



**Counter Fraud Authority**

# **NHS Counter Fraud Authority**

## **Standing Financial Instructions**

**FCG- FIN – CG – 01a**

**V3.0 March 2020**

**NHS fraud.  
Spot it. Report it.  
Together we stop it.**

## Version control

Version	Name	Date	Comment
V0.1	Finance & Corporate Governance	December 2017	Approved by the NHSCFA Board on 23.11.17 Review due no later than 23.11.18
V01.1	Finance & Corporate Governance	August 2018	Amendments to reflect amended corporate credit card process
V2.0 DRAFT	Finance & Corporate Governance	Oct 2018	Annual review
V2.0	Finance & Corporate Governance	Nov 2018	Corrections from DH to DHSC throughout. Amendments to the following paragraphs 3.1, 13.6, 15.1.1, 5.1.4, 15.1.5, 15.2.1, 15.2.2, 15.2.3, Numbering of paragraphs 17.17-17.19 17.17, corrected and amendments made. Paragraph 13.6 moved and is now 15.1.4 Annex A (declaration of interest form) removed as is now available as a stand-alone form. Annex B renamed Annex A
V2.1	Finance & Corporate Governance	Nov 2018	Consistency in formatting and language Clarification of declarations section 16 Clarification of the principal offences coming under the Bribery & Corruption Act 2010 Annex A now Appendix A
V2.2	Finance & Corporate Governance	Nov 2018	1.1.8(x) and 13.1 updated
V 2.3 DRAFT	Finance & Corporate Governance	Jan 2020	Draft for consultation.
V 2.4 DRAFT	Finance & Corporate Governance	Feb 2020	Draft for consultation – amendment/clarification of some job titles, clarification of delegation of some actions, minor formatting changes, document/website references updated. Approved by MJB, reviewed by ARC (now ARAC) and passed for board approval on 29.4.20
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## 1. Introduction

### 1.1 General

- 1.1.1 These Standing Financial Instructions (SFIs) are issued in accordance with the Financial Directions issued by the Secretary of State for Health under the National Health Service Act 2006 for the regulation of the conduct of the NHS Counter Fraud Authority (NHSCFA) in relation to all financial matters. They shall have effect as if incorporated in the Standing Orders (SOs) of the Authority. These SFIs refer to the financial transactions of the NHSCFA only. Nothing in these SFIs is intended to contradict the establishment order. Hereafter the NHS Counter Fraud Authority will be referred to either as the NHSCFA, or the Authority.
- 1.1.2 In accordance with Health Service Circular HSG (96)12, these SFIs detail the financial responsibilities, policies and procedures adopted by the Authority. They are designed to ensure that the Authority's financial transactions are carried out in accordance with the law and Government policy, (including "Managing Public Money" 2013 with revised Annexes Sept 2019), in order to achieve probity, accuracy, economy, efficiency and effectiveness. They should be used in conjunction with the Scheme of Delegation which includes the Reservation of Powers to the Authority.
- 1.1.3 These SFIs identify the financial responsibilities that apply to everyone working for the Authority. They do not provide detailed procedural advice and should be read in conjunction with the detailed departmental and financial procedure notes. The user of these SFIs must also take into account relevant prevailing Department of Health and Social Care (DHSC) and/or Treasury instructions. The Director of Finance must approve all financial procedures.
- 1.1.4 Should any difficulties arise regarding the interpretation or application of any of the SFIs, the advice of the Director of Finance must be sought before taking action. The user of these SFIs should also be familiar with and comply with the Authority's SOs.
- 1.1.5 Failure to comply with SFIs and SOs can, in certain circumstances, be regarded as a disciplinary matter that could result in dismissal.
- 1.1.6 If for any reason these SFIs are not complied with, full details of the non-compliance and any justification for non-compliance shall be reported to the next formal meeting of the Authority's Audit and Risk Management Committee (ARAC) for referring action or ratification. All members of the Board, and all staff, have a duty to disclose any non-compliance with these SFIs to the Director of Finance as

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soon as possible.

- 1.1.7 Wherever the title Chief Executive, Director of Finance, or other nominated officer is used in these instructions, it shall be deemed to include such other directors or employees who have been duly authorised to represent them, except in respect of Banking Arrangements (See Section 4).
- 1.1.8 Any expression to which a meaning is given in the National Health Service Act 2006 or in the Financial Directions made under the Act shall have the same meaning in these instructions; and:
- i) "Authority" means the NHS Counter Fraud Authority
  - ii) "Budget" means an amount of resources expressed in financial terms proposed by the Authority for the purpose of carrying out over a specific period all or part of the functions of the Authority
  - iii) "Budget holder" means the Head of Service with delegated authority to manage finances (Income and Expenditure) for a specific area of the organisation
  - iv) "Budget manager" refers to Heads of Service and other officers who are required to manage budgets on behalf of the respective budget holder
  - v) "Chief Executive" means the Chief Officer of the Authority (who is directly accountable to the Authority)
  - vi) "Accounting Officer" means the NHS officer responsible and accountable for funds entrusted to the Authority. He/she shall be responsible for ensuring the proper stewardship of public funds and assets. The Accounting Officer for the NHS Counter Fraud Authority is the Chief Executive
  - vii) "Director of Finance" means the chief financial officer of the Authority;
  - viii) "Corporate Secretary" means the officer charged with responsibility for the Authority's governance, compliance and assurance, including support to the Board
  - ix) "Board" means the Chair, Non-Executive Directors, (NED), and Executive Directors of the NHS Counter Fraud Authority collectively as a body
  - x) "Senior Management Team" comprises the Chief Executive, Organisational heads of Divisions (Grades 8c), Executive Director & Director of Finance.
  - xi) "Officer" means employee of the Authority or any other person holding a paid

appointment or office with the Authority.

## **1.2 Responsibilities and delegation**

### **1.2.1 The Board**

The Board shall be comprised of the following officers:

- The Chairperson
- Non Executive Director
- Non Executive Director
- Non Executive Director
- Chief Executive
- Director or Finance
- Executive Director
- The above shall be supported by the delivery of secretariat functions by the Finance and Corporate Governance Unit

1.2.1.1 The Board exercises financial supervision and control by:

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

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

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

**1.2.2 The Chief Executive**

- 1.2.2.1 Within the SFIs it is acknowledged that the Chief Executive, as Accounting Officer, will have ultimate responsibility for ensuring that the Authority meets its obligation to perform its functions within the financial resources made available to it. The Chief Executive has overall executive responsibility for the Authority's activities and is responsible to the Board for ensuring that it stays within its resource and cash limits.
- 1.2.2.2 The Chief Executive will delegate detailed responsibility for financial activities and controls to the Director of Finance but retain overall accountability. The extent of such delegation will be determined in the Authority's Scheme of Delegation and should be kept under review by the Board.
- 1.2.2.3 The Chief Executive, through the Director of Finance, shall be responsible for the implementation of the Authority's financial policies and for coordinating any corrective action necessary to further these policies.
- 1.2.2.4 It shall be the responsibility of the Chief Executive through the Director of Finance to ensure that existing staff and all new employees are notified of their responsibilities within these instructions.
- 1.2.2.5 In addition to the above, budget holders, budget managers and those staff who are involved in dealing directly with contractors/suppliers are required to confirm that they have read and understood the SFIs and SOs.

