [www.DHSSPSNI.gov.uk](http://www.DHSSPSNI.gov.uk))
- 12.4.2 The Manual aims to provide a guide to best practice in the management and administration of grant making. It is a procedures manual, setting out the basic accountability requirements for grant making and giving guidance on how these may be met in practice.
- 12.4.3 There are five main principles that apply to the management and administration of grant making. These are:
- (a) **Regularity** - funds should be used for the authorised purpose;
  - (b) **Propriety** - funds should be distributed fairly, and free from undue influence;

- (c) **Value for Money** - funds should be used in a manner that minimises costs, maximises outputs and always achieves intended outcomes
  - (d) **Proportionate Effort** - resources consumed in managing the risks to achieve and demonstrate regularity, propriety and value for money should be proportionate to the likelihood and impact of the risks materialising and losses occurring.
  - (e) **Clarity of responsibility and accountability** - within partnership working arrangements there should be clear documented lines of responsibility and accountability of each partner involved. Those who delegate responsibility should ensure that there are suitable means of monitoring performance.
- 12.4.4 All such expenditure/agreements must be consistent with the Joint Commissioning Plan approved by the PHA at the outset of the year; approval of grants should be in line with the PHA's Scheme of Delegation.
- 12.4.5 The first payment should only be made on receipt of confirmation from the Organisation that the project is to commence within 6 weeks.
- 12.4.6 Subsequent payments must only be released upon receipt of satisfactory performance monitoring information.
- 12.4.7 All payments must be advised to BSO Finance department on a Programme Expenditure Authorisation (PEA) form authorised in accordance with the Scheme of Delegated Authority.
- 12.4.8 If performance monitoring is not satisfactory the PHA's 'Escalation Policy' should be referred to for action to be taken.
- 12.4.9 Any end of year non-delivery of services and resultant underspends must be promptly notified to the Finance department.
- 12.5 **HSC Organisations**
- 12.5.1 HSC organisations will normally be advised of approved increases to their budget via increases in Revenue Resource Limits. PHA staff will complete and authorise, in line with the Scheme of Delegated Authority, a Programme Expenditure Authorisation (PEA) form and forward to HSCB Finance Department for processing.

## 13. HSC FINANCIAL GUIDANCE

- 13.1.1 The Director of Operations should ensure that members of the board are aware of the extant finance guidance issued by DHSS&PS, (i.e. directions which the PHA must follow regarding resource and capital allocation and funding to HSC organisations.) and that this direction and guidance is followed by the PHA.



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

### **14.1 Capital Investment**

#### **14.1.1 The Chief Executive:**

- (a) shall ensure that there is an adequate appraisal and approval process in place for determining capital expenditure priorities and the effect of each proposal upon plans;
- (b) is responsible for the management of all stages of capital schemes and for ensuring that schemes are delivered on time and to cost;
- (c) shall ensure that the capital investment is not undertaken without confirmation of the availability of resources to finance all revenue consequences, including capital charges; and
- (d) is required to seek Department approval for:
  - All capital projects with expenditure of £50k and above (in accordance with the Capital Investment Manual and DHSSPS Circular HSS(F) 13/2006 and DAO(DFP) 06/05); and
  - All ICT projects with expenditure of £250k and above.

#### **14.1.2 For every capital expenditure proposal the Chief Executive shall ensure:**

- (a) that a business case commensurate to the level of investment and in line with the guidance contained within the *Capital Investment Manual* is produced setting out:
  - an option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to costs;
  - the involvement of appropriate PHA personnel and external agencies;
  - appropriate project management and control arrangements;
- (b) that the Director of Finance or nominated Deputy has certified professionally to the costs and revenue consequences detailed in the business case;
- (c) that all approvals for capital expenditure are in line with the PHA's Scheme of delegated authority;

- (d) that Departmental approval is obtained for projects costing more than the PHA's delegated limit for capital schemes currently £50k; and
  - (e) schemes requiring Departmental approval are re-submitted to the Department for re-consideration if any of the conditions specified in the Capital Investment Manual apply.
- 14.1.3 For capital schemes where the contracts stipulate stage payments, the Chief Executive will issue procedures for their management, incorporating the recommendations of the Land Transactions Handbook.
- 14.1.4 The Director of Finance shall assess on an annual basis the requirement for the operation of the construction industry tax deduction scheme in accordance with Inland Revenue guidance.
- 14.1.5 The Director of Operations agrees procedures with the Director of Finance for the regular reporting of expenditure and commitment against authorised expenditure, these procedures shall be issued within the PHA as appropriate.
- 14.1.6 The approval of a capital programme shall not constitute approval for expenditure on any scheme.

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

- (a) specific authority to commit expenditure;
- (b) authority to proceed to tender (see overlap with SFI No. 8.5); and
- (c) approval to accept a successful tender (see overlap with SFI No. 8.6).

The Chief Executive will issue a Scheme of delegation for capital investment management in accordance with the Land Transactions Handbook and the PHA's Standing Orders.

- 14.1.7 The Director of Operations, in conjunction with the Director of Finance (ref para 1.2.6) of the HSCB, shall issue procedures governing the financial management, including variations to contract, of capital investment projects and valuations for accounting purposes. These procedures shall fully take into account the current delegated limits for capital schemes (please refer to the PHA Standing Orders Administrative of Delegation 3.4.6).
- 14.2 **Private Finance (see overlap with SFI No. 8.10)**
- 14.2.1 The PHA should normally test for PFI when considering capital procurement. When the PHA proposes to use finance which is to be provided other than through its Allocations, the following procedures shall apply:

- (a) The Director of Operations, supported by the Director of Finance (ref para 1.2.6) shall demonstrate that the use of private finance represents value for money and genuinely transfers significant risk to the private sector;
- (b) Where the sum involved exceeds delegated limits, the business case must be referred to the DHSSPS or in line with any current guidelines; and
- (c) The proposal must be specifically agreed by the board.

### 14.3 HSC Organisations - Capital Proposals

- 14.3.1 The PHA is required to confirm that it supports relevant capital investment proposals from other HSC organisations at Strategic Context stage, above certain delegated limits. It must also state that it is prepared to remit its share of any revenue resource consequences resulting from the scheme.
- 14.3.2 Circular HSS(PDD) 4/95 directs that the Capital Accounting Manual (CAM) for Northern Ireland published (HSC(F) 63/2012) is to be implemented.
- 14.3.3 HSC organisations are required to obtain Departmental approval when costs are expected to exceed the following delegated limits or in accordance with circular HSC(F) 43/2014 where the delegated limit for office accommodation leases has been removed:
  - (a) All capital projects with expenditure of £500k and above (in accordance with the Capital Accounting Manual (HSC(F) 63/2012 and DHSSPS Circular HSS(F)13/06 and DAO(DFP) 06/05);
  - (b) All IM and IT projects with expenditure of £250k and above.
- 14.3.4 The circular states that “... *the commitment of Commissioners must be secured from Strategic Context stage, before much of the detailed planning work is undertaken, and re-affirmed throughout the process*”.
- 14.3.5 The Capital Accounting Manual requires confirmation of Commissioner support at each phase of the Business Case:
  - (a) the Strategic Context (SC);
  - (b) Outline Business Case (OBC); and
  - (c) Full Business Case (FBC).

**Approval shall be in line with the PHA’s Standing Orders Scheme of Delegation 3.4.6**

- 14.3.6 Consideration of HSC organisations capital proposals is to be undertaken by a Capital Investment Core Group consisting of officers from PHA and Finance enlarged as necessary to give consideration from both the care/treatment and business/finance perspectives.
- 14.3.7 Further guidance is provided in SOC Paper 166/95 dated 22 August 1995. The requirement for all potential schemes to be tested for viability of private financing shall be particularly noted. The provisions of the Capital Investment Manual are to be followed in all cases above the delegated limits for HSC organisations.

#### 14.4 **Asset Registers**

- 14.4.1 The Chief Executive is responsible for the maintenance of registers of assets, taking account of the advice of the Director of Finance (ref para 1.2.6) concerning the form of any register and the method of updating, and arranging for a physical check of assets against the asset register to be conducted once a year.
- 14.4.2 The Director of Finance of the BSO, on behalf of the PHA, shall maintain an asset register recording fixed assets on behalf of the PHA. The minimum data set to be held within these registers shall be as specified in the Capital Accounting Manual as issued by the DHSSPS.
- 14.4.3 Additions to the fixed asset register must be clearly identified to an appropriate budget holder and be validated by reference to:
- (a) properly authorised and approved agreements, architect's certificates, supplier's invoices and other documentary evidence in respect of purchases from third parties;
  - (b) stores, requisitions and wages records for own materials and labour including appropriate overheads; and
  - (c) lease agreements in respect of assets held under a finance lease and capitalised.
- 14.4.4 Where capital assets are sold, scrapped, lost or otherwise disposed of, their value must be removed from the accounting records and each disposal must be validated by reference to authorisation documents and invoices (where appropriate). Attention is drawn to the recent guidance on limiting the holdings of land & buildings to the minimum required for the performance of present and clearly foreseen responsibilities HSC(F) 40/2013.
- 14.4.5 The Director of Finance (ref Para 1.2.6) shall reconcile balances on fixed assets accounts in ledgers against balances on fixed asset registers and will monitor the BSO delivery of the Fixed Asset register and associated services.

14.4.6 The value of each asset shall be indexed to current values in accordance with methods specified in the Capital Accounting Manual (HSC (F) 63/2012) issued by the DHSSPS.

14.4.7 The value of each asset shall be depreciated using methods and rates as specified in the Capital Accounting Manual issued by the DHSSPS.

#### 14.5 **Security of Assets**

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

14.5.2 Asset control procedures (including fixed assets, cash, cheques and negotiable instruments, and also including donated assets) must be approved by the Director of Finance (ref para 1.2.6). This procedure shall make provision for:

- (a) recording managerial responsibility for each asset;
- (b) identification of additions and disposals;
- (c) identification of all repairs and maintenance expenses;
- (d) physical security of assets;
- (e) periodic verification of the existence of, condition of, and title to, assets recorded;
- (f) identification and reporting of all costs associated with the retention of an asset; and
- (g) reporting, recording and safekeeping of cash, cheques, and negotiable instruments.

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

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

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

14.5.6 Where practical, assets should be marked as PHA property.

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

### **15.1 General Position**

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

- (a) kept to a minimum;
- (b) subjected to annual stock take; and
- (c) valued at the lower of cost and net realizable value.

### **15.2 Control of Stores, Stocktaking, Condemnations and Disposal**

15.2.1 Subject to the responsibility of the Director of Operations for the systems of control, overall responsibility for the control of stores shall be delegated to an employee by the Chief Executive. The day-to-day responsibility may be delegated by him to departmental employees and stores managers/keepers, subject to such delegation being entered in a record available to the Director of Finance (ref para 1.2.6).

15.2.2 The responsibility for security arrangements and the custody of keys for any stores and locations shall be clearly defined in writing by the designated manager/officer. Wherever practicable, stocks should be marked as health service property.

15.2.3 The Director of Operations shall set out procedures and systems to regulate the stores including records for receipt of goods, issues, and returns to stores, and losses.

15.2.4 Stocktaking arrangements shall be agreed with the Director of Operations in conjunction with the Director of Finance (ref para 1.2.6) of the HSCB and there shall be a physical check covering all items in store at least once a year.

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

15.2.6 The designated Manager/officer shall be responsible for a system approved by the Director of Operations for a review of slow moving and obsolete items and for condemnation, disposal, and replacement of all unserviceable articles. The designated Officer shall report to the Director of Operations any evidence of significant overstocking and of any negligence or malpractice (see also overlap with SFI No. 16 Disposals and Condemnations, Losses and Special Payments). Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods.

15.3 **Goods supplied by Centres of Procurement Expertise (COPE) / HPSS Service Providers**

15.3.1 For goods supplied via COPE (BSO PALs) central warehouses, the Chief Executive shall identify those authorised electronically to requisition and accept goods from the store.

**16. DISPOSALS AND CONDEMNATIONS, LOSSES AND SPECIAL PAYMENTS**

**16.1 Disposals and Condemnations**

16.1.1 Procedures

The Director of Operations supported by the Director of Finance must prepare detailed procedures for the disposal of assets including condemnations, and ensure that these are notified to managers.

16.1.2 When it is decided to dispose of a PHA asset, the Head of Department or authorised deputy will determine and advise the Director of Finance via the Director of Operations of the estimated market value of the item, taking account of professional advice where appropriate.

16.1.3 All unserviceable articles shall be:

- (a) condemned or otherwise disposed of by an employee authorised for that purpose by the Director of Operations;
- (b) recorded by the Condemning Officer in a form approved by the Director of Finance which will indicate whether the articles are to be converted, destroyed or otherwise disposed of. All entries shall be confirmed by the countersignature of a second employee authorised for the purpose by the Director of Operations.

16.1.4 The Condemning Officer shall satisfy himself as to whether or not there is evidence of negligence in use and shall report any such evidence to the Director of Operations who will advise the Director of Finance (ref para 1.2.6) and take the appropriate action.

16.1.5 Heads of Department will be responsible for ensuring that all data held on assets for disposal are dealt with appropriately and securely.

**16.2 Losses and Special Payments**

16.2.1 Procedures

The Director of Finance (ref para 1.2.6) must prepare procedural instructions on the recording of and accounting for condemnations, losses,

and special payments, in line with the requirements of circular HSC(F) 50/2012.