**1.2.3 The Director of Finance**

- 1.2.3.1 The Director of Finance is responsible for:
- i) implementing the Authority's financial policies and for coordinating any corrective action necessary to further these policies
  - ii) maintaining an effective system of financial control including ensuring that detailed financial procedures and systems incorporating the principles of separation of duties and internal checks are prepared, documented and maintained to supplement these instructions
  - iii) ensuring that sufficient records are maintained to show and explain the

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Authority's transactions, in order to disclose, with reasonable accuracy, the financial position of the Authority at any time.

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

- i) the provision of financial advice to the Authority and its employees
- ii) the design, implementation and supervision of systems of internal financial control
- iii) the preparation and maintenance of such accounts, certificates, estimates, records and reports as the Authority may require for the purpose of carrying out its statutory duties.

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

1.2.3.4 The Director of Finance will ensure money drawn from the DHSC against cash limited and non-cash limited funds is required for approved expenditure only and is drawn only at the time of need. They will also be responsible for:

- i) an annual review of SFIs as part of the Authority's wider corporate governance framework
- ii) ensuring an adequate process is in place to support use of the NHSCFA's credit card
- iii) managing the organisation's tendering process
- iv) managing the Authority's approach to fraud (prevention, detection and investigation)

**1.2.4 Board Members, Senior Management Team and employees**

1.2.4.1 All members of the Board, Senior Management Team and employees, individually and collectively, are responsible for:

- i) the security of the property of the Authority

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- ii) avoiding loss
- iii) exercising economy and efficiency in the use of resources
- iv) conforming with the requirements of SOs, SFIs, Scheme of Delegation and Financial Procedures. It shall be the duty of any officer having evidence of, or reason to suspect financial or other irregularities, or impropriety in relation to these regulations to report these suspicions to the Director of Finance. The Director of Finance will consider the suspicions to determine if the case should be referred for investigation. The Director of Finance should not conduct a detailed investigation as this may compromise any criminal investigation. If the allegation is in respect of the Director of Finance this should be referred directly to the Chief Executive. All other allegations will follow the standard Operating procedure for the Allocation of Wrong Doing Referrals.
- v) The CEO shall be responsible for the production of the Annual Report and Accounts
- vi) The Corporate Governance Manager & Board Secretary shall be responsible for the maintenance of the register of interests, gifts and hospitality for NHSCFA Board members.
- vii) The Director of Performance and Improvement shall be responsible for the physical Health & Safety of NHSCFA staff
- viii) The NED with ARAC Chair duties shall be responsible for overseeing the internal and external audit arrangements

**1.2.5 Contracts, Contractors and their Employees**

- 1.2.5.1 The Director of Finance shall be responsible for arranging contracts for the provision of items and/or services and shall ensure that those contracts are correctly entered into, monitored and governed within the contract's terms and conditions.
- 1.2.5.2 Any contractor or employee of a contractor who is empowered by the Authority to commit the Authority to expenditure or who is authorised to obtain income shall be covered by these instructions. It is the responsibility of the Chief Executive to ensure that such persons are made aware of this.

**1.2.6 Audit and Risk Assurance Committee (ARAC)**

1.2.6.1 In accordance with SOs (and as set out in guidance issued by the then Department of Health under Executive Letter EL(94) 40) (“Code of Accountability” 1994), the Authority shall establish an ARAC. The terms of reference of the ARAC shall be drawn up and approved by the Board and are incorporated in the SOs. The ARAC will provide an independent and objective view of internal control by overseeing internal and external audit services; reviewing financial systems, ensuring compliance with SOs and SFIs; reviewing schedules of losses and compensations and making recommendations to the Board.

1.2.6.2 Where the ARAC considers there is evidence of ultra vires transactions, evidence of improper acts, or if there are other important matters that the Committee wish to raise, the Chair of the ARA should raise the matter in the first instance with the Director of Finance and the Chief Executive. If the matter has still not been resolved to the ARAC's satisfaction, then the matter will be raised at a full meeting of the Board.

## **2. Preparation, approval and control of the business plan, budgets and estimate**

2.1 The Authority has a responsibility to prepare and submit financial plans in accordance with the requirements of the DHSC or appropriate body. It shall perform its functions within the total of funds allocated or approved by the Secretary of State for Health allowing for any planned changes in working balances during the year. All plans, financial approvals and control systems shall be designed to meet this obligation.

2.2 The Director of Finance shall ensure that the financial details contained within the service agreements of contracts entered into by the Authority are consistent with the requirement to balance income and expenditure; and they shall ensure that adequate statistical and financial systems are in place to facilitate the compilation of estimates, forecasts and investigations as may be required from time to time.

2.3 The Chief Executive will compile and submit to the Authority an annual business plan which takes into account financial targets and forecast limits of available resources. The annual business plan will contain a statement of the significant

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assumptions on which the plan is based and details of major changes in workload, delivery of services or resources required to achieve the plan.

- 2.4 The Director of Finance shall, in consultation with budget holders and budget managers, compile such financial estimates and forecasts, on both revenue and capital accounts, as may be required from time to time by the Authority.
- 2.5 The Director of Finance will ensure that money drawn from the DHSC against the resource and cash limit is required for approved expenditure only and is drawn only at the time of need in line with the DHSC's timetable.
- 2.6 The Director of Finance shall, on behalf of the Chief Executive, prepare and submit budgets within the limits of available funds to the Authority for its approval prior to the commencement of each financial year.
- 2.7 The Director of Finance must review the basis and assumptions used to prepare the budget and advise the Authority that, to the best of the Director of Finance's knowledge and understanding, they are realistic. In order to be able to fulfill this responsibility the Director of Finance shall have right of access to all budget holders on budgetary related matters. Such budgets should relate to income and expenditure in that year and shall have supporting statements in order to explain any matter material to the understanding of those budgets, covering all revenue and capital items. Alterations to budgets may be requested in line with guidance issued by the Director of Finance.
- 2.8 The Director of Finance shall monitor financial performance against budgets and business plans, periodically review them and report to the Authority on the Authority's position against these targets. All budget holders and managers must provide information as required by the Director of Finance to enable budgets to be compiled and monitoring reports to be prepared.
- 2.9 The Director of Finance shall be responsible for ensuring that an adequate system of monitoring financial performance is in place to enable the Authority to fulfil its statutory responsibility to meet its Annual Revenue and Capital Resource Limits.
- 2.10 The Director of Finance will devise and maintain systems of budgetary control. These will include:
- a) regular financial reports to the Board in a form approved by the Board
  - b) the issue of timely, clear, accurate and comprehensive advice and financial reports to each budget holder, covering the areas for which they are

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responsible

- c) investigation and reporting of variances from financial, workload and manpower budgets
- d) monitoring of management action to correct variances
- e) arrangements for the authorisation of budget transfers.