- 16.2.2 Any employee or officer discovering or suspecting a loss of any kind must either immediately inform their Head of Department, who must immediately inform the Chief Executive and the Director of Operations, who will in turn inform the Director of Finance (ref para 1.2.6).

Where a criminal offence is suspected, the Director of Operations must immediately inform the police if theft or arson is involved. In cases of suspected fraud and corruption the officer should consult the PHA's Fraud Response Plan for further advice.

The Director of Operations, via the Fraud Liaison Service provided by the Director of Finance (HSCB), must notify the Counter Fraud and probity Service (CFPS, BSO), DHSS&PS Counter Fraud Policy Unit and the External Auditor of all frauds or thefts.

- 16.2.3 For losses apparently caused by theft, arson, neglect of duty or gross carelessness, except if trivial, the Director of Operations must immediately notify:

- (a) the board;
- (b) the Director of Finance; and
- (c) the External Auditor.

- 16.2.4 Within limits delegated to it by the DHSSPS, the board shall approve the writing-off of losses (Ref HSC (F) 50/2012).

- 16.2.5 The Director of Operations with the support of the Director of Finance (ref para 1.2.6) shall be authorised to take any necessary steps to safeguard the PHA's interests in bankruptcies and company liquidations.

- 16.2.6 For any loss, the Director of Operations should consider whether any insurance claim can be made.

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

- 16.2.8 No special payments exceeding delegated limits shall be made without the prior approval of the DHSSPS.

- 16.2.9 All losses and special payments must be reported to the Governance & Audit Committee at least once per annum.



## **17. INFORMATION TECHNOLOGY**

### **17.1 Responsibilities and duties of the Director of Operations**

The Director of Operations is responsible for the security of the computerised data of the PHA and shall:

- (a) devise and implement any necessary procedures to ensure adequate (reasonable) protection of the PHA's data, programs and computer hardware for which the Director is responsible from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard for the Data Protection Act 1998;
- (b) ensure that adequate (reasonable) controls exist over data entry, processing, storage, transmission and output to ensure security, privacy, accuracy, completeness, and timeliness of the data, as well as the efficient and effective operation of the system;
- (c) ensure that adequate controls exist such that the computer operation is separated from development, maintenance and amendment; and
- (d) ensure that an adequate management (audit) trail exists through the computerised system and that such computer audit reviews as the Director may consider necessary are being carried out.

17.1.2 The Director of Finance (ref para 1.2.6) is responsible for the accuracy of financial data and shall ensure that new financial systems and amendments to current financial systems have been developed in a controlled manner and thoroughly tested prior to implementation. Where this is undertaken by another organisation, assurances of adequacy must be obtained from them prior to implementation.

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

### **17.2 Responsibilities and duties of other Directors and Officers in relation to computer systems of a general application**

17.2.1 In the case of computer systems which are proposed General Applications all responsible directors and employees will send to the Director of Operations:

- (a) details of the outline design of the system;

- (b) in the case of packages acquired either from a commercial organisation, from the HSC, or from another public sector organisation, the operational requirement; and
- (c) a supporting business case.

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

The Director of Finance shall ensure that contracts for computer services for financial applications with another health organisation (e.g. HSCB or BSO) or any other agency shall clearly define the responsibility of all parties for the security, privacy, accuracy, completeness, and timeliness of data during processing, transmission and storage. The contract should also ensure rights of access for audit purposes.

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

### **17.4 Risk Assessment**

The Director responsible for ICT shall ensure that risks to the PHA arising from the use of IT are effectively identified and considered and appropriate action taken to mitigate or control risk. This shall include the preparation and testing of appropriate disaster recovery plans.

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

Where computer systems have an impact on corporate financial systems the Director of Finance shall need to be satisfied that:

- (a) systems acquisition, development and maintenance are in line with corporate policies such as an Information Technology Strategy;
- (b) data produced for use with financial systems is adequate, accurate, complete and timely, and that a management (audit) trail exists; and
- (c) such computer audit reviews as are considered necessary are being carried out.

**18. ACCEPTANCE OF GIFTS BY STAFF AND LINK TO STANDARDS OF BUSINESS CONDUCT (see overlap with SO No. 6 and SFI No. 12.2.6 (d))**

The Director of Operations shall ensure that all staff are made aware of the PHA policy on acceptance of gifts and other benefits in kind by staff available on CONNECT. This policy follows the guidance contained in DHSSPS circular guidance on gifts and hospitality, HSS(F) 49/2009 and is also deemed to be an integral part of these Standing Orders and Standing Financial Instructions.

**19. PAYMENTS TO INDEPENDENT CONTRACTORS**

**19.1 Role of the PHA**

The PHA will approve additions to, and deletions from, approved lists of contractors, taking into account the health needs of the local population, and the access to existing services. All applications and resignations received shall be dealt with equitably, within any time limits laid down in the contractor's HPSS terms and conditions of service.

**19.2 Duties of the Chief Executive**

The Chief Executive shall:

- (a) ensure that lists of all contractors, for which the PHA is responsible, are maintained in an up to date condition;
- (b) ensure that systems are in place to deal with applications, resignations, inspection of premises, etc, within the appropriate contractor's terms and conditions of service.

**19.3 Duties of the Director of Operations**

The Director of Operations shall:

- (a) ensure that contractors who are included on a PHA approved list receive payments;
- (b) maintain a system of payments such that all valid contractors' claims are paid promptly and correctly, and are supported by the appropriate documentation and signatures in accordance with the late payment of commercial debt regulations (HSC(F) 52/2013) ;
- (c) ensure that regular independent verification of claims is undertaken, to confirm that:
  - rules have been correctly and consistently applied;

- overpayments are detected (or preferably prevented) and recovery initiated in accordance with HSC(F) 50/2012 circular, Guidance on Losses and Special Payments, Appendix B “Recovery of Overpayments;
  - suspicions of possible fraud are identified and subsequently dealt with in line with DHSSPS Directions on the management of fraud and corruption.
- (d) ensure that arrangements are in place to identify contractors receiving exceptionally high, low or no payments, and highlight these for further investigation; and
- (e) ensure that a prompt response is made to any query raised by the Business Services Organisation, Counter Fraud and Probity Service regarding claims from contractors submitted directly to them.

## **20. RETENTION OF RECORDS**

- 20.1 The Chief Executive shall be responsible for maintaining archives for all records required to be retained in accordance with DHSSPS guidelines, Good Management, Good Records.
- 20.2 The records held in archives shall be capable of retrieval by authorised persons.
- 20.3 Records held in accordance with DHSSPS guidance shall only be destroyed at the express instigation of the Chief Executive. Detail shall be maintained of records so destroyed.

## **21. RISK MANAGEMENT AND INSURANCE**

### **21.1 Programme of Risk Management**

The Chief Executive shall ensure that the PHA has a programme of risk management, in accordance with current DHSSPS assurance framework requirements, which must be approved and monitored by the board.

The programme of risk management shall include:

- (a) a process for identifying and quantifying risks and potential liabilities;
- (b) engendering, among all levels of staff, a positive attitude towards the control of risk;
- (c) management processes to ensure all significant risks and potential liabilities are addressed including effective systems of internal control,

cost effective insurance cover, and decisions on the acceptable level of retained risk;

- (d) contingency plans to offset the impact of adverse events;
- (e) audit arrangements including; internal audit, clinical and social care audit, health and safety review;
- (f) a clear indication of which risks shall be insured;
- (g) arrangements to review the risk management programme.

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

## 21.2 **Insurance arrangements with commercial insurers**

21.2.1 There is a general prohibition on entering into insurance arrangements with commercial insurers. There are, however, **three exceptions** when HSC organisations may enter into insurance arrangements with commercial insurers. The exceptions are:

- (a) HSC organisations may enter commercial arrangements for **insuring motor vehicles** owned by the PHA including insuring third party liability arising from their use;
- (b) where the PHA is involved with a consortium in a **Private Finance Initiative** contract and the other consortium members require that commercial insurance arrangements are entered into; and
- (c) where **income generation activities** take place. Income generation activities should normally be insured against all risks using commercial insurance. If the income generation activity is also an activity normally carried out by the PHA for an HPSS purpose the activity may be covered in the risk pool. In any case of doubt concerning a PHA's powers to enter into commercial insurance arrangements the Finance Director should consult the DHSSPS.



**PUBLIC HEALTH AGENCY  
STANDING FINANCIAL INSTRUCTIONS**

**Reviewed and Revised Jan 2016**

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# STANDING FINANCIAL INSTRUCTIONS

## 1. INTRODUCTION

### 1.1 General

- 1.1.1 These Standing Financial Instructions (SFIs) are issued in accordance with the Financial Directions issued by the Department of Health, Social Services & Public Safety (DHSSPS) under the provisions of Governance, Resources and Accounts Act (NI) 2001 and the Audit and Accountability (NI) Order 2003, the for the regulation of the conduct of the Public Health Agency (PHA) in relation to all financial matters. They shall have effect as if incorporated in the Standing Orders (SOs) of the PHA.
- 1.1.2 These Standing Financial Instructions detail the financial responsibilities, policies and procedures adopted by the PHA. They are designed to ensure that the PHA's financial transactions are carried out in accordance with the law and with Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness. They should be used in conjunction with the Schedule of Decisions Reserved to the board and the Scheme of Delegation adopted by the PHA.
- 1.1.3 These Standing Financial Instructions identify the financial responsibilities which apply to everyone working for the PHA and its constituent organisations. They do not provide detailed procedural advice and should be read in conjunction with the detailed departmental and financial procedure notes. All financial procedures must be approved by the Director of Finance (ref para 1.2.6).
- 1.1.4 Should any difficulties arise regarding the interpretation or application of any of the Standing Financial Instructions then the advice of the Director of Finance **must be sought before acting**. The user of these Standing Financial Instructions should also be familiar with and comply with the provisions of the PHA's Standing Orders.
- 1.1.5 **The failure to comply with Standing Financial Instructions and Standing Orders can in certain circumstances be regarded as a disciplinary matter that could result in dismissal.**
- 1.1.6 Overriding Standing Financial Instructions  
If for any reason these Standing Financial Instructions are not complied with, full details and any justification for non-compliance along with the circumstances surrounding the non-compliance shall be reported to the next formal meeting of the Audit Committee for referring action or ratification. All members of the board and staff have a duty to disclose any non-compliance with these Standing Financial Instructions to the Director of Finance as soon as possible.

## 1.2 **Responsibilities and Delegation**

### 1.2.1 The Board of the PHA (board)

The board exercises financial supervision and control by:

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

1.2.2 The PHA has resolved that certain powers and decisions may only be exercised by the board in formal session. These are set out in the 'Matters Reserved to the board' document within Standing Orders.

1.2.3 The PHA will delegate responsibility for the performance of its functions in accordance with Standing Orders and the Schemes of Delegation documents adopted by the PHA.

### 1.2.4 The Chief Executive and Director of Finance (ref para 1.2.6)

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

Within the Standing Financial Instructions, it is acknowledged that the Chief Executive is ultimately accountable to the board, and as Accounting Officer, to the Minister for Health Social Services and Public Safety (HSSPS), for ensuring that the board meets its obligation to perform its functions within the available financial resources. The Chief Executive has overall executive responsibility for the PHA's activities; is responsible to the Chairman and the board for ensuring that its financial obligations and targets are met and has overall responsibility for the PHA's system of internal control.

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

### 1.2.6 The Director of Finance

The PHA employs the services of the HSCB Finance Department to deliver Financial Management, Accounts and Financial Assurance services through the Director of Finance (ref para 1.2.4) of the Health and Social Care Board.

In this regard the Director of Finance of the HSCB acts as the Director of Finance of the PHA and will support and provide Financial Advice to the Chief Executive and the board of the PHA.

Within this document where the Director of Finance is noted this should be read as the Director of Finance of the HSCB, unless specifically stated otherwise,

The Director of Finance is responsible for:

- (a) Implementing the PHA's financial policies and for coordinating any corrective action necessary to further these policies;
- (b) maintaining and advising the PHA on an effective system of internal financial control including ensuring that detailed financial procedures and systems incorporating the principles of separation of duties and internal checks are prepared, documented and maintained to supplement these instructions;
- (c) ensuring that the PHA maintains sufficient records to show and explain the PHA's transactions, in order to disclose, with reasonable accuracy, the financial position of the PHA at any time; and

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

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

### 1.2.7 Business Services Organisation

The DHSSPS has directed that a range of transactional financial services will be outsourced and delivered by the Business Services Organisation (BSO) on behalf of the PHA namely:

- (a) Banking Services (ref section 6);

- (b) Payroll Services (ref section 11);
- (c) Payment Services (ref section 12); and
- (d) Capital Asset Register (ref section 14).

Additionally Internal Audit, Procurement, Human Resources, Counter Fraud and Probity, Information Technology and Legal services are also delivered by the Business Services Organisation.

Where Financial services are delivered by the BSO the Director of Finance (ref para 1.2.6) will set out the arrangements within the PHA SLA with the BSO and monitor the delivery of these services on behalf of the PHA. With regard to other services provided by the BSO for the PHA the Director of Operations will set out the arrangements for these within the PHA SLA with the BSO and monitor the delivery of them.

#### 1.2.8 PHA board Members, Members and Employees

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

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

#### 1.2.9 Contractors and their employees

Any contractor (e.g. General Practitioner) or employee of a contractor who is empowered by the PHA to commit the PHA to expenditure or who is authorised to obtain income shall be covered by these instructions. It is the responsibility of the Chief Executive to ensure that such persons are made aware of this.

#### 1.2.10 Miscellaneous

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

## 2. **AUDIT**

## 2.1 **Audit Committee**

- 2.1.1 In accordance with Standing Orders and the Cabinet Office's guidance on Codes of Practice for Public Bodies (FD/DFP 03/06), the agency shall formally establish an Audit Committee, with clearly defined terms of reference and following guidance from the NHS Audit Committee Handbook (DAO (DFP) 07/07) which will provide an independent and objective view of internal control by:
- (a) overseeing Internal and External Audit services and the adequacy of management response to audit findings;
  - (b) reviewing financial and information systems and monitoring the integrity of the financial statements and reviewing significant financial reporting judgments;
  - (c) review the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of the organisation's activities (both clinical and non-clinical), that supports the achievement of the organisation's objectives;
  - (d) monitoring compliance with Standing Orders and Standing Financial Instructions;
  - (e) reviewing schedules of losses and compensations and making recommendations to the board;
  - (f) reviewing schedules of debtors/creditors balances over 6 months and £5,000 old and explanations/action plans;
  - (g) reviewing the information prepared to support the Assurance framework process prepared on behalf of the board and advising the board accordingly; and
  - (h) ensuring there is an effective Counter Fraud strategy in place/operation which is in line with DFP's guide "Managing the Risk of Fraud"
- 2.1.2 Where the Audit Committee considers there is evidence of ultra vires transactions, evidence of improper acts, or if there are other important matters that the Committee wishes to raise, the Chairman 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 DHSSPS (to the Director of Finance (ref. Para 1.2.6) in the first instance). All incidents of fraud must be reported consistent with DHSSPS policy.

2.1.3 It is the responsibility of the Director of Finance to ensure an adequate internal audit service is provided and the Audit Committee shall be involved in the selection process when/if an internal audit service provider is changed.

2.1.4 The Governance and Audit Committee shall carry out the functions of an Audit Committee as set out above along with other functions in relation to Governance as set out in the Standing Orders.

## 2.2 **Director of Finance and Director of Operations**

2.2.1 The Director of Finance is responsible for:

- (a) ensuring there are arrangements to review, evaluate and report on the effectiveness of internal financial control including the establishment of an effective Internal Audit function;
- (b) deciding at what stage to involve the police in cases of misappropriation and other irregularities not involving fraud or corruption;

2.2.2 The Director of Finance or designated auditors are entitled without necessarily giving prior notice to require and receive;

- (c) access to all records, documents and correspondence relating to any financial or other relevant transactions, including documents of a confidential nature;
- (d) access at all reasonable times to any land, premises or members of the board or employee of the PHA;
- (e) the production of any cash, stores or other property of the PHA under a member of the board or an employee's control; and
- (f) explanations concerning any matter under investigation.

2.2.3 The Director of Operations is responsible for ensuring there are arrangements to review, evaluate and report on the effectiveness of internal control, excluding internal financial control.

2.2.4 Jointly the Director of Finance and the Director of Operations are responsible for:

- (a) ensuring that the Internal Audit is adequate and meets the Public Sector Internal Audit Standards (PSIAS) in addition that it complies with circular HSS(F) 21/03 detailing Internal Audit arrangements between a sponsoring Department and its Non Departmental Public Bodies and circular HSS(F) 13/2007 on the model HPSS Financial Governance Documents.



- (b) ensuring that an annual internal audit report is prepared for the consideration of the Audit Committee and the PHA board.

The report must cover:

- a clear opinion on the effectiveness of internal control in accordance with current assurance framework guidance issued by the DHSSPS including for example compliance with control criteria and standards;
- major internal financial control weaknesses discovered;
- progress on the implementation of internal audit recommendations;
- progress against plan over the previous year;
- strategic audit plan covering the coming three years; and
- a detailed plan for the coming year.

## 2.3 **Role of Internal Audit**

2.3.1 Internal Audit will review, appraise and report upon:

- (a) the extent of compliance with and the financial effect of relevant established policies, plans and procedures;
- (b) the adequacy and application of financial and other related management controls;
- (c) the suitability of financial and other related management data;
- (d) the extent to which the PHA's assets and interests are accounted for and safeguarded from loss of any kind, arising from:
- fraud and other offences;
  - waste, extravagance, inefficient administration; and
  - poor value for money or other causes.
- (e) Internal Audit shall also independently verify the Assurance Framework statements in accordance with guidance from the DHSSPS.

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

- 2.3.3 The Chief Internal Auditor will normally attend Audit Committee meetings and has a right of access to all Audit Committee members, the Chairman and Chief Executive of the PHA.
- 2.3.4 The Chief Internal Auditor shall be accountable to the Director of Finance. The reporting system for Internal Audit shall be agreed between the Director of Finance (ref para 1.2.6), the Director of Operations, the Audit Committee and the Chief Internal Auditor. The agreement shall be in writing and shall comply with the guidance on reporting contained in the Public Sector Internal Audit Standards (PSIAS). The reporting system shall be reviewed at least every 3 years.

The reporting system for Internal Audit shall be as follows:

- (a) An urgent interim report is to be made orally or in writing to alert management to the need to take immediate action to correct a serious weakness in performance or control or whether there are reasonable grounds for suspicion of malpractice;
- (b) Interim reports may also be made where it is necessary to make a significant change in the scope of the assignment or where it is desirable to inform management of progress;
- (c) At the end of the audit a meeting will be arranged between Internal Audit, Director of Operations and the appropriate Director/Manager from the area being audited to review the report. The Director of Finance (or nominated persons) will attend in all audits relating to finance;
- (d) On completion of an audit a draft report will be sent by the Chief Internal Auditor to the Director of Finance, the Director of Operations and the Director/Manager with direct responsibility for the areas being audited and who has the authority to take action on audit recommendations;
- (e) The Director or Manager who has authority to take action on the recommendations will draft an appropriate and acceptable management response to address or reject the recommendations in a timeline agreed initially with the Director of Operations;
- (f) This management response will be sent to the Director of Operations for review and onward transmission to the Chief Internal Auditor to enable a final report to be issued;
- (g) The final report will be issued to the Chief Executive, the Director of Finance the Director of Operations, the Assistant Director of Planning & Operational Services and the appropriate Director/ Manager in the area being audited;

- (h) An action plan will be prepared and issued to all relevant parties. This action plan will include deadlines for action to be taken and review dates to ensure action has been taken. Action plans will be held on file for review and presentation to the audit committee; and
- (i) The final internal audit reports with management responses must be submitted to the Audit Committee for consideration.
- (j) Revised descriptors have been issued as per circular guidance (HSC(F) 32/2013) ,which should be used to describe internal audit findings and when providing their overall opinion at Year-end. The descriptors are Substantial, Satisfactory, Limited and Unacceptable.

## 2.4 External Audit

- 2.4.1 The Northern Ireland Comptroller and Auditor General is the appointed External Auditor of the PHA, who may outsource the External Audit programme to appropriately qualified private sector organisations. The External Auditor is paid for by the PHA. The Audit Committee must ensure a cost-efficient service.
- 2.4.2 If there are any problems relating to the service provided by an outsourced External Auditor, then this should be raised with the External Auditor and referred on to the NIAO if the issue cannot be resolved. The Director of Finance (ref para 1.2.6) will notify the board of any such instances.
- 2.4.3 Value for Money Audit work is directed by the nominated DHSSPS Senior Officer. The PHA shall be funded for 100% of each study done in the PHA and of any later work to follow-up completed studies.

## 2.5 Fraud and Corruption

- 2.5.1 In line with their responsibilities, the PHA Chief Executive and Director of Finance (ref para 1.2.6) shall monitor and ensure compliance with Directions issued by the DHSSPS Counter Fraud Policy Unit on fraud and corruption.
- 2.5.2 The Director of Finance of the HSCB shall nominate a Fraud Liaison Officer, as specified by the DHSSPS Counter Fraud Policy and Guidance, to provide specialist advice and support to the Chief Executive and Director of Operations of the PHA in fulfilling these duties.
- 2.5.3 The Fraud Liaison Officer of the HSCB shall periodically report to the PHA Director of Operations and shall work, on behalf of the PHA, with staff in the Counter Fraud and Regional Counter Fraud Unit at the BSO and the Regional Counter Fraud Policy Unit in accordance with the DHSSPS Counter Fraud Policy.

2.5.4 The Fraud Liaison Officer will provide written reports to the PHA's Governance and Audit Committee, on counter fraud work within and on behalf of the PHA.

## 2.6 **Security Management**

2.6.1 In line with his responsibilities, the PHA Chief Executive will monitor and ensure compliance with any Directions issued by the Minister on HSC security management.

## 3. **RESOURCE LIMIT CONTROL**

### 3.1 **Resource Limit Control**

3.1.1 The PHA is required by statutory provisions not to exceed Cash and Resource Limits, with a further requirement to declare all in-year easements to the DHSSPS. The Chief Executive has overall executive responsibility for the PHA's activities and is responsible to the PHA for ensuring that it stays within these limits and any in-year or cumulative deficits are eliminated.

3.1.2 The definition of use of resources is set out in RAB directions on use of resources which are available in the DHSSPS Finance Manual.

3.1.3 Any sums received on behalf of the Minister for HSSPS are treated as sums received by the PHA.

3.1.4 The Director of Finance (ref para 1.2.6) will:

- (a) provide monthly reports in the form required by the DHSSPS;
- (b) ensure money drawn from the DHSSPS against Cash limit, by the BSO on the PHA's behalf, is required for approved expenditure only, and is drawn only at the time of need, follows best practice as set out in 'Cash Management in the NHS';
- (c) be responsible for ensuring that an adequate system of monitoring financial performance is in place to enable the PHA to fulfill its statutory responsibility not to exceed its Annual Revenue and Capital Resource Limits and Cash limit; and
- (d) be responsible for advising the Chief Executive on any operational financial risk for the register and ensure that the Chief Executive and Agency Management Team are advised of potential financial problems to ensure timely action is taken so that Departmental Expenditure limits are not breached.

3.1.5 The Agency Management Team shall ensure that adequate information is provided in a timely way to the Director of Finance (ref para 1.2.6) to enable reliable financial projections to be made, and necessary advice provided to the Chief Executive on any financial risk to the break-even position.

### **3.2 Promoting Financial Stability**

3.2.1 The PHA has an obligation, with all other HSC Organisations, to contain expenditure within the resources available. Deficits should not be allowed to develop, and where they do threaten to arise, the PHA, as a commissioner, must, in partnership with the HSCB and providers, agree appropriate contingency and/or recovery arrangements are put in place.

3.2.2 The principles set out in circular HSS(F) 29/2000, "Promoting Financial Stability within HPSS Organisations" must be adhered to. In particular, no service developments should be initiated without the prior securing of recurrent funding from the DHSSPS

## **4. ALLOCATIONS, FINANCIAL STRATEGY, JOINT COMMISSIONING PLAN BUDGETS, BUDGETARY CONTROL AND MONITORING**

### **4.1 Allocations**

4.1.1 The Director of Operations will periodically review the basis and assumptions used for distributing allocations and ensure that these are reasonable and realistic and secure the PHA's entitlement to funds;

4.1.2 The Director of Finance will:

- (a) prior to the start of each financial year submit to the PHA for approval a Financial Plan showing the total allocations received and their proposed distribution including any sums to be held in reserve;
- (b) regularly update the PHA on significant changes to the initial allocation and the uses of such funds.