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

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

2.13 Each budget holder is responsible for ensuring that:

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

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

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designated purposes shall revert to the immediate control of the Chief Executive.

- 2.15 Expenditure for which no provision has been made in an approved budget shall be incurred only after authorisation by the Chief Executive or the Authority.
- 2.16 The Director of Finance shall keep the Chief Executive informed of the financial consequences of changes in policy, pay awards and other events and trends affecting budgets and shall advise on the financial and economic aspects of future plans and projects.
- 2.17 By virtue of subsection 7(a) of Section 97A of the National Health Service Act 1977 any sums received on behalf of the Secretary of State for Health in respect of:
- a) charges payable by or under any enactment (other than those arising under part II of the Act); and
  - b) any other income such as compensation or court case cost allocations, are specified for the purposes of this section as sums received by an Authority under the Act in the appropriate financial year.
- 2.18 The Chief Executive is responsible for ensuring that the appropriate financial monitoring forms are submitted to the requisite monitoring organisation.

### **3. Annual Report and Accounts**

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

### **4. Banking arrangements**

- 4.1 The Director of Finance is responsible for managing the Authority's banking arrangements and for advising the Board on the provision of banking services

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and operation of accounts. This advice will take into account guidance issued by DHSC and “Managing Public Money” (2013 with revised annexes Sept 2019), published by HM Treasury. This guidance recommends only using commercial accounts where the required services are not provided by the Government Banking Service (GBS) or where better value for money for the Exchequer overall can be demonstrated.

- 4.2 The ARAC, on behalf of the Board, shall approve the banking arrangements as required.
- 4.3 The Director of Finance is responsible for:
- a) commercial and GBS accounts
  - b) establishing separate bank accounts
  - c) ensuring payments made from commercial and GBS accounts do not exceed the amount credited to the account except where arrangements have been made
  - d) monitoring compliance with DHSC guidance on the level of cleared funds in commercial accounts.
- 4.4 The Director of Finance will prepare detailed instructions on the operation of commercial bank and GBS accounts which must include:
- a) the conditions under which each account is operated, and
  - b) those allowed to authorise both manual and electronic banking transactions and instructions.
- 4.5 The Director of Finance must advise the Authority’s bankers in writing of the conditions under which each account will be operated.
- 4.6 The Director of Finance should review the banking needs of the Authority at regular intervals to ensure that they reflect current business patterns and represent best value for money.

## 5. Capital investment, asset registers and security of assets

### 5.1 Capital Investment

- 5.1.1 The Chief Executive shall ensure that there is an adequate appraisal process in place for determining capital expenditure priorities and the effect of each proposal on strategic plans. The Chief Executive is responsible for the management of all stages of capital schemes and for ensuring that schemes are delivered on time and to cost. The Chief Executive shall ensure that capital investment is not undertaken without confirmation of the availability of resources to finance both the capital spend and any revenue consequences including capital charges.
- 5.1.2 For all capital expenditure proposals, the Chief Executive shall ensure that a business case is produced in line with NHSCFA guidance, setting out an option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to cost and appropriate project management and control arrangements. The Director of Finance shall certify the costs and revenue consequences of each business case.
- 5.1.3 The Chief Executive will ensure that all business cases for capital expenditure are approved in line with the DHSC delegated limits.
- 5.1.4 The Director of Finance shall issue procedures for the regular reporting of expenditure and commitment against authorised expenditure.
- 5.1.5 The Chief Executive is responsible for the issue to an officer of the Authority specific authority to commit expenditure, authority to proceed to a tender and approval to accept a successful tender.
- 5.1.6 The Director of Finance shall issue procedures governing the financial management, including variations to contract, of capital investment projects and valuation for accounting purposes.

### 5.2 Asset Registers

- 5.2.1 The Chief Executive is responsible for the maintenance of both the Register of Assets and the Register of Inventory Items, taking account of the advice of the Director of Finance concerning the form and the method of updating the registers.

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- 5.2.2 Each employee has a responsibility to exercise a duty of care over the assets of the Authority and it shall be the responsibility of senior staff in all disciplines to apply appropriate routine security practices in relation to NHS assets. A substantial or persistent breach of agreed security practices or complaint received of theft within the authority shall be reported to the Corporate Secretary, who shall then refer the matter to the Director of Finance, who will determine the necessary action.
- 5.2.3 The Chief Executive shall define the items of equipment which shall be recorded on either the Capital Asset Register or the Inventory Register. The Capital Accounting Manual, as issued by the DHSC, will be considered when determining the minimum data set for the Capital Asset Register.
- 5.2.4 Additions to the fixed Asset Register must be clearly identified to an appropriate budget holder and be validated by reference to properly authorised and approved agreements, architects' certificates, suppliers' invoices and other documentary evidence in respect of purchases from third parties; requisitions and wages records for own materials and labour including appropriate overheads.
- 5.2.5 Where capital assets are sold, scrapped, lost or otherwise disposed of, their value must be removed from the accounting records and each disposal must be validated by reference to authorisation documents and invoices.
- 5.2.6 The Director of Finance shall approve procedures for reconciling balances on fixed asset accounts in ledgers against balances on fixed Asset Registers.
- 5.2.7 Land and buildings shall be held at current values with a full professional valuation carried out at least every five years. Other assets will be held at depreciated/amortised historical cost as a proxy for current value. This is in accordance with the Authority's accounting policies which comply with the Financial Reporting Manual (FReM) issued by HM Treasury.
- 5.2.8 The value of each asset shall be depreciated using methods and rates as specified in the Authority's accounting policies which comply with the FReM. Estimated useful lives and depreciation rates of assets will be reviewed on an annual basis.
- 5.2.9 The Director of Finance shall calculate and account for capital charges as specified in the FReM.
- 5.2.10 Budget holders will ensure that the respective Asset Register for their areas will

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be physically checked annually.

- 5.2.11 The Asset Register and the Inventory Register shall also record items which are transferred from one part of the Authority to another. It is the responsibility of the budget managers to inform the Director of Finance of these changes.
- 5.2.12 The Director of Finance shall maintain an up to date register of properties owned or leased by the Authority in accordance with the NHS Manual of Property Transactions. This should include details of location, tenancy (where appropriate), and custody of the deeds and lease documents.