### **4.2 Preparation and Approval of Joint Commissioning Plans and Budgets**

4.2.1 The Chief Executive of the Health and Social Care Board (HSCB) will compile a Joint Commissioning Plan in conjunction with the PHA which takes into account financial targets and forecast limits of available resources. The Joint Commissioning Plan will be presented to the boards of both the HSCB and the PHA by their respective Chief Executives for approval by both organisations before it is submitted to the DHSSPS. The Joint Commissioning Plan will contain:

- (a) a statement of the significant assumptions on which the plan is based including a proposed deployment of resources across care programmes for the following period;

- (b) details of major changes in workload, delivery of services and resources required to achieve the plan.
- 4.2.2 Prior to the start of the financial year the Director of Finance (ref para 1.2.6) will, on behalf of the Chief Executive, prepare and submit budgets for approval by the board. Such budgets will:
  - (a) be in accordance with the aims and objectives set out in the Joint Commissioning Plan;
  - (b) be in accordance with the PHA aims and objectives set out in its Corporate Strategy and Business Plans;
  - (c) accord with workload and manpower plans;
  - (d) be produced following discussion with other relevant HSC Organisations;
  - (e) be prepared within the limits of available funds; and
  - (f) identify potential risks.
- 4.2.3 The Director of Finance shall monitor financial performance against budget and plan, periodically review them, and report to the board.
- 4.2.4 All Budget Holders must ensure that the necessary Business Case preparation and approvals, for expenditure decisions, have been obtained at Departmental level **before** committing to recurrent revenue expenditure in new service commissioning or to support any other proposed investment e.g. ICT. Failure to obtain the required approvals will mean that the expenditure has been incurred without the required authority and is a serious matter. Budget Holders should refer to the latest guidance on proportionate effort in respect of completing business cases (HSC (F) 46/2013) and the NI Guide on Expenditure Appraisal and Evaluation.
- 4.2.5 All HSC Organisations/providers and PHA budget holders must provide information as required by the Director of Finance to enable budgets to be compiled.
- 4.2.6 The Director of Finance has a responsibility to ensure that adequate training is delivered on an on-going basis to budget holders to help them manage their budgets effectively.
- 4.3 **Budgetary Delegating within the PHA**
  - 4.3.1 The Chief Executive may delegate the management of a budget to permit the performance of a defined range of activities. This delegation must be in writing and be accompanied by a clear definition of:
    - (a) the amount of the budget;

- (b) the purpose(s) of each budget heading;
  - (c) individual and group responsibilities;
  - (d) authority to exercise virement only within total Revenue or total Capital (non virement between revenue and capital);
  - (e) achievement of planned levels of service;
  - (f) the provision of regular reports; and
  - (g) processes for securing management approval, authorisation and performance reporting.
- 4.3.2 The Chief Executive and delegated budget holders must not exceed the budgetary total or virement limits set by the board.
- 4.3.3 Any budgeted funds not required for their designated purpose(s) revert to the immediate control of the Chief Executive, subject to any authorised use of virement. Where DHSSPS resources allocated for a particular purpose are not required or not required in full, for that purpose, they must be returned to the Department for potential redistribution.
- 4.3.4 Non-recurring budgets should not be used to finance recurring expenditure without the authority in writing of the Chief Executive, as advised by the Director of Finance (ref para 1.2.6).
- 4.3.5 All Budget Holders are required to regularly review all projected expenditure and identify to the Director of Finance on a timely basis, where inescapable expenditure has the potential to breach their delegated budget.
- 4.4 **Budgetary Control and Reporting within the PHA**
- 4.4.1 The Director of Finance (ref para 1.2.6) will devise and maintain systems of budgetary control. These will include:
- (a) monthly financial reports to the board in a form approved by the board containing:
    - income and expenditure to date showing trends and forecast year-end position;
    - capital project spend and projected outturn against plan based on information received from the Director of Operations;
    - explanations of any material variances from plan;
    - details of any corrective action where
    - Chief Executive's and Director of Finance's views of whether such actions are sufficient to correct the situation.

- (b) the issue of timely, accurate and comprehensible advice and financial reports to each budget holder, covering the areas for which they are responsible;
- (c) investigation and reporting of variances from financial, workload and manpower budgets;
- (d) monitoring of management action to correct variances;
- (e) arrangements for the authorisation of in-year budget transfers.

4.4.2 Each Budget Holder is responsible for ensuring that:

- (a) any likely overspending or reduction of income which cannot be met by virement is not incurred without the prior consent of the board or its delegated representative;
- (b) the amount provided in the approved budget is not used in whole or in part for any purpose other than that specifically authorised subject to the rules of virement;
- (c) no permanent employees are appointed without the approval of the Chief Executive and the Director of Finance, or his/her delegated representative, other than those provided for within the available resources and manpower establishment as approved by the board;
- (d) Early indications of slippage against budget and projections are reported to the Director of Finance and the Director of Operations;
- (e) Re-utilisation of slippage amounts must be within the Agency Management Team and PHA board approved areas (the Agency Management Team and board will discuss and agree priorities periodically and advise budget holders). This may mean that all slippage generated is returned to the centre for a corporate decision on deployment or return to the DHSSPS; and
- (f) Attending such training identified as necessary by the Director of Finance

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

#### 4.5 **Capital Expenditure**

4.5.1 The general rules applying to delegation and reporting shall also apply to capital expenditure. The particular applications relating to capital are contained in SFI 14 together with the provisions of the Capital Accounting Manual(Ref HSC (F) 63/2012)



#### 4.6 **Monitoring Returns**

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

### 5. **ANNUAL ACCOUNTS AND REPORTS**

- 5.1 The Director of Finance (ref para 1.2.6) on behalf of the PHA, will:
- (a) prepare financial returns in accordance with the accounting policies and guidance given by the DHSSPS and the Treasury, the PHA's accounting policies, and generally accepted accounting practice;
  - (b) prepare and submit annual financial reports to the DHSSPS certified in accordance with current guidelines; and
  - (c) submit financial returns to the DHSSPS for each financial year in accordance with the timetable prescribed by the DHSSPS.
- 5.2 The PHA's annual accounts and annual report must be audited by an auditor appointed by the NIAO. The PHA's audited annual accounts and annual report must be presented to a public meeting and made available to the public after laying before the NI Assembly. . This document must comply with the DHSSPS' manual for Accounts.

### 6. **BANK ACCOUNTS**

#### 6.1 **General**

- 6.1.1 The Director of Finance (ref para 1.2.6) is responsible for setting clarity of roles and responsibilities within the BSO SLA in respect of managing the PHA's banking arrangements, and for advising the PHA on the provision of banking services and operation of accounts. This advice will take into account guidance/Directions issued from time to time by the DHSSPS.
- 6.1.2 The board shall approve the banking arrangements.

#### 6.2 **Banking Procedures**

- 6.2.1 The Director of Finance (ref para 1.2.6) will prepare detailed instructions to advise the Business Services Organisation on the operation of bank accounts which must include:
- (a) the conditions under which each bank account is to be operated;
  - (b) those authorised to sign cheques or other orders drawn on the PHA's accounts; and

- (c) the limit to be applied to any overdraft.
- 6.2.2 The Director of Finance must advise the PHA's bankers in writing of the conditions under which each account will be operated.
- 6.3 **Bank Accounts**
- 6.3.1 The Director of Finance of the Business Services Organisation (BSO) is responsible for:
- (a) bank accounts;
  - (b) establishing separate bank accounts for the PHA's non-public funds;
  - (c) ensuring payments made from bank accounts do not exceed the amount credited to the account except where arrangements have been made;
  - (d) reporting to the board all arrangements made with the PHA's bankers for accounts to be overdrawn; and
  - (e) monitoring compliance with DHSSPS guidance on the level of cleared funds.
- 6.4 **Tendering and Review**
- 6.4.1 The Director of Finance will review the commercial banking arrangements of the PHA at regular intervals to ensure they reflect best practice and represent best value for money by periodically seeking competitive tenders for the PHA's commercial banking business, in co-operation with other HSC organisations. The PHA should avail of the regional banking contract, unless in exceptional circumstances.
- 6.4.2 Competitive tenders for HSC banking business should be sought at least every 5 years or extended period as agreed by the PHA. The results of the tendering exercise should be reported to the board.

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

### **7.1 Income Systems**

- 7.1.1 The Director of Finance of the Business Services Organisation is responsible for designing, maintaining and ensuring compliance with systems for the proper recording, invoicing, collection and coding of all monies due, including HSC transactions.

7.1.2 The Director of Finance of the Business Services Organisation is also responsible for ensuring that the BSO complies with the prompt banking of all monies received.

7.1.3 Performance against 7.1.1 and 7.1.2 will be monitored by the Director of Finance (ref para 1.2.6) and set out within the SLA with the BSO.

## 7.2 Fees and Charges

7.2.1 The Director of Finance (ref para 1.2.6) is responsible for approving and regularly reviewing the level of all fees and charges other than those determined by the DHSSPS or by Statute. Independent professional advice on matters of valuation shall be taken as necessary. Where sponsorship income (including items in kind such as subsidised goods or loans of equipment) is considered the guidance in the DHSSPS's Commercial Sponsorship - Ethical standards in the HSC shall be followed.

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

## 7.3 Debt Recovery

7.3.1 The Director of Finance is responsible for ensuring the Business Services Organisation completes the appropriate recovery action on all outstanding debts.

7.3.2 Income not received should be advised to the Director of Finance (ref para 1.2.6) and be dealt with in accordance with losses procedures and guidance issued by DHSSPS circular HSC(F) 50/2012.

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

## 7.4 Security of Cash, Cheques and other Negotiable Instruments

7.4.1 The Director of Finance of the Business Services Organisation is responsible for:

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

- (d) prescribing systems and procedures for handling cash and negotiable securities on behalf of the PHA.
- 7.4.2 Public Funds shall not under any circumstances be used for the encashment of private cheques or IOUs.
- 7.4.3 All cheques, postal orders, cash etc., shall be banked intact. Disbursements shall not be made from cash received, except under arrangements approved by the Director of Finance (ref para 1.2.6).
- 7.4.4 The holders of safe keys shall not accept unofficial funds for depositing in their safes unless such deposits are in special sealed envelopes or locked containers. It shall be made clear to the depositors that the PHA is not to be held liable for any loss, and written indemnities must be obtained from the organisation or individuals absolving the PHA from responsibility for any loss.
- 7.4.5 Any shortfall in cash, cheques or other negotiable instruments must be reported to the Director of Finance or Fraud Liaison Officer as soon as it is discovered.

## **8. TENDERING AND CONTRACTING PROCEDURE**

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

The procedure for making all contracts by or on behalf of the PHA shall comply with these Standing Orders and Standing Financial Instructions (except where Standing Order No. 5.2.19 Suspension of Standing Orders is applied).

### **8.2 Northern Ireland Public Procurement Policy, EU Directives Governing Public Procurement and DHSSPS Mini-Code Guidance.**

Northern Ireland Public Procurement Policy, Directives by the Council of the European Union and Guidance on procurement matters promulgated by the DHSSPS prescribing procedures for awarding all forms of contracts shall have effect as if incorporated in these Standing Orders and Standing Financial Instructions.

### **8.3 Reverse e-Auctions**

The PHA should follow extant guidance on the conduct of all tendering activity carried out through Reverse e-Auctions. For further guidance on Reverse e-Auctions refer to the PHA's Centre of Procurement Expertise (BSO PaLS).

#### 8.4 **Capital Investment Manual and other DHSSPS Guidance**

The PHA shall comply as far as is practicable with the requirements of the DHSSPS "Capital Investment Manual", CONCODE and liaise with Health Estates department in respect of capital investment and estate and property transactions. In the case of external management consultancy contracts the PHA shall comply with DHSSPS guidance on the Use of Professional Services as set out in HSC (F) 25/2012 and HSC (F) 47/2012.

#### 8.5 **Formal Competitive Tendering**

##### 8.5.1 General Applicability

The PHA shall ensure that competitive tenders are invited for:

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

##### 8.5.2 Health Care Services

Where the PHA elects to invite tenders for the supply of healthcare services these Standing Orders and Standing Financial Instructions shall apply as far as they are applicable to the tendering procedure and need to be read in conjunction with Standing Financial Instruction No. 8 and No. 9. In all cases the PHA must comply with the requirements of the Public Contract Regulations 2006 in respect of the disbursement of funds and/or grant aid to the voluntary sector and discharge its duties to ensure that such monies, where used for procurement purposes, comply with the relevant requirements of the Public Contracts Regulations 2006.

##### 8.5.3 **Exceptions and instances where formal tendering need not be applied (HSC (F) 05/2012)**

It is always advised to review procedures on CONNECT and seek clarification with BSO PALs prior to placing an order however;

Formal publicly advertised tendering procedures **need not be applied** (ref Standing Orders Administrative Scheme of Delegation 3.4.7) where:

- (a) the estimated expenditure or income does not, or is not reasonably expected to, exceed **£30,000**; or

- (b) where the supply is proposed under special arrangements negotiated by the DHSSPS in which event the said special arrangements must be complied with;
  - (c) regarding disposals as set out in Standing Financial Instructions No.16;
- 8.5.4 Direct Award Contracts (DAC) encompassing Single Tender Actions / Waiving of Competition above £5,000
- Guidance has been issued from DHSSPS in the form of circular HSC(F) 05/2012 stating that any proposal which will not be subject to competition must be forwarded to the PHA's Centre of Procurement Expertise (COPE), which is BSO PALs for goods and services, for advice and agreement before it may be approved by the Chief Executive. This requirement is regardless of whether the actual purchasing is being conducted by PALs.
- 8.5.5 The case setting out why the Single Tender Action (DAC) is required must be presented by management to BSO PALs. After review PALs will provide a Red, Amber, Green (RAG) rating, this will then be considered by the Chief Executive for approval. It should be noted that procurement may not proceed until the Chief Executive has formally approved.
- 8.5.6 In addition this process also covers procurement with sole suppliers and contract extensions which are outside the options originally specified in the original contract.
- 8.5.7 Officers should liaise with the Director of Operations prior to procurement to ensure latest DFP and DHSSPS procurement guidance is compiled with.
- 8.5.8 Clear documented evidence must be retained and this should be forwarded to the Director of Operations or central retention, as well as reported to the Governance & Audit Committee.
- 8.5.9 The Regulatory Framework surrounding public procurement allows, in certain circumstances, single tender actions. Please refer to Public Contracts Regulations 2006 and amending regulations 2009 and 2011 circular HSC(F) 05/2012. The exceptions quoted are within a very few, narrowly defined parameters.
- 8.5.10 Please refer to the PHA's Standing Order's Administrative Schemes of Delegation 3.4.7 for financial limits and tendering requirements.
- 8.5.11 List of Approved Firms

The PHA shall ensure that the firms/individuals invited to tender (and where appropriate, quote) are among those on approved lists. Where in the opinion of the Director of Operations it is desirable to seek tenders from firms not on

the approved lists, the reason shall be recorded in writing to the Chief Executive (see SFI 8.6.8 List of Approved Firms).

#### 8.5.12 Building and Engineering Construction Works

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

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

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

### 8.6 **Contracting/Tendering Procedure**

#### 8.6.1 Invitation to Tender

- (a) All invitations to tender shall clearly state the closing date and time for the receipt of tenders. As per DHSSPS circular guidance (HSC(F) 62/2013) involvement of incumbent suppliers in the preparation of procurement competition should be carefully controlled and avoided where possible;
- (b) All invitations to tender shall state that no tender will be accepted unless:
  - submitted in a plain sealed package or envelope bearing a pre-printed label supplied by the PHA (or the word "tender" followed by the subject to which it related) and be received before the closing date and time for the receipt of such tender addressed to the Chief Executive or nominated Manager;
  - that tender envelopes/packages shall not bear any names or marks indicating the sender. The use of courier/postal services must not identify the sender on the envelope or on any receipt so required by the deliverer.

OR

Where an e-tendering system is in use shall not be accessible by any means until after the appointed date and time of closing and only then by appropriately authorised personnel.

- (c) Every tender for goods, materials, services or disposals shall embody such of the HSC Standard Contract Conditions as are applicable; and

- (d) Every tender for building or engineering works (except for maintenance work, when Estmancode guidance shall be followed) shall embody or be in the terms of the current edition of one of the Joint Contracts Tribunal Standard Forms of Building Contract or Department of the Environment (GC/Wks) Standard forms of contract amended to comply with Concode; or, when the content of the work is primarily engineering, the General Conditions of Contract recommended by the Institution of Mechanical and Electrical Engineers and the Association of Consulting Engineers (Form A), or (in the case of civil engineering work) the General Conditions of Contract recommended by the Institute of Civil Engineers, the Association of Consulting Engineers and the Federation of Civil Engineering Contractors. These documents shall be modified and/or amplified to accord with DHSSPS guidance and, in minor respects, to cover special features of individual projects.

#### 8.6.2 Receipt and safe custody of tenders

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

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

OR

Where an e-tendering system is in use the electronic files shall be held in a secure electronic environment until time of opening has passed at which point the system shall release the files for access by appropriately authorised personnel.

#### 8.6.3 Opening tenders and Register of tenders

The PHA would expect the Planning and Logistics Service (PALs) of the BSO would undertake the following on its behalf.

- (a) As soon as practicable after the date and time stated as being the latest time for the receipt of tenders, they shall be opened by two senior officers/managers designated by the Chief Executive and not from the originating department;
- (b) Where services are to be provided by a Centre of Procurement Expertise (CoPE) it will be the responsibility of the CoPE to ensure that appropriate personnel from the CoPE are present at tender opening;



- (c) The rules relating to the opening of tenders will need to be read in conjunction with any delegated authority set out in the PHA's Schemes of Delegation;
- (d) The 'originating' Department will be taken to mean the Department sponsoring or commissioning the tender;
- (e) The involvement of HSCB Finance Directorate staff in the preparation of a tender proposal will not preclude the Director of Finance (ref para 1.2.6) or any approved Senior Manager from the Finance Directorate from serving as one of the two senior managers to open tenders;
- (f) All Executive Directors/members will be authorised to open tenders regardless of whether they are from the originating department provided that the other authorised person opening the tenders with them is not from the originating department.

The PHA's Company Secretary will count as a Director for the purposes of opening tenders;

- (g) Every tender received shall be marked with the date of opening and initialed by those present at the opening;
- (h) A register shall be maintained by the Chief Executive, or a person authorised by him, to show for each set of competitive tender invitations dispatched:
  - the name of all firms/ individuals invited;
  - the names of firms/ individuals from which tenders have been received;
  - the date the tenders were opened;
  - the persons present at the opening;
  - the price shown on each tender;
  - a note where price alterations have been made on the tender.

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

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

- (i) Incomplete tenders, i.e. those from which information necessary for the adjudication of the tender is missing, and amended tenders i.e., those amended by the tenderer upon his own initiative either orally or in writing after the due time for receipt, but prior to the opening of other

tenders, should be dealt with in the same way as late tenders.  
(Standing Order No. 17.6.5).

#### 8.6.4 Admissibility

- (a) If for any reason the designated officers are of the opinion that the tenders received are not strictly competitive (for example, because their numbers are insufficient or any are amended, incomplete or qualified) no contract shall be awarded without the approval of the Chief Executive;
- (b) Where only one tender is sought and/or received, the Chief Executive, Director of Finance (ref para 1.2.6) and the Director of Operations, shall, as far practicable, ensure that the price to be paid is fair and reasonable and will ensure value for money for the PHA.

#### 8.6.5 Late Tenders

- (a) Tenders received after the due time and date, but prior to the opening of the other tenders, may be considered only if the Chief Executive or his nominated officer decides that there are exceptional circumstances i.e. dispatched in good time but delayed through no fault of the tenderer. Where services are to be provided by a Centre of Procurement Expertise (CoPE), a duly authorised CoPE officer will act as nominated officer;
- (b) Only in the most exceptional circumstances will a tender be considered which is received after the opening of the other tenders and only then if the tenders that have been duly opened have not left the custody of the Chief Executive or his nominated officer or if the process of evaluation and adjudication has not started. Where services are to be provided by a Centre of Procurement Expertise (CoPE), a duly authorised CoPE officer will act as nominated officer;
- (c) While decisions as to the admissibility of late, incomplete or amended tenders are under consideration, the tender documents shall be kept strictly confidential, recorded, and held in safe custody by the Chief Executive or his nominated officer. Where services are to be provided by a Centre of Procurement Expertise (CoPE), a duly authorised CoPE officer will act as nominated officer.

#### 8.6.6 Acceptance of formal tenders (See overlap with SFI No. 8.7)

Prior to commencement of a tender process a group shall be constituted to evaluate and agree the award of contract. Nominees to the group shall be provided by the Chief Executive or his/her nominated officer and shall have the delegated authority to act on behalf of the PHA in respect of the award of contract.

- (a) Prior to participation in an evaluation process those Officers participating in the evaluation will be required to complete a Declaration of Objectivity and Interests;
- (b) Any discussions with a tenderer which are deemed necessary to clarify technical aspects of his tender before the award of a contract will not disqualify the tender. Such discussions must be carried out by or with the knowledge and approval of the Procurement Officer responsible for management of the tender process;
- (c) The lowest tender, if payment is to be made by the PHA, or the highest, if payment is to be received by the PHA, shall be accepted unless there are good and sufficient reasons to the contrary. Such reasons shall be set out in either the contract file, or other appropriate record.

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

- experience and qualifications of team members;
- understanding of client's needs;
- feasibility and credibility of proposed approach; and
  - ability to complete the project on time;
  - social considerations as per circular guidance HSC(F) 60/2013.

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

- (d) No tender shall be accepted which will commit expenditure in excess of that which has been allocated by the PHA and which is not in accordance with these Instructions except with the authorisation of the Chief Executive or Director of Finance (ref para 1.2.6).
- (e) The use of these procedures must demonstrate that the award of the contract was:
  - not in excess of the going market rate / price current at the time the contract was awarded;
  - that best value for money was achieved.
- (f) All Tenders should be treated as confidential and should be retained for inspection.

### 8.6.7 Tender reports to the board of the PHA

Reports to the board will be made on an exceptional circumstance basis only.

### 8.6.8 List of approved firms (see SFI No. 8.5.5)

#### (a) Responsibility for maintaining list

BSO Procurement and Logistics service has been nominated by the Chief Executive to maintain lists of approved firms from who tenders and quotations may be invited. These shall be kept under frequent review. The lists shall include all firms who have applied for permission to tender and as to whose technical and financial competence the PHA is satisfied. All suppliers must be made aware of the Trust's terms and conditions of contract.

#### (b) Building and Engineering Construction Works

- Invitations to tender shall be made only to firms included on the approved list of tenderers compiled in accordance with this Instruction or on the separate maintenance lists compiled in accordance with Estmancode guidance (Health Notice HN(78)147).
- Firms included on the approved list of tenderers shall comply with the N.I. Public Sector standard Equality Clause and ensure that when engaging, training, promoting or dismissing employees or in any conditions of employment, shall not discriminate against any person because of colour, race, ethnic or national origins, religion or sex, and will comply with the provisions of the Equal Pay Act 1970, the Sex Discrimination Act 1975, the Race Relations Act 1976, and the Disabled Persons (Employment) Act 1944 and any amending and/or related legislation.
- Firms shall conform at least with the requirements of the Health and Safety at Work Act (N.I. Order) and any amending and/or other related legislation concerned with the health, safety and welfare of workers and other persons, and to any relevant British Standard Code of Practice issued by the British Standard Institution. Firms must provide to the appropriate manager a copy of its safety policy and evidence of the safety of plant and equipment, when requested.

#### (c) Financial Standing and Technical Competence of Contractors

The Director of Finance (ref para 1.2.6), Director of Operations or the PHA's Centre of Procurement Expertise may make or institute any enquiries he deems appropriate concerning the financial standing and financial suitability of approved contractors. The lead care Director with responsibility for clinical and social care governance will make

such enquiries as is felt appropriate to be satisfied as to their technical/professional/medical competence.

#### 8.6.9 Exceptions to using approved contractors

If in the opinion of the Chief Executive and the Director of Operations, or the Director with lead responsibility for clinical governance or the PHA's Centre of Procurement Expertise, it is impractical to use a potential contractor from the list of approved firms/individuals (for example where specialist services or skills are required and there are insufficient suitable potential contractors on the list), or where a list for whatever reason has not been prepared, the Chief Executive should ensure that appropriate checks are carried out as to the technical and financial capability of those firms that are invited to tender or quote.

An appropriate record in the contract file should be made of the reasons for inviting a tender or quote other than from an approved list.

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

**8.7.1 General Position on Quotations (Set out in detail in administrative schedule to the Standing Orders)** Quotations are required where formal tendering procedures are not adopted and where the intended expenditure or income exceeds, or is reasonably expected to exceed the current levels contained within the DHSSPS Mini-code Guidance.

#### 8.7.2 Competitive Quotations

- (a) Quotations should be obtained in accordance with the DHSS&PS Mini-code based on specifications or terms of reference prepared by, or on behalf of, the PHA;
- (b) Quotations should be in writing unless the Chief Executive or his nominated officer determines that it is impractical to do so in which case quotations may be obtained by telephone (only for order value up to and including £2,000). Confirmation of telephone quotations should be obtained as soon as possible and the reasons why the telephone quotation was obtained should be set out in a permanent record;
- (c) All quotations should be treated as confidential and should be retained for inspection; and
- (d) The Chief Executive or his nominated officer should evaluate the quotation and select the quote which gives the best value for money. If this is not the lowest quotation if payment is to be made by the PHA, or the highest if payment is to be received by the PHA, then the choice made and the reasons why should be recorded in a permanent record and held as evidence by the approving officer.

Where quotations are obtained without formal competition being sought approval must be given by the Chief Executive or his/her appointed Officer.

### 8.7.3 Quotations to be within Financial Limits

No quotation shall be accepted which will commit expenditure in excess of that which has been allocated by the PHA and which is not in accordance with Standing Financial Instructions except with the authorisation of either the Chief Executive or Director of Operations, supported by the Director of Finance (ref para 1.2.6).

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

8.8.1 Providing all the conditions and circumstances set out in these Standing Financial Instructions have been fully complied with, formal authorisation and awarding of a contract may be decided by the officers nominated in the Chief Executive's Scheme of Delegation at Appendix 1.

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

8.8.3 Formal authorisation must be put in writing. In the case of authorisation by the board this shall be recorded in their minutes.

8.8.4 Where the contract to be awarded is a multi-organisation or Regional Contract then the Chief Executive shall nominate in advance a PHA employee(s) to participate in the tender evaluation and adjudicate the contract on behalf of the Trust. In doing so the Chief Executive shall delegate authority to that officer(s) to award the contract on behalf of the PHA.

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

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

- (a) the PHA shall use the BSO PALs / Centre of Procurement Expertise (COPE) for procurement of all goods and services unless the Chief Executive or nominated officers deem it inappropriate. The decision to use alternative sources must be documented;
- (b) If the PHA does not use the PALs / COPE - where tenders or quotations are not required because expenditure is below **£2,000**, the PHA shall procure goods and services in accordance with procurement procedures approved by the Director of Operations.

**8.10 Private Finance for capital procurement (see overlap with SFI No. 14.2)**

The PHA should normally market-test for PFI (Private Finance Initiative funding) when considering a capital procurement. When the board proposes, or is required, to use finance provided by the private sector the following should apply:

- (a) The Chief Executive shall demonstrate that the use of private finance represents value for money and genuinely transfers risk to the private sector (HSC(F) 47/2015;
- (b) Where the sum exceeds delegated limits, a business case must be referred to the appropriate DHSSPS for approval or treated as per current guidelines;
- (c) The proposal must be specifically agreed by the board of the PHA; and
- (d) The selection of a contractor/finance company must be on the basis of competitive tendering or quotations.

**8.11 Compliance requirements for all contracts**

The board may only enter into contracts on behalf of the PHA within the statutory powers delegated to it by the Minister for HSSPS and shall comply with:

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

#### **8.12 Agency Personnel (also refer to 11.3 on staff appointments)**

The Chief Executive shall nominate officers with relevant delegated budgetary authority to enter into contracts of employment with agency staff for temporary cover.

These engagements should follow the process set out by the Director of Human Resources (BSO) and unless a Single Tender Action is approved in advance by the Chief Executive, be within the terms of the current contract, (please also refer to SFI 11.3 regarding appointments prior to engaging staff).