**5.3 Security of assets**

- 5.3.1 Asset control procedures (including fixed assets, cash, cheques and negotiable instruments, and also including donated assets) must be approved by the Director of Finance. This procedure shall make provision for:
- a) recording managerial responsibility for each asset
  - b) identification of additions and disposals
  - c) identification of all repairs and maintenance expenses
  - d) physical security of assets
  - e) periodic verification of the existence of, condition of, and title to, assets recorded
  - f) identification and reporting of all costs associated with the retention of an asset
  - g) reporting, recording and safekeeping of cash, cheques, and negotiable instruments.
- 5.3.2 All discrepancies revealed by verification of physical assets to fixed Asset Register shall be notified to the Director of Finance.
- 5.3.3 Whilst each employee and officer has a responsibility for the security of property of the Authority, it is the responsibility of Board members and senior employees in all disciplines to apply such appropriate routine security practices in relation to NHS property as may be determined by the Board. Any breach of agreed security practices must be reported in accordance with agreed procedures.
- 5.3.4 Any damage to the Authority's premises, vehicles and equipment or any loss of equipment or supplies shall be reported by staff in accordance with the agreed procedure for reporting losses.

- 5.3.5 Where practical, assets should be marked as NHS Counter Fraud Authority property.

## **6. Stock control**

- 6.1 Stocks are those goods normally utilised in day to day or trading activity but which, at any point in time, have not yet been consumed or sold (excluding capital assets).
- 6.2 The overall control of stock shall be the responsibility of the Director of Finance working with the budget holders. The designated manager shall be responsible for ensuring that stocks are kept at a minimum, consistent with good working practices. The Director of Finance shall be responsible for the design, documentation and supervision of local stock control procedures within the national requirements.
- 6.3 The responsibility for security arrangements and the custody of keys for all stock locations shall be clearly defined in writing by the designated officer and agreed with the Director of Finance.
- 6.4 All stock records shall be in such form and shall comply with such systems of control as the Director of Finance may require.
- 6.5 A guidance document on the process to follow for raising requisition orders, purchase orders and receipting goods received shall be made available to all staff. All goods received shall be checked with regard to quantity and/or weight and inspected as to quality and specification.
- 6.6 All goods received shall be entered onto an appropriate goods received/stock record (whether a computer or manual system) on the day of receipt. If goods received are unsatisfactory, the records shall be marked accordingly. Further, where goods received are seen to be unsatisfactory, or short on delivery, they shall be accepted only on the authority of the designated officer and the supplier shall be notified immediately.
- 6.7 The issue of stocks shall be in accordance with the relevant sections of the Finance Procedure Note.
- 6.8 All transfers and returns shall be recorded on forms/systems provided for the purpose and approved by the Director of Finance.
- 6.9 Breakages and other losses of goods in stock shall be recorded as they occur and shall be presented to the Director of Finance at regular intervals. (See also Section 14, Losses and Special Payments).

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- 6.10 Stocktaking arrangements shall be agreed with the Director of Finance and there shall be a physical check covering all items in stock at least once a year or by an approved perpetual inventory checking system. The physical check shall involve at least one officer, other than the budget manager responsible for the stock. The stocktaking records shall be numerically controlled and signed by the officers undertaking the check. Any surplus deficiencies revealed on stocktaking shall be reported to the Director of Finance immediately.
- 6.11 Where a complete system of stock control is not justified, alternative arrangements shall require the approval of the Director of Finance.
- 6.12 Stock shall be valued at the lower of cost or net realisable value. For this purpose, cost shall be ascertained on either the basis of being used on the principle of first in, first out (FIFO), or on the basis of average purchase price. The cost of stock, with the exception of finished stock arising from manufacturing, shall be the purchase price including VAT, without any margins.
- 6.13 Stock which has deteriorated or is not usable for any other reason for its intended purposes, or may become obsolete, shall be written down to its net realisable value. The procedure for identification and approval of the write-down shall be approved by the Director of Finance and recorded.

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

- 7.1 All receipt books, tickets, agreement forms, or other means of officially acknowledging or recording amounts received or receivable, shall be in a form approved by the Director of Finance. Such stationery shall be ordered and controlled by the Director of Finance (or nominated deputy) and subject to the same precautions as are applied to cash.
- 7.2 All officers whose duty it is to collect or hold cash shall be provided with a lockable cash box which will normally be deposited in a safe. The officer concerned shall hold only one key and all duplicates shall be lodged with the Authority's bankers or such other officer authorised by the Director of Finance, and suitable receipts obtained. The loss of any key shall be reported immediately to the Director of Finance. The Director of Finance shall, on receipt of a satisfactory explanation, authorise the release of the duplicate key. All new safe keys will be dispatched directly to the Director of Finance from the manufacturers. The Director of Finance shall be responsible for

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maintaining a register of authorised holders of safe keys.

- 7.3 All cash, cheques, postal orders and other forms of payment received by an officer shall be entered immediately in an approved form of register.
- 7.4 The opening of coin operated machines (including telephones) and the counting and recording of the takings shall be undertaken by two officers together, except as may be authorised in writing by the Director of Finance, and the coin box keys shall be held by a nominated officer.
- 7.5 The Director of Finance shall prescribe the system for the transporting of cash and where practicable a specialist security company employed.
- 7.6 The holders of safe keys shall not accept unofficial funds for depositing in their safes unless such deposits are in special sealed envelopes or locked containers. It shall be made clear to the depositors that the Authority is not to be held liable for any loss, and written indemnities must be obtained from the organisation or individuals absolving the Authority from responsibility for any loss.
- 7.7 During absence (e.g. annual leave) of the holder of a safe, the acting officer shall be subject to the same controls as the normal holder of the key. There shall be written discharge for the safe contents on the transfer of responsibilities and the discharge document must be retained for inspection.
- 7.8 All unused cheques and other orders shall be subject to security precautions as are applied to bulk stocks of cheques and shall normally be retained by the Authority's bankers and released by them only against a requisition signed by the Director of Finance.
- 7.9 A cheque register shall be kept in which all cheque stocks ordered, received and issued shall be recorded and signed for by nominated officer(s). A separate register is to be kept of payable orders.
- 7.10 The Director of Finance shall ensure that all relevant staff are informed in writing on appointment, of their responsibilities and duties for the collection, handling or disbursement of cash, cheques and other monies.
- 7.11 Any loss or shortfall of cash, cheques, or other negotiable instruments, however occasioned, shall be reported immediately in accordance with the agreed procedure for reporting losses. (See Section 14 - Losses and Special Payments).
- 7.12 **Use of NHSCFA credit card**

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- 7.12.1 The NHSCFA's credit card is solely for use in connection with NHSCFA business.
- 7.12.2 The credit card is only to be used in exceptional circumstances and where the standard means of purchasing / payment are unavailable (e.g. online only purchasing).
- 7.12.3 In line with the Corporate Credit Card Policy, requests must be made in advance on the requisite Corporate Credit Card Purchase Form and must be approved by the relevant budget holder.
- 7.12.4 The Corporate Governance Manager & Board Secretary is responsible for authorising credit card purchases above £1000 in advance. In their absence responsibility will be delegated to an appropriate individual this responsibility will rest with the Finance & Governance Support Lead and / or the Information Governance Lead.
- 7.12.4 The details of each transaction will be entered into the Corporate Credit Card transaction register which will be maintained, monitored and reconciled under arrangements approved by the Director of Finance. The register will record the name of the person requesting the transaction, total cost, date and the signatories of both requestor and budget holder if different. If a requested transaction is not approved this must also be recorded in the register together with the reason for non-approval. The register should be accompanied by a receipt relating to each transaction.

## **8. Payment of staff**

### **8.1 Funded establishment**

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

### **8.2 Staff appointments**

- 8.2.1 No Director or employee may engage, re-engage or re-grade employees, either on a permanent or temporary nature, or hire agency staff, or agree to changes in any aspect of remuneration unless:

- a) authorised to do so by the Director of Finance; and is
- b) within the limit of the Director's approved budget, funded establishment, and

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agreed staffing numbers.

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

**8.3 Processing payroll**

8.3.1 The Director of Finance is responsible for:

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

8.3.2 The Director of Finance will issue instructions regarding:

- a) verification and documentation of data
- b) timetable for receipt and preparation of payroll data and the payment of employees
- c) maintenance of subsidiary records for superannuation, income tax, social security and other authorised deductions from pay
- d) security and confidentiality of payroll information
- e) checks to be applied to completed payroll before and after payment
- f) authority to release payroll data under the provisions of the Data Protection Acts
- g) methods of payments available to various categories of employees and officers
- h) procedures for payment by cheque or bank credit
- i) procedures for the recall of cheques and bank credits
- j) pay advances and their recovery
- k) maintenance of regular and independent reconciliation of pay control accounts
- l) separation of duties of preparing records and inputs and verifying outputs and payments

m) system to ensure the recovery from leavers of sums of money and property due by them to the Authority.

8.3.3 Appropriately nominated managers have delegated responsibility for:

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

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

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

## **8.4 Contracts of employment**

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

## **9. Payment of accounts**

9.1 The Director of Finance shall be responsible for the prompt payment of accounts and claims. The term "payment" includes any arrangements established to settle payments upon a non-cash basis. Payment of contract invoices shall be in accordance with contract terms. All payments shall comply with the

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Government's policy on prompt payment.

- 9.2 All authorised officers shall inform the Director of Finance promptly of all money payable by the Authority arising from transactions which they initiate, including contracts, leases, tenancy agreements and other transactions. To assist financial control, the Director of Finance will maintain a register of regular payments.
- 9.3 The Director of Finance shall be responsible for maintaining a system for the verification, recording and payment of all accounts payable by the Authority. This system will incorporate an approved officers' signatory list of the budget holders, budget managers and their deputies who are authorised to certify the following:
- a) goods have been duly received, examined, are in accordance with specification and order, are satisfactory and that the prices are correct (see exception in section 9.4)
  - b) work done or services rendered have been satisfactorily carried out in accordance with the order; that, where applicable, the materials used were of the requisite standard and that the charges are correct
  - c) in the case of contracts based on the measurement of time, materials or expenses, the time charged is in accordance with the time sheets, that the rates of labour are in accordance with appropriate rates, that the materials have been checked with regard to quantity, quality and price and that the charges for the use of vehicles, plant and machinery have been examined
  - d) where appropriate, the expenditure is in accordance with regulations and that all necessary authorisations have been obtained
  - e) the account is arithmetically correct
  - f) the account is in order for payment.
- 9.4 Appropriate prepayments will be permitted for instances relating to payments for rent, maintenance contracts and in those instances, where, as standard business practice demands, nominal prepayments are required (i.e. training, publications).

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

- a) the appropriate Director must provide, in the form of a written report, a case setting out all relevant circumstances of the purchase. The report must set out

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the effects on the Authority if the supplier is at some time during the course of the prepayment agreement unable to meet their commitments

- b) the Director of Finance will need to be satisfied with the proposed arrangements before contractual arrangements proceed, and
- c) the budget holder is responsible for ensuring that all items due under a prepayment contract are received and must immediately inform the appropriate Director or Chief Executive if problems are encountered.

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

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

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

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

## **10. Income**

### **10.1 Income systems**

10.1.1 The Director of Finance shall be responsible for designing and maintaining systems for the proper recording, invoicing and collection of all monies due which shall incorporate the principles of internal checking and separation of duties.

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

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10.1.3 All officers shall inform the Director of Finance of money due to the Authority arising from transactions which they initiate.

**10.2 Fees and charges**

10.2.1 The Director of Finance is responsible for approving and regularly reviewing the level of all fees and charges other than those determined by the DHSC or statute. Where sponsorship income (including items in kind such as subsidised goods or loans of equipment) is considered the guidance contained in the DH's Commercial Sponsorship – Ethical Standards in the NHS shall be followed.

10.2.2 The Director of Finance will be responsible for arranging the level of rentals for newly acquired property and for reviewing rental and other charges.

10.2.3 In respect of pricing the Authority's goods and services, margins will be determined according to national guidelines approved by the Chief Executive on the advice of the Director of Finance.

**10.3 Debt recovery**

10.3.1 The Director of Finance shall ensure that appropriate systems exist for the recovery of outstanding debts.

10.3.2 Income not recovered shall be dealt with in accordance with Section 14 (Losses and Special Payments).

## 11. Disposal of assets/inventory items

11.1 The Director of Finance shall prepare detailed procedures for the disposal of assets and inventory items.

11.2 Disposal of all land and/or buildings must be authorised by the Secretary of State for Health. Delegated limits for recommending disposal of such assets to the Secretary of State for Health are:

- a) the Senior Management Team for land and/or building assets up to **£1,000,000 (excluding VAT)**, and
- b) the Board for land and/or building assets over **£1,000,000 (excluding VAT)**.