#### **8.13 Healthcare Services Agreements**

Service agreements with HSC providers for the supply of healthcare services shall be drawn up in accordance with the NHS and Community Care Act 1990 and administered by the PHA. Service agreements are not contracts in law and are not enforceable by the courts. However, a contract with an NHS Foundation Trust, being a PBC, is a legal document and is enforceable in law.

The Chief Executive shall nominate officers to commission service agreements with providers of healthcare in line with the joint commissioning plan approved by the board.

#### **8.14 Disposals**

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

- (a) any matter in respect of which a fair price can be obtained only by negotiation or sale by auction as determined (or pre-determined in a reserve) by the Chief Executive or his/her nominated officer;
- (b) obsolete or condemned articles and stores, which may be disposed of in accordance with the supplies policy of the PHA;
- (c) items to be disposed of with an estimated sale value of less than £20,000, this figure to be reviewed on a periodic basis;
- (d) items arising from works of construction, demolition or site clearance, which should be dealt with in accordance with the relevant contract; and
- (e) land or buildings concerning which DHSSPS guidance has been issued but subject to compliance with such guidance.



## 8.15 **In-house Services**

- 8.15.1 The Chief Executive shall be responsible for ensuring that best value for money can be demonstrated for all services provided on an in-house basis. The PHA may also determine from time to time that in-house services should be market tested by competitive tendering.
- 8.15.2 In all cases where the board determines that in-house services should be subject to competitive tendering the following groups shall be set up:
- (a) Specification group, comprising the Chief Executive or nominated officer/s and specialist.
  - (b) In-house tender group, comprising a nominee of the Chief Executive and technical support.
- 8.15.3 All groups should work independently of each other and individual officers may be a member of more than one group but no member of the in-house tender group may participate in the evaluation of tenders.
- 8.15.4 The evaluation team shall make recommendations to the board.
- 8.15.5 The Chief Executive shall nominate an officer to oversee and manage the contract on behalf of the PHA.

## **9. HSC SERVICE AGREEMENTS FOR PROVISION OF SERVICES (See overlap with SFI No. 8.13 and 12.3)**

### **9.1 Service Level Agreements (SLAs) for internal HSC agreements or Contracts with 3<sup>rd</sup> Party organisations**

- 9.1.1 The Chief Executive, as the Accounting Officer, is responsible for ensuring the PHA enters into suitable agreements or contracts (Service Level Agreements SLA's) with service providers for the provision of Health and social care services.

All agreements or contracts should aim to implement the agreed priorities contained within the Joint Commissioning Plan and wherever possible, be based upon integrated care pathways to reflect expected patient experience, improving the Health and Wellbeing of the population and reducing inequalities . In discharging this responsibility, the Chief Executive should take into account:

- (a) promotion of Health and Wellbeing improvements;
- (b) promotion of the reduction of inequalities;
- (c) the standards of service quality expected;
- (d) the relevant service framework (if any);

- (e) the provision of reliable information on cost and volume of services;
- (f) the Performance Assessment Framework;
- (g) that agreements and contracts build where appropriate on existing Joint Investment Plans; and
- (h) that agreements and contracts are based on integrated care pathways.

## 9.2 **Involving Partners and Jointly Managed Risk**

A good SLA will result from a dialogue of clinicians, social workers, users, carers, public health professionals, AHPs and managers. It will reflect knowledge of local needs and inequalities. This will require the Chief Executive to ensure that the PHA works with all partner agencies involved in both the delivery and the commissioning of the service required. The SLA or Contract will apportion responsibility for handling a particular risk to the party or parties in the best position to influence the event and financial arrangements should reflect this. In this way the PHA can jointly manage risk with all interested parties. Due consideration, in all provider/purchaser arrangements, must be observed as the HSC moves toward a 'Patient/Client-led HSC'.

## 9.3 **A 'Patient/Client-led HSC and 'Local Commissioning''**

(Commissioning a Patient/Client-led HSC and Local Commissioning are being rolled out by the DHSSPS and full support and latest guidance may be accessed at <http://www.dhssps.gov.uk>).

## 9.4 **Reports to board on SLAs and Contracts**

The Chief Executive, as the Accounting Officer, will need to ensure that regular reports are provided to the board detailing actual and forecast expenditure against SLA 's and Contracts with the independent sector.

# 10. **JOINT COMMISSIONING**

## 10.1 **Role of the PHA in Commissioning Health and Care Services**

- 10.1.1 The PHA will work with the HSCB to jointly commission Health and Care services on behalf of the resident population. This will require the PHA to work in partnership with the HSCB, local HSC Trusts, users, carers and the voluntary sector to develop an annual Joint Commissioning Plan.

## 10.2 **Role of the Chief Executive**

- 10.2.1 The Chief Executive as the Accounting Officer has responsibility for ensuring Health and Care services are commissioned in accordance with the priorities agreed in the Joint Commissioning Plan. This will involve ensuring SLA s and contracts are put in place with the relevant providers, based upon integrated care pathways.
- 10.2.2 SLA s and Contracts will be the key means of delivering the objectives of the Priorities for Action and therefore they need to have a wider scope. The PHA Chief Executive will need to ensure that all SLA s and Contracts;
- (a) Promote Health and Wellbeing improvements;
  - (b) Actively promote the reduction of inequalities;
  - (c) Where appropriate build on existing Joint Investment Plans;
  - (d) Meet the standards of service quality expected;
  - (e) Fit the relevant service framework (if any);
  - (f) Enable the provision of reliable information on cost and volume of services;
  - (g) Fit the Performance Assessment Framework;
  - (h) Are based upon cost-effective services; and
  - (i) Are based on integrated care pathways.
- 10.2.3 The Chief Executive, as the Accounting Officer, will need to ensure that regular reports are provided to the board detailing actual and forecast expenditure and activity for each SLA and Contract.
- 10.2.4 Where the PHA makes arrangements for the provision of services by non-NHS providers it is the Chief Executive, as the Accounting Officer, who is responsible for ensuring that the agreements put in place have due regard to the quality and cost-effectiveness of services provided.
- 10.2.5 The role and function of the PHA means that it will have a high proportion of contracts and grant arrangements with a large number of non HSC organisations. All such contracts and grant arrangements must comply with the PHA process and standard documentation for commissioning with non HSC organisations.

### 10.3 **Role of Director of Finance (ref para 1.2.6)**

10.3.1 A system of financial monitoring must be maintained by the Director of Finance to ensure the effective accounting of expenditure under the SLA s and Contracts. This should provide a suitable audit trail for all payments made under the agreements, but maintains patient confidentiality.

## 11. **TERMS OF SERVICE, ALLOWANCES AND PAYMENT OF MEMBERS OF THE PHA BOARD AND EMPLOYEES OF THE PHA**

### 11.1 **Remuneration and Terms of Service (see overlap with SO No. 5)**

11.1.1 In accordance with Standing Orders the board shall establish a Remuneration and Terms of Service Committee, with clearly defined terms of reference, specifying which posts fall within its area of responsibility, its composition, and the arrangements for reporting.

11.1.2 The Committee will **(in areas not already specified by the Department)**:

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

11.1.3 The Committee shall report in writing to the board the basis for its recommendations. The board shall use the report as the basis for their decisions, but remain accountable for taking decisions on the remuneration and terms of service of officer members in matters not already directed by

the Department. Minutes of the board's meetings should record such decisions;

11.1.4 The board will consider and need to approve proposals presented by the Chief Executive for the setting of remuneration and conditions of service for those employees and officers not covered by either Departmental direction or by the Committee; and

11.1.5 The PHA will pay allowances to the Chairman and non-executive members of the board in accordance with instructions issued by the Minister and in line with DHSSPS circular guidance HSC(F) 10/2014.

## 11.2 **Funded Establishment**

11.2.1 The manpower plans incorporated within the annual budget will form the funded establishment.

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

11.2.3 The Finance Director will ensure that appropriate controls are in place to ensure the funded establishment is not exceeded without prior authority of the Chief Executive.

## 11.3 **Staff Appointments (also ref 8.12 Agency Staffing)**

11.3.1 No officer, Member of the board or PHA employee may engage new staff (either to vacancies or new posts), re-grade employees, or agree to changes in any aspect of remuneration, or hire agency staff (ref 8.12) either on a permanent or temporary basis:

(a) unless expressly authorised to do so by the Chief Executive or his/her nominated officer; and

(b) within the limit of their approved budget and funded establishment numbers as confirmed by the Director of Finance (ref para 1.2.6), who will review with reference to the overall Management and Administration budget set by the DHSSPS and staff establishment.

(c) The Director of Finance shall raise any issues regarding non-approval based on the terms set in 11.3.1 (b) with the Chief Executive.

(d) The introduction of electronic recruitment and approval processes shall not remove the requirements of 11.3.1 a – c.

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

11.3.3 In accordance with DHSSPS & HMRC guidance, staff will ensure that all individuals appointed to deliver services for PHA, regardless of type or duration of their appointment, are engaged using correct procedures. This covers staff directly recruited, employment agency appointments & other self-employed appointees, in accordance with DHSSPS circular reference HSC(F) 21/2014.

#### 11.4 **Processing Payroll**

11.4.1 The Director of Finance of the Business Services Organisation is responsible for:

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

11.4.2 The Director of Finance (Ref para 1.2.6) will agree and ensure the issue of instructions by the BSO regarding:

- (a) verification and documentation of data;
- (b) the timetable for receipt and preparation of payroll data and the payment of employees & non-executive appointees and allowances;
- (c) maintenance of subsidiary records for superannuation, income tax, social security and other authorised deductions from pay;
- (d) security and confidentiality of payroll information;
- (e) checks to be applied to completed payroll before and after payment;
- (f) authority to release payroll data under the provisions of the Data Protection Act;
- (g) methods of payment available to various categories of employee and officers;
- (h) procedures for payment by cheque, bank credit, or cash to employees and officers;
- (i) procedures for the recall of cheques and bank credits;
- (j) pay advances and their recovery;

- (k) maintenance of regular and independent reconciliation of pay control accounts;
  - (l) separation of duties of preparing records and handling cash; and
  - (m) a system to ensure the recovery from those leaving the employment of the PHA of sums of money and property due by them to the PHA.
- 11.4.3 Appropriately nominated managers have delegated responsibility for:
- (a) submitting manual or electronic time records, and other notifications in accordance with agreed timetables;
  - (b) completing time records and other notifications in accordance with the instructions and in the form prescribed by the Director of Finance of the BSO; and
  - (c) submitting manual or electronic termination forms in the prescribed form immediately upon knowing the effective date of an employee's or officer's resignation, termination or retirement. Where an employee fails to report for duty or to fulfill obligations in circumstances that suggest they have left without notice, the Director of Operations must be informed immediately.
- 11.4.4 Regardless of the arrangements for providing the payroll service, the Director of Operations, supported by the Director of Finance (ref para 1.2.6) of the HSCB, shall ensure that the chosen method is supported by appropriate (contracted) terms and conditions, adequate internal controls and audit review procedures and that suitable arrangement are made for the collection of payroll deductions and payment of these to appropriate bodies.
- 11.4.5 Payroll processing performance will be monitored by the Director of Finance (ref para 1.2.6) and set out within the SLA with the BSO.

## 11.5 **Contracts of Employment**

**The DHSSPS has directed that the processing of PHA payroll be outsourced to the Business Services Organisation.**

- 11.5.1 The board shall delegate responsibility to a nominated BSO officer (HR Director) for:
- (a) ensuring that all employees are issued with a Contract of Employment in a form approved by the board and which complies with employment legislation;
  - (b) dealing with variations to, or termination of, contracts of employment.

**The Director of Operations will ensure that there is an appropriate Service Level Agreement with the BSO and monitoring arrangements in place to ensure proper control systems are in place and operating effectively. This will provide the performance monitoring framework to be operated by the Director of Operations.**

## **12. NON-PAY EXPENDITURE (Procurement and Programme)**

### **12.1 Delegation of Authority**

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

12.1.2 The Chief Executive will set out:

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

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

### **12.2 Choice, Requisitioning, Ordering, Receipt and Payment for Goods and Services (see overlap with Standing Financial Instruction No. 8)**

#### **12.2.1 Requisitioning**

The requisitioner, in choosing the item to be supplied (or the service to be performed) shall always obtain the best value for money for the PHA. In so doing, the advice of the PHA's Centre of Procurement Expertise (BSO PALs) shall be sought. Requisitions should be placed using the E-Procurement system

#### **12.2.2 System of Payment and Payment Verification**

The Director of Finance of the BSO shall be responsible for the prompt payment of accounts and claims once appropriately authorised by PHA officers. Payment of contract invoices shall be in accordance with contract terms, or otherwise, in accordance with Public Sector Prompt Payment Policy.

12.2.3 The Director of Operations supported by the Director of Finance will through a Service Level Agreement and monitoring arrangements with the BSO:



- (a) advise the board regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; and, once approved, the thresholds should be incorporated in Standing Orders and Standing Financial Instructions and regularly reviewed;
- (b) prepare procedural instructions or guidance within the Scheme of Delegation on the obtaining of goods, works and services incorporating the thresholds;
- (c) be responsible for the prompt payment of all properly authorised accounts and claims;
- (d) be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable. The system shall provide for:
  - An electronic approval framework for the electronic authorising of invoices and requisitions/orders.

A list of board members/employees (including specimens of their signatures) authorised to approve expenditure.