11.3 Disposal of all other assets shall be authorised as follows:

- a) budget holders shall authorise the disposal of assets up to **£250,000 (excluding VAT)**
  - b) the Chief Executive shall authorise the disposal of assets over **£250,000** up to **£500,000 (excluding VAT)**
  - c) the Senior Management Team shall authorise the disposal of assets over **£500,000** up to the value of **£1,000,000 (excluding VAT)**
  - d) the Board shall authorise the disposal of assets over **£1,000,000 (excluding VAT)**.
- 11.4 All assets and inventory items which are considered to be surplus to the Authority's requirements or are considered to be beyond economical repair, should be disposed of in line with the appropriate procedures and should be listed on the appropriate documentation, authorised by the budget holder and forwarded to the Director of Finance who will update the Authority's Asset Register where appropriate.
- 11.5 All unserviceable articles shall be condemned or otherwise disposed of by an employee authorised for that purpose by the Director of Finance. Prior to disposal it should be determined whether the article is recorded within the Register of Assets. A record in a form approved by the Director of Finance shall be kept of all articles submitted for condemnation and the condemning officer shall indicate whether the articles are to be converted, destroyed or otherwise disposed of. All entries shall be confirmed by the counter-signature of a second officer authorised for the purpose by the Director of Finance.
- 11.6 The condemning officer shall satisfy himself as to whether or not there is evidence of negligence in use and shall report any such evidence to the Director of Finance.
- 11.7 The Director of Finance will determine whether such condemned items should be recorded in the Losses and Special Payments Register, as set out in Section 14 of these SFIs.

## **12. Buying goods, works and services**

### **12.1 Introduction and guiding principles**

- 12.1.1 As a Public Sector body, the NHSCFA must ensure that all procurement and

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contracting activity meets the requirements of legislation and policy - notably EU Procurement Directives as enacted by the Public Contracts Regulations 2015 (PCRs 2015) and DHSC and Cabinet Office Guidance. It must also ensure that goods, works and services are procured to deliver value for money for the taxpayers.

- 12.1.2 Officers must follow NHSCFA procurement operating procedures to ensure that they comply with legislation, policy and these SFIs. The Director of Finance is responsible for maintaining procurement operating procedures across the Authority.
- 12.1.3 These SFIs set out the instructions which all officers must follow.
- 12.1.4 Within these SFIs, a scheme of delegated authority is present to ensure that only designated officers authorise procurement activity, and the entering into of contracts.
- 12.1.5 Officers should consult with Strategic Sourcing at the NHS BSA<sup>1</sup> for procurement guidance as required.

## **12.2 Aggregation**

- 12.2.1 Under the PCRs 2015, the value of a contract must be estimated by reference to the contractually committed spend over the life of the contract. This is the total annual value of the contract multiplied by the number of years in the contract, including, but not limited to, all extensions, options, variations and start-up costs (this is Total Contract Value), excluding VAT.
- 12.2.2 A proposed contract may not be divided into smaller contracts in order to avoid the provisions of these SFIs, PCRs 2015 or any other relevant policy. However, officers should be mindful of Regulation 46 of the PCRs 2015 that requires contracting authorities to divide contracts into lots, where possible.
- 12.2.3 Deliberate disaggregation to avoid the intended application of these SFIs is a disciplinary offence.
- 12.2.4 The Director of Finance is responsible for ensuring that aggregation rules are effective across the Authority. Where officers believe that aggregation rules are not operating effectively, they should refer this to the Chief Executive.

## **12.3 Quotations**

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<sup>1</sup> Consultation with the NHS BSA will be in accordance with the agreed service levels and operating procedures.

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- 12.3.1 Subject to SFI 12.3.4 below, for commercial commitments to suppliers of **up to £1,000 (excluding VAT)**, officers may use their discretion to achieve value for money. These commercial commitments will be audited from time to time by the Director of Finance or their nominated representative.
- 12.3.2 Subject to SFI 12.3.4 below, for commercial commitments to suppliers between **£1,001 and £10,000 (Total Contract Value, excluding VAT)**, officers must seek a minimum of three written quotations from potential suppliers and complete the necessary purchasing documentation. Officers may consult with the NHS BSA Strategic Sourcing team for advice<sup>2</sup>. These commercial commitments will be audited from time to time by the Director of Finance or their nominated representative.
- 12.3.3 Officers must maintain confidentiality of quotations pending their evaluation. Following evaluation confidentiality shall be maintained subject to Freedom of Information Act (FOIA) 2000.
- 12.3.4 Where a proposed commercial commitment falls within a goods or services category which is covered by a central Government procurement strategy, officers must use centrally-agreed contracting routes unless there is a clear value for money justification for using another route (this should be clarified in advance with the NHS BSA Head of Strategic Sourcing). Details of centrally controlled categories are set out in the procurement operating procedures (available from the NHS BSA Head of Strategic Sourcing) for purchases below £10,000.

## 12.4 Tendering

- 12.4.1 For all commitments to suppliers above **£10,000 (Total Contract Value excluding VAT)**, officers must agree an appropriate tender/quotation process and effective evaluation criteria with the Director of Finance. In addition to the above instruction, any commitments to suppliers for ICT infrastructure and / or software applications in excess of £10,000 must be approved by the NHSBSA Head of Business Support Services prior to procurement.
- 12.4.2 Officers must maintain confidentiality of tenders pending their evaluation. Following evaluation confidentiality shall be maintained subject to FOIA 2000.

## 12.5 Non-competitive offers

- 12.5.1 Only in exceptional circumstances, may it be permissible to bypass the above quotation/competitive tender processes.

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<sup>2</sup> Consultation with the NHS BSA will be in accordance with the agreed service levels and operating procedures.

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12.5.2 In such instances referred to in 12.5.1 above where the anticipated spend with the supplier is more than £1,000 (excluding VAT), and always prior to such a non-competitive offer from a supplier being accepted verbally or in writing, officers must consult with the Director of Finance. Written approval to accept the offer must be obtained from the Director of Finance using the appropriate form. Where the Director of Finance requires such approval for their functional business requirements, they will seek approval from the NHSCFA Chief Executive.

12.5.3 In order to award a contract under a single tender action, appropriate procurement processes must be followed so that the total contract value and contract terms are agreed with the supplier. Any associated risks must be properly assessed, and any award must be duly documented and recorded.

**12.6 Contract extension and variation**

12.6.1 Any proposal to extend or vary an existing contract which would result in the addition of more than £10,000 to the existing Total Contract Value (excluding VAT) must be referred to the Director of Finance who will advise if this is possible under the existing contract terms and/or the PCRs 2015.

**12.7 Making commitments to suppliers through Purchase Orders**

12.7.1 All commitments to suppliers for goods, works and services must be made on an official purchase order (Purchase Order), unless the Director of Finance has provided alternative written instructions. Such written instructions may be requested where it is not possible to generate a purchase order.

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

12.7.3 Purchase Orders are to be created on the NHSCFA's finance system. In the finance system, a Purchase Order is created from a Requisition. A Requisition must be authorised by officers with the relevant 'delegated authority' in order to become a Purchase Order.

12.7.4 Officers must ensure that details of all commitments to suppliers/Purchase Orders placed by them will be available to the Director of Finance for inspection, either in paper form or through a computerised purchase ledger system.

12.7.5 The Director of Finance will ensure that an appropriate system of delegated authority is in place. The delegated authority system describes the limits within

which officers must operate when making commitments to suppliers. All officers must ensure that they understand their level of delegated authority and that they comply with it when they make commitments to suppliers. No commitment to a supplier (verbal or written) shall be issued for any item or service for which there is no agreed budget provision.

12.7.6 No commitment shall be made by any officer for any item for which any offer of gifts, reward or benefit has been made to staff in the circumstances defined in 16.2. All gifts and hospitality shall be recorded in a Register of Gifts and Hospitality. The Director of Finance will ensure that arrangements are in place for the maintenance of the register. The Corporate Secretary will maintain such a register for Board members.

12.7.7 Goods are not to be taken on trial or loan without the prior written approval of the Director of Finance or their delegate.

**12.8 System of delegated authority**

12.8.1 Delegated authorities for various expenditure levels are summarised in the table below. Only officers with the appropriate delegated authority may authorise commitments to and sign contracts with suppliers.

12.8.2 Each budget holder is responsible for ensuring that spending remains within the sum of their delegated budget as per 2.13 of these SFIs. This will be assured by Finance through the normal monthly budget monitoring process.

Anticipated expenditure (Total Contract Value, excluding VAT)	Required Budget Holder Approval	Required Finance approval	Required Strategic Sourcing approval	Required CEO/ Board approval	Authorised Contract Signatory
£0 - £1,000	Budget Holder/ Manager	Not required	Not required	Not required	Budget Holder
£1,001 - £10,000	Budget Holder/ Manager	Not required	Not required	Not required	Budget Holder

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Anticipated expenditure (Total Contract Value, excluding VAT)	Required Budget Holder Approval	Required Finance approval	Required Strategic Sourcing approval	Required CEO/ Board approval	Authorised Contract Signatory
£10,001 - £100,000	Head of Service/Budget Holder	Director of Finance	Chief Executive	CEO	Director of Finance
£100,001 - £500,000	Director	Director of Finance	Chief Executive	CEO	Director of Finance
£500,001 - £1,000,000	Director	Director of Finance	Chief Executive	CEO	CEO
£1,000,001 and above	Director	Director of Finance	Chief Executive and Board	Full Board	CEO and Board Chair

\*In exceptional circumstances the Chief Executive (or their nominated representative) are authorised signatories.

12.8.3 An officer with delegated authority has the following responsibilities:

- To ensure that all the necessary approvals are present prior to making a commitment to a supplier.
- To maintain complete records and an audit trail of all of their commitments to suppliers.
- An officer with delegated authority for contract signature must be aware of their responsibility for contract assurance. In addition to the financial commitment that is being made, delegated officers must fully understand the nature of the commitments and responsibilities being entered into by the NHSCFA under the contract being signed.
- Approval to award new contracts and/or enter into any contract variation or

extension must be documented via:

- A Contract Award/Extension Report: for commitments between £10,000 to £1m which shall be signed by the budget holder, Director of Finance and/or the Chief Executive (as applicable) in line with the table at SFI 12.8.2 above; or
- a minuted decision of the full Board for commitments above £1m.

## **13. Internal audit**

- 13.1 The Chief Executive officer & Director of Finance shall be responsible for ensuring that there are arrangements to measure, evaluate and report on the adequacy and effectiveness of internal control and efficient use of resources via use of the DHSC's shared internal audit service.
- 13.2 The Authority shall appoint a Head of Internal Audit who will have overall responsibility for the internal audit function via the DHSC's shared internal audit service.
- 13.3 Management's responsibility is to establish systems of internal control for all operations, both computerised and manual, to ensure that these are properly run.
- 13.4 Internal Audit shall be entitled, without necessarily giving prior notice, to require and receive:
- a) access to all records, documents and correspondence relating to any financial or other relevant transactions, including documents of a confidential nature (in which case, the Corporate Secretary shall have a duty to safeguard the confidentiality)
  - b) access at all reasonable times to any land, premises or employee of the Authority
  - c) the production or identification by any employee of any Authority cash, stores or other property under the employee's control
  - d) explanations concerning any matter under investigation or review.
- 13.5 Where a matter arises which involves, or is thought to involve, irregularities concerning cash, stores or other property of the Authority, or any suspected irregularity in the exercise of any function of a pecuniary nature, the Director of

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Finance shall be notified immediately.

- 13.6 The Corporate Secretary shall report directly to the Chief Executive and shall refer audit reports to the appropriate designated officers. Failure to take remedial action within a reasonable period shall be reported to the responsible Manager. Where, in exceptional circumstances, the use of normal reporting channels could be seen as a possible limitation on the objectivity of the audit, Internal Audit shall have access to report directly to the Chief Executive, the Chair of the Authority or the Chair of the ARAC.

## **14. Losses and special payments**

- 14.1 The Director of Finance shall prepare procedural instructions on the recording of and accounting for losses and special payments.
- 14.2 Any employee discovering or suspecting a loss of any kind must immediately inform their respective Director, who must immediately inform the Chief Executive and the Director of Finance. Where a criminal offence is suspected, the Director of Finance must immediately inform the police. In cases of fraud and corruption or of anomalies which may indicate fraud or corruption, the Director of Finance must inform the relevant LCFS and both Internal and External Auditors. The Director of Finance will provide the Treasury with details of all novel or unusual frauds or attempted frauds.
- 14.3 For losses apparently caused by theft, arson, neglect of duty or gross carelessness, except those which are of a trivial nature, the Chief Executive will immediately notify:
- a) the Board, and
  - b) the External Auditor.
- 14.4 Within the limits delegated to it by the DHSC, the Authority shall delegate its responsibility to approve losses and authorise special payments to the Chief Executive and Director of Finance acting jointly.
- 14.5 No losses or special payments exceeding the delegated limits shall be made without prior DHSC approval.
- 14.6 The Director of Finance shall be authorised to take any necessary steps to safeguard the Authority's interest in bankruptcies and company liquidations.

- 14.7 For any loss, the Director of Finance should consider whether any insurance claim can be made.
- 14.8 The Director of Finance shall maintain a losses and special payments register in which write off action is recorded.
- 14.9 All losses and special payments must be reported to the ARAC on a regular basis.