- Certification either manually or electronically that:
  - goods have been duly received, examined and are in accordance with specification and the prices are correct;
  - work completed or services rendered have been satisfactorily carried out in accordance with the order, and, where applicable, the materials used are of the requisite standard and the charges are correct;
  - in the case of contracts based on the measurement of time, materials or expenses, the time charged is in accordance with the time sheets, the rates of labour are in accordance with the appropriate rates, the materials have been checked as regards quantity, quality, and price and the charges for the use of vehicles, plant and machinery have been examined;
  - where appropriate, the expenditure is in accordance with regulations and all necessary authorisations have been obtained;
  - the account is arithmetically correct; and
  - the account is in order for payment.
- A timetable and system for submission to the BSO Director of Finance of accounts for payment; provision shall be made for the early submission of accounts subject to cash discounts or otherwise requiring early payment; and

- Instructions to employees regarding the handling and payment of accounts within the BSO Finance Department.
- (e) be responsible for ensuring that payment for goods and services is only made once the goods and services are received. The only exceptions are set out in SFI No. 12.2.4 below.

#### 12.2.4 Prepayments

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

- (a) Prepayments are only permitted where the financial advantages outweigh the disadvantages (i.e. cash flows must be discounted to NPV using the National Loans Fund (NLF) rate plus 2%) and the intention is not to circumvent cash limits;
- (b) The appropriate officer member must provide, in the form of a written report, a case setting out all relevant circumstances of the purchase. The report must set out the effects on the PHA if the supplier is at some time during the course of the prepayment agreement unable to meet his commitments;
- (c) The Director of Operations will need to be satisfied with the proposed arrangements before contractual arrangements proceed (taking into account the EU public procurement rules where the contract is above a stipulated financial threshold); and
- (d) The budget holder is responsible for ensuring that all items due under a prepayment contract are received and they must immediately inform the appropriate Director or Chief Executive if problems are encountered. This may impact on the ability of the Agency to deliver breakeven if the goods/services which are expected are not delivered by 31 March each financial year.

#### 12.2.5 Official Orders

Official Orders either manual or electronic must:

- (a) be consecutively numbered;
- (b) be in a form approved by the PHA Director of Operations or the BSO Director of Operations on his behalf;
- (c) state the PHA's terms and conditions of trade; and
- (d) only be issued to, and used by, those duly authorised by the Chief Executive.

#### 12.2.6 Duties of Managers and Officers

Managers and officers acting for the PHA must ensure that they comply fully with the guidance and limits specified by the Director of Operations and that:

- (a) all contracts (except as otherwise provided for in the Scheme of Delegation), leases, tenancy agreements and other commitments which may result in a liability are notified to the Director of Operations in advance of any commitment being made;
- (b) contracts above specified thresholds are advertised and awarded in accordance with EU rules on public procurement;
- (c) where consultancy advice is being obtained, the procurement of such advice must be in accordance with DHSSPS “guidance on the Use of Professional Services relating to the Engagement of External Consultants” (HSC(F) 25/2012 and HSC(F) 47/2012 and the sharing of lessons learned from post project evaluation following the use of consultancy HSC(F) 51/2015.
- (d) no order shall be issued for any item or items to any firm which has made an offer of gifts, reward or benefit to directors or employees, other than:
  - isolated gifts of a trivial character or inexpensive seasonal gifts, such as calendars; or
  - conventional hospitality, such as lunches in the course of working visits;

**This provision needs to be read in conjunction with the Standing Order No 6 and the principles outlined in the PHA’s policy on “Standards of Business Conduct for Staff and the Gifts and Hospitality Policy”.**

- (e) no requisition/order is placed for any item or items for which there is no budget provision unless authorised by the Director of Operations on behalf of the Chief Executive;
- (f) all goods, services, or works are ordered on an official order via a requisition on the E-procurement system;
- (g) verbal orders must only be issued very exceptionally - by an employee designated by the Chief Executive and only in cases of emergency or urgent necessity. These must be confirmed by an official order and clearly marked "Confirmation Order";
- (h) orders must not split or otherwise placed in a manner devised so as to avoid the financial thresholds;

- (i) goods are not taken on trial or loan in circumstances that could commit the PHA to a future uncompetitive purchase;
  - (j) changes to the list of members/employees and officers authorised to certify invoices are notified to the BSO;
  - (k) purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Director of Operations; and
  - (l) petty cash records are maintained in a form as determined by the Director of Finance of the BSO.
- 12.2.7 The Chief Executive and Director of Finance (ref para 1.2.6) shall ensure that the arrangements for financial control and financial audit of building and engineering contracts and property transactions comply with the guidance contained within CONCODE and the Land transactions Handbook. The technical audit of these contracts shall be the responsibility of the relevant Director.
- 12.3 **Joint Finance Arrangements with HSC Organisations and Voluntary Bodies (see overlap with Standing Financial Instruction NO 9.1)**
- 12.3.1 Payments to HSC organisations and voluntary organisations **shall** comply with procedures laid down by the Director of Operations which shall be in accordance with DHSSPS guided best practice. See overlap with Standing Financial Instruction No 9.1)
- 12.4 **Grants and Service Level agreements with non-HSC organisations for Programme Expenditure**
- 12.4.1 Programme expenditure with non-HSC organisations for the provision of services to patients or clients shall, regardless of the source of funding, incorporate the principles set out in The Departmental Grants Manual, March 2005, issued by the DHSSPS.  
(Please refer to [www.DHSSPSNI.gov.uk](http://www.DHSSPSNI.gov.uk))
- 12.4.2 The Manual aims to provide a guide to best practice in the management and administration of grant making. It is a procedures manual, setting out the basic accountability requirements for grant making and giving guidance on how these may be met in practice.
- 12.4.3 There are five main principles that apply to the management and administration of grant making. These are:
- (a) **Regularity** - funds should be used for the authorised purpose;
  - (b) **Propriety** - funds should be distributed fairly, and free from undue influence;

- (c) **Value for Money** - funds should be used in a manner that minimises costs, maximises outputs and always achieves intended outcomes
  - (d) **Proportionate Effort** - resources consumed in managing the risks to achieve and demonstrate regularity, propriety and value for money should be proportionate to the likelihood and impact of the risks materialising and losses occurring.
  - (e) **Clarity of responsibility and accountability** - within partnership working arrangements there should be clear documented lines of responsibility and accountability of each partner involved. Those who delegate responsibility should ensure that there are suitable means of monitoring performance.
- 12.4.4 All such expenditure/agreements must be consistent with the Joint Commissioning Plan approved by the PHA at the outset of the year; approval of grants should be in line with the PHA's Scheme of Delegation.
- 12.4.5 The first payment should only be made on receipt of confirmation from the Organisation that the project is to commence within 6 weeks.
- 12.4.6 Subsequent payments must only be released upon receipt of satisfactory performance monitoring information.
- 12.4.7 All payments must be advised to BSO Finance department on a Programme Expenditure Authorisation (PEA) form authorised in accordance with the Scheme of Delegated Authority.
- 12.4.8 If performance monitoring is not satisfactory the PHA's 'Escalation Policy' should be referred to for action to be taken.
- 12.4.9 Any end of year non-delivery of services and resultant underspends must be promptly notified to the Finance department.
- 12.5 **HSC Organisations**
- 12.5.1 HSC organisations will normally be advised of approved increases to their budget via increases in Revenue Resource Limits. PHA staff will complete and authorise, in line with the Scheme of Delegated Authority, a Programme Expenditure Authorisation (PEA) form and forward to HSCB Finance Department for processing.

### 13. HSC FINANCIAL GUIDANCE

- 13.1.1 The Director of Operations should ensure that members of the board are aware of the extant finance guidance issued by DHSS&PS, (i.e. directions which the PHA must follow regarding resource and capital allocation and funding to HSC organisations.) and that this direction and guidance is followed by the PHA.

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

### **14.1 Capital Investment**

#### **14.1.1 The Chief Executive:**

- (a) shall ensure that there is an adequate appraisal and approval process in place for determining capital expenditure priorities and the effect of each proposal upon plans;
- (b) is responsible for the management of all stages of capital schemes and for ensuring that schemes are delivered on time and to cost;
- (c) shall ensure that the capital investment is not undertaken without confirmation of the availability of resources to finance all revenue consequences, including capital charges; and
- (d) is required to seek Department approval for:
  - All capital projects with expenditure of £50k and above (in accordance with the Capital Investment Manual and DHSSPS Circular HSS(F) 13/2006 and DAO(DFP) 06/05); and
  - All ICT projects with expenditure of £250k and above.

#### **14.1.2 For every capital expenditure proposal the Chief Executive shall ensure:**

- (a) that a business case commensurate to the level of investment and in line with the guidance contained within the *Capital Investment Manual* is produced setting out:
  - an option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to costs;
  - the involvement of appropriate PHA personnel and external agencies;
  - appropriate project management and control arrangements;
- (b) that the Director of Finance or nominated Deputy has certified professionally to the costs and revenue consequences detailed in the business case;
- (c) that all approvals for capital expenditure are in line with the PHA's Scheme of delegated authority;

- (d) that Departmental approval is obtained for projects costing more than the PHA's delegated limit for capital schemes currently £50k; and
  - (e) schemes requiring Departmental approval are re-submitted to the Department for re-consideration if any of the conditions specified in the Capital Investment Manual apply.
- 14.1.3 For capital schemes where the contracts stipulate stage payments, the Chief Executive will issue procedures for their management, incorporating the recommendations of the Land Transactions Handbook.
- 14.1.4 The Director of Finance shall assess on an annual basis the requirement for the operation of the construction industry tax deduction scheme in accordance with Inland Revenue guidance.
- 14.1.5 The Director of Operations agrees procedures with the Director of Finance for the regular reporting of expenditure and commitment against authorised expenditure, these procedures shall be issued within the PHA as appropriate.
- 14.1.6 The approval of a capital programme shall not constitute approval for expenditure on any scheme.

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

- (a) specific authority to commit expenditure;
- (b) authority to proceed to tender (see overlap with SFI No. 8.5); and
- (c) approval to accept a successful tender (see overlap with SFI No. 8.6).

The Chief Executive will issue a Scheme of delegation for capital investment management in accordance with the Land Transactions Handbook and the PHA's Standing Orders.

- 14.1.7 The Director of Operations, in conjunction with the Director of Finance (ref para 1.2.6) of the HSCB, shall issue procedures governing the financial management, including variations to contract, of capital investment projects and valuations for accounting purposes. These procedures shall fully take into account the current delegated limits for capital schemes (please refer to the PHA Standing Orders Administrative of Delegation 3.4.6).
- 14.2 **Private Finance (see overlap with SFI No. 8.10)**
- 14.2.1 The PHA should normally test for PFI when considering capital procurement. When the PHA proposes to use finance which is to be provided other than through its Allocations, the following procedures shall apply:

- (a) The Director of Operations, supported by the Director of Finance (ref para 1.2.6) shall demonstrate that the use of private finance represents value for money and genuinely transfers significant risk to the private sector;
- (b) Where the sum involved exceeds delegated limits, the business case must be referred to the DHSSPS or in line with any current guidelines; and
- (c) The proposal must be specifically agreed by the board.

### 14.3 HSC Organisations - Capital Proposals

- 14.3.1 The PHA is required to confirm that it supports relevant capital investment proposals from other HSC organisations at Strategic Context stage, above certain delegated limits. It must also state that it is prepared to remit its share of any revenue resource consequences resulting from the scheme.
- 14.3.2 Circular HSS(PDD) 4/95 directs that the Capital Accounting Manual (CAM) for Northern Ireland published (HSC(F) 63/2012) is to be implemented.
- 14.3.3 HSC organisations are required to obtain Departmental approval when costs are expected to exceed the following delegated limits or in accordance with circular HSC(F) 43/2014 where the delegated limit for office accommodation leases has been removed:
  - (a) All capital projects with expenditure of £500k and above (in accordance with the Capital Accounting Manual (HSC(F) 63/2012 and DHSSPS Circular HSS(F)13/06 and DAO(DFP) 06/05);
  - (b) All IM and IT projects with expenditure of £250k and above.
- 14.3.4 The circular states that “... *the commitment of Commissioners must be secured from Strategic Context stage, before much of the detailed planning work is undertaken, and re-affirmed throughout the process*”.
- 14.3.5 The Capital Accounting Manual requires confirmation of Commissioner support at each phase of the Business Case:
  - (a) the Strategic Context (SC);
  - (b) Outline Business Case (OBC); and
  - (c) Full Business Case (FBC).

**Approval shall be in line with the PHA’s Standing Orders Scheme of Delegation 3.4.6**



- 14.3.6 Consideration of HSC organisations capital proposals is to be undertaken by a Capital Investment Core Group consisting of officers from PHA and Finance enlarged as necessary to give consideration from both the care/treatment and business/finance perspectives.
- 14.3.7 Further guidance is provided in SOC Paper 166/95 dated 22 August 1995. The requirement for all potential schemes to be tested for viability of private financing shall be particularly noted. The provisions of the Capital Investment Manual are to be followed in all cases above the delegated limits for HSC organisations.

#### 14.4 **Asset Registers**

- 14.4.1 The Chief Executive is responsible for the maintenance of registers of assets, taking account of the advice of the Director of Finance (ref para 1.2.6) concerning the form of any register and the method of updating, and arranging for a physical check of assets against the asset register to be conducted once a year.
- 14.4.2 The Director of Finance of the BSO, on behalf of the PHA, shall maintain an asset register recording fixed assets on behalf of the PHA. The minimum data set to be held within these registers shall be as specified in the Capital Accounting Manual as issued by the DHSSPS.
- 14.4.3 Additions to the fixed asset register must be clearly identified to an appropriate budget holder and be validated by reference to:
- (a) properly authorised and approved agreements, architect's certificates, supplier's invoices and other documentary evidence in respect of purchases from third parties;
  - (b) stores, requisitions and wages records for own materials and labour including appropriate overheads; and
  - (c) lease agreements in respect of assets held under a finance lease and capitalised.
- 14.4.4 Where capital assets are sold, scrapped, lost or otherwise disposed of, their value must be removed from the accounting records and each disposal must be validated by reference to authorisation documents and invoices (where appropriate). Attention is drawn to the recent guidance on limiting the holdings of land & buildings to the minimum required for the performance of present and clearly foreseen responsibilities HSC(F) 40/2013.
- 14.4.5 The Director of Finance (ref Para 1.2.6) shall reconcile balances on fixed assets accounts in ledgers against balances on fixed asset registers and will monitor the BSO delivery of the Fixed Asset register and associated services.

14.4.6 The value of each asset shall be indexed to current values in accordance with methods specified in the Capital Accounting Manual (HSC (F) 63/2012) issued by the DHSSPS.

14.4.7 The value of each asset shall be depreciated using methods and rates as specified in the Capital Accounting Manual issued by the DHSSPS.

#### 14.5 **Security of Assets**

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

14.5.2 Asset control procedures (including fixed assets, cash, cheques and negotiable instruments, and also including donated assets) must be approved by the Director of Finance (ref para 1.2.6). This procedure shall make provision for:

- (a) recording managerial responsibility for each asset;
- (b) identification of additions and disposals;
- (c) identification of all repairs and maintenance expenses;
- (d) physical security of assets;
- (e) periodic verification of the existence of, condition of, and title to, assets recorded;
- (f) identification and reporting of all costs associated with the retention of an asset; and
- (g) reporting, recording and safekeeping of cash, cheques, and negotiable instruments.

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

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

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

14.5.6 Where practical, assets should be marked as PHA property.

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

### **15.1 General Position**

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

- (a) kept to a minimum;
- (b) subjected to annual stock take; and
- (c) valued at the lower of cost and net realizable value.

### **15.2 Control of Stores, Stocktaking, Condemnations and Disposal**

15.2.1 Subject to the responsibility of the Director of Operations for the systems of control, overall responsibility for the control of stores shall be delegated to an employee by the Chief Executive. The day-to-day responsibility may be delegated by him to departmental employees and stores managers/keepers, subject to such delegation being entered in a record available to the Director of Finance (ref para 1.2.6).

15.2.2 The responsibility for security arrangements and the custody of keys for any stores and locations shall be clearly defined in writing by the designated manager/officer. Wherever practicable, stocks should be marked as health service property.

15.2.3 The Director of Operations shall set out procedures and systems to regulate the stores including records for receipt of goods, issues, and returns to stores, and losses.

15.2.4 Stocktaking arrangements shall be agreed with the Director of Operations in conjunction with the Director of Finance (ref para 1.2.6) of the HSCB and there shall be a physical check covering all items in store at least once a year.

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

15.2.6 The designated Manager/officer shall be responsible for a system approved by the Director of Operations for a review of slow moving and obsolete items and for condemnation, disposal, and replacement of all unserviceable articles. The designated Officer shall report to the Director of Operations any evidence of significant overstocking and of any negligence or malpractice (see also overlap with SFI No. 16 Disposals and Condemnations, Losses and Special Payments). Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods.

15.3 **Goods supplied by Centres of Procurement Expertise (COPE) / HPSS Service Providers**

15.3.1 For goods supplied via COPE (BSO PALs) central warehouses, the Chief Executive shall identify those authorised electronically to requisition and accept goods from the store.

**16. DISPOSALS AND CONDEMNATIONS, LOSSES AND SPECIAL PAYMENTS**

**16.1 Disposals and Condemnations**

16.1.1 Procedures

The Director of Operations supported by the Director of Finance must prepare detailed procedures for the disposal of assets including condemnations, and ensure that these are notified to managers.

16.1.2 When it is decided to dispose of a PHA asset, the Head of Department or authorised deputy will determine and advise the Director of Finance via the Director of Operations of the estimated market value of the item, taking account of professional advice where appropriate.

16.1.3 All unserviceable articles shall be:

- (a) condemned or otherwise disposed of by an employee authorised for that purpose by the Director of Operations;
- (b) recorded by the Condemning Officer in a form approved by the Director of Finance which will indicate whether the articles are to be converted, destroyed or otherwise disposed of. All entries shall be confirmed by the countersignature of a second employee authorised for the purpose by the Director of Operations.

16.1.4 The Condemning Officer shall satisfy himself as to whether or not there is evidence of negligence in use and shall report any such evidence to the Director of Operations who will advise the Director of Finance (ref para 1.2.6) and take the appropriate action.

16.1.5 Heads of Department will be responsible for ensuring that all data held on assets for disposal are dealt with appropriately and securely.

**16.2 Losses and Special Payments**

16.2.1 Procedures

The Director of Finance (ref para 1.2.6) must prepare procedural instructions on the recording of and accounting for condemnations, losses,

and special payments, in line with the requirements of circular HSC(F) 50/2012.

- 16.2.2 Any employee or officer discovering or suspecting a loss of any kind must either immediately inform their Head of Department, who must immediately inform the Chief Executive and the Director of Operations, who will in turn inform the Director of Finance (ref para 1.2.6).

Where a criminal offence is suspected, the Director of Operations must immediately inform the police if theft or arson is involved. In cases of suspected fraud and corruption the officer should consult the PHA's Fraud Response Plan for further advice.

The Director of Operations, via the Fraud Liaison Service provided by the Director of Finance (HSCB), must notify the Counter Fraud and probity Service (CFPS, BSO), DHSS&PS Counter Fraud Policy Unit and the External Auditor of all frauds or thefts.

- 16.2.3 For losses apparently caused by theft, arson, neglect of duty or gross carelessness, except if trivial, the Director of Operations must immediately notify:

- (a) the board;
- (b) the Director of Finance; and
- (c) the External Auditor.

- 16.2.4 Within limits delegated to it by the DHSSPS, the board shall approve the writing-off of losses (Ref HSC (F) 50/2012).

- 16.2.5 The Director of Operations with the support of the Director of Finance (ref para 1.2.6) shall be authorised to take any necessary steps to safeguard the PHA's interests in bankruptcies and company liquidations.

- 16.2.6 For any loss, the Director of Operations should consider whether any insurance claim can be made.

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

- 16.2.8 No special payments exceeding delegated limits shall be made without the prior approval of the DHSSPS.

- 16.2.9 All losses and special payments must be reported to the Governance & Audit Committee at least once per annum.

## **17. INFORMATION TECHNOLOGY**

### **17.1 Responsibilities and duties of the Director of Operations**

The Director of Operations is responsible for the security of the computerised data of the PHA and shall:

- (a) devise and implement any necessary procedures to ensure adequate (reasonable) protection of the PHA's data, programs and computer hardware for which the Director is responsible from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard for the Data Protection Act 1998;
- (b) ensure that adequate (reasonable) controls exist over data entry, processing, storage, transmission and output to ensure security, privacy, accuracy, completeness, and timeliness of the data, as well as the efficient and effective operation of the system;
- (c) ensure that adequate controls exist such that the computer operation is separated from development, maintenance and amendment; and
- (d) ensure that an adequate management (audit) trail exists through the computerised system and that such computer audit reviews as the Director may consider necessary are being carried out.

17.1.2 The Director of Finance (ref para 1.2.6) is responsible for the accuracy of financial data and shall ensure that new financial systems and amendments to current financial systems have been developed in a controlled manner and thoroughly tested prior to implementation. Where this is undertaken by another organisation, assurances of adequacy must be obtained from them prior to implementation.

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

### **17.2 Responsibilities and duties of other Directors and Officers in relation to computer systems of a general application**

17.2.1 In the case of computer systems which are proposed General Applications all responsible directors and employees will send to the Director of Operations:

- (a) details of the outline design of the system;

- (b) in the case of packages acquired either from a commercial organisation, from the HSC, or from another public sector organisation, the operational requirement; and
- (c) a supporting business case.

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

The Director of Finance shall ensure that contracts for computer services for financial applications with another health organisation (e.g. HSCB or BSO) or any other agency shall clearly define the responsibility of all parties for the security, privacy, accuracy, completeness, and timeliness of data during processing, transmission and storage. The contract should also ensure rights of access for audit purposes.

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

### **17.4 Risk Assessment**

The Director responsible for ICT shall ensure that risks to the PHA arising from the use of IT are effectively identified and considered and appropriate action taken to mitigate or control risk. This shall include the preparation and testing of appropriate disaster recovery plans.

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

Where computer systems have an impact on corporate financial systems the Director of Finance shall need to be satisfied that:

- (a) systems acquisition, development and maintenance are in line with corporate policies such as an Information Technology Strategy;
- (b) data produced for use with financial systems is adequate, accurate, complete and timely, and that a management (audit) trail exists; and
- (c) such computer audit reviews as are considered necessary are being carried out.

**18. ACCEPTANCE OF GIFTS BY STAFF AND LINK TO STANDARDS OF BUSINESS CONDUCT (see overlap with SO No. 6 and SFI No. 12.2.6 (d))**

The Director of Operations shall ensure that all staff are made aware of the PHA policy on acceptance of gifts and other benefits in kind by staff available on CONNECT. This policy follows the guidance contained in DHSSPS circular guidance on gifts and hospitality, HSS(F) 49/2009 and is also deemed to be an integral part of these Standing Orders and Standing Financial Instructions.

**19. PAYMENTS TO INDEPENDENT CONTRACTORS**

**19.1 Role of the PHA**

The PHA will approve additions to, and deletions from, approved lists of contractors, taking into account the health needs of the local population, and the access to existing services. All applications and resignations received shall be dealt with equitably, within any time limits laid down in the contractor's HPSS terms and conditions of service.

**19.2 Duties of the Chief Executive**

The Chief Executive shall:

- (a) ensure that lists of all contractors, for which the PHA is responsible, are maintained in an up to date condition;
- (b) ensure that systems are in place to deal with applications, resignations, inspection of premises, etc, within the appropriate contractor's terms and conditions of service.

**19.3 Duties of the Director of Operations**

The Director of Operations shall:

- (a) ensure that contractors who are included on a PHA approved list receive payments;
- (b) maintain a system of payments such that all valid contractors' claims are paid promptly and correctly, and are supported by the appropriate documentation and signatures in accordance with the late payment of commercial debt regulations (HSC(F) 52/2013) ;
- (c) ensure that regular independent verification of claims is undertaken, to confirm that:
  - rules have been correctly and consistently applied;



- overpayments are detected (or preferably prevented) and recovery initiated in accordance with HSC(F) 50/2012 circular, Guidance on Losses and Special Payments, Appendix B “Recovery of Overpayments;
  - suspicions of possible fraud are identified and subsequently dealt with in line with DHSSPS Directions on the management of fraud and corruption.
- (d) ensure that arrangements are in place to identify contractors receiving exceptionally high, low or no payments, and highlight these for further investigation; and
- (e) ensure that a prompt response is made to any query raised by the Business Services Organisation, Counter Fraud and Probity Service regarding claims from contractors submitted directly to them.

## **20. RETENTION OF RECORDS**

- 20.1 The Chief Executive shall be responsible for maintaining archives for all records required to be retained in accordance with DHSSPS guidelines, Good Management, Good Records.
- 20.2 The records held in archives shall be capable of retrieval by authorised persons.
- 20.3 Records held in accordance with DHSSPS guidance shall only be destroyed at the express instigation of the Chief Executive. Detail shall be maintained of records so destroyed.

## **21. RISK MANAGEMENT AND INSURANCE**

### **21.1 Programme of Risk Management**

The Chief Executive shall ensure that the PHA has a programme of risk management, in accordance with current DHSSPS assurance framework requirements, which must be approved and monitored by the board.

The programme of risk management shall include:

- (a) a process for identifying and quantifying risks and potential liabilities;
- (b) engendering, among all levels of staff, a positive attitude towards the control of risk;
- (c) management processes to ensure all significant risks and potential liabilities are addressed including effective systems of internal control,

cost effective insurance cover, and decisions on the acceptable level of retained risk;

- (d) contingency plans to offset the impact of adverse events;
- (e) audit arrangements including; internal audit, clinical and social care audit, health and safety review;
- (f) a clear indication of which risks shall be insured;
- (g) arrangements to review the risk management programme.

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

## 21.2 **Insurance arrangements with commercial insurers**

21.2.1 There is a general prohibition on entering into insurance arrangements with commercial insurers. There are, however, **three exceptions** when HSC organisations may enter into insurance arrangements with commercial insurers. The exceptions are:

- (a) HSC organisations may enter commercial arrangements for **insuring motor vehicles** owned by the PHA including insuring third party liability arising from their use;
- (b) where the PHA is involved with a consortium in a **Private Finance Initiative** contract and the other consortium members require that commercial insurance arrangements are entered into; and
- (c) where **income generation activities** take place. Income generation activities should normally be insured against all risks using commercial insurance. If the income generation activity is also an activity normally carried out by the PHA for an HPSS purpose the activity may be covered in the risk pool. In any case of doubt concerning a PHA's powers to enter into commercial insurance arrangements the Finance Director should consult the DHSSPS.