## **15. Counter Fraud and Security Management**

### **15.1 Counter fraud investigation**

- 15.1.1 All NHS bodies are required to take necessary steps to counter fraud in the National Health Service in accordance with the Secretary of State's Directions, the NHS Standard Contract and in line with guidance provided by NHSCFA.
- 15.1.2 In accordance with Secretary of State's Directions the NHSCFA will undertake all necessary steps to counter fraud. The Chief Executive and Director of Finance monitor and ensure compliance as per the Secretary of State's Directions and have placed the responsibility for monitoring and ensuring compliance with the Corporate Secretary.
- 15.1.3 The Audit and Risk Assurance Committee shall monitor and ensure compliance with Secretary of State's Directions on countering fraud and security management within the NHSCFA.
- 15.1.4 The investigation of allegations within the Authority of misappropriation or other irregularities will be allocated and conducted in line with relevant procedures and the standard operating procedure for the Allocation of Wrongdoing Referrals
- 15.1.5 The NHSCFA core business is countering fraud and it has strong and effective counter fraud management process to measure, prevent, detect and respond to instances of fraud, bribery and corruption as well as theft and criminal damage. The NHSCFA wants to ensure there is an open and honest reporting culture across the business, where NHSCFA employees and any agency or contract staff have the confidence to speak out. It is extremely important that employees speak out if they have concerns. This is in accordance with the Authority's Values and Behaviour Framework and its Principles of Good Practice. NHSCFA employees, agency and contract staff are encouraged to raise their concerns

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either internally, through the Fraud and Corruption Reporting line, through the Fraud and Corruption Reporting On-Line (FCROL) or via the NHSCFA Fraud, Bribery, Corruption, Theft and Damage Policy, or NHSCFA Whistleblowing Policy, or Standards of Business Conduct Policy.

15.1.6 The Bribery Act 2010 came into force on 1 July 2011. This made it a criminal offence to offer or promise to offer a bribe or to request, agree to receiving or receive a bribe which is intended to cause another party to "improperly" perform a "relevant function or activity". When receiving a bribe or bribing another (including a foreign official) individuals may be liable to prosecution. The maximum penalty on conviction is 10 years imprisonment and an unlimited fine.

15.1.7 It is important to note that there is no need for any transfer of goods and/or money to have taken place for the intended action to be classed as bribery. The intention alone is sufficient to complete the offence. The NHSCFA will not tolerate acts of bribery and will treat the giving or receiving of bribes as gross misconduct which may result in disciplinary action and/or criminal proceedings. Employees who have concerns should raise either internally, through the Fraud and Corruption Reporting line, through the Fraud and Corruption Reporting On-Line (FCROL) or via the NHSCFA Fraud, Bribery, Corruption, Theft and Damage Policy, or via the NHSCFA Whistleblowing Policy, or Standards of Business Conduct Policy.

**15.2 Security management**

15.2.1 In line with their responsibilities, the appropriate NED will monitor and ensure compliance with relevant standards.

15.2.2 The Authority shall identify activities required and allocate resources to ensure appropriate security measures are maintained.

15.2.3 The Director of Finance has overall responsibility for controlling and coordinating security measures.

## 16. Standards of business conduct

**16.1** “Managing Conflicts of Interests in the NHS”<sup>3</sup> sets out the principles for standards of business conduct for NHS staff.

### **16.2 Casual gifts and hospitality**

16.2.1 All offers of gifts or hospitality should be recorded in line with the Standards of Business Conduct Policy.

16.2.2 Casual gifts, unless of low value (less than £10 e.g. diaries) should be declined, and all unsolicited gifts returned.

16.2.3 Hospitality such as lunches in the course of working visits may be accepted though they should be of commensurate value to that which the NHSCFA would provide in the same circumstances.

16.2.4 Other offers of gifts or hospitality, including travel and accommodation should be declined.

### **16.3 Declarations of interests**

16.3.1 In addition to the ongoing requirement to declare relevant matters/interests under the Standards of Business Conduct Policy, employees must specifically also make relevant managers aware of any controlling or financial interests that they or their associates hold in organisations that may supply goods or services to the NHSCFA. The declaration should be made when they start employment, on the acquisition of the interest, when the nature of their interest alters and/or when they become aware of a potential commercial relationship between the interest and the NHSCFA. If the interest is significant then full written details must be provided. These will be recorded in a Register of Business Interests. Where there is potential for a conflict of interest the NHSCFA may require employees concerned to take action towards resolution.

16.3.2 Employees who have responsibility or designated responsibility for the procurement of goods and services; are an authorised signatory; work in the Finance & Corporate Governance Directorate; or have access to customers credit card details; must make a declaration to their manager and the Finance and Corporate Governance unit if they are:

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<sup>3</sup> Available on the NHS England website at - <https://www.england.nhs.uk/publication/managing-conflicts-of-interest-model-policy-content-for-organisations/>

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- a) declared bankrupt, or
- b) convicted of a criminal offence other than traffic violations (unless this impacts on their ability to carry out normal duties).

16.3.3 All employees are required to make an annual declaration regarding the matters set out at paragraphs 16.2 and 16.3 above and 16.6 below.

**16.4 Preferential treatment in private transactions**

16.4.1 Employees must not seek preferential rates or other benefits for private transactions with any company which they have had or may have, dealings within their capacity as NHSCFA employees.

16.4.2 Procurement guidance should be adhered to, as detailed in Section 12.

**16.5 The award of contracts**

16.5.1 No organisation of any sort that may bid for NHSCFA business can be given an advantage over competitors. This applies in all cases. All contracts are awarded on merit and in line with SOs and associated procedure notes. In addition, no favour can be shown to the business of current or former NHSCFA employees or their relatives or associates. Employees known to have a relevant interest are excluded from all stages of the selection process.

16.5.2 All invitations to potential contractors must include a notice warning of the consequences of engaging in corrupt practices under the Bribery Act 2010.

16.5.3 Procurement guidance should be adhered to, as detailed in Section 12.

**16.6 Outside employment**

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

**16.7 Use of NHSCFA computers**

16.7.1 Employees must adhere to the NHSCFA IT Acceptable Use and Information

Security policies.

## **16.8 Adherence to the standards of business conduct**

16.8.1 Any breach of the Standards of Business Conduct procedure, for personal gain or otherwise, may result in disciplinary action. In certain cases, criminal proceedings or civil litigation may result. Any doubts or queries about the content of this procedure or any course of action to be taken should be referred to the Director of Finance in writing.

## **16.9 Recording and monitoring**

16.9.1 Staff status regarding the declarations they make concerning the matters set out at 16.2, 16.3 and 16.6 are monitored no less than annually.

16.9.2 Declaration forms are available on the Authority intranet site or from the Finance & Corporate Governance unit.

16.9.3 All declarations made by employees will be held centrally by the Finance and Corporate Governance team. All information will be held in accordance with data protection legislation. The information will be held in confidence but may be available for public access where required by law. Information may also be disclosed for disciplinary or criminal or civil legal action.

16.9.4 Each individual declaration will be reviewed and added to the register and all declarations will be reviewed periodically by the Board Secretary.

## **17. External audit**

17.1 The external audit of the NHSCFA is undertaken by the Comptroller and Auditor General (C&AG), whose powers are conferred under the National Health Service Act 1977.

17.2 The C&AG's powers to obtain documents and information were consolidated in the National Audit Act 1983. This legislation provides that the C&AG shall have a right of access at all reasonable times to all such documents as he may reasonably require for carrying out examination and shall be entitled to require from any person holding or accountable for any such document such information and explanation as are reasonably necessary for that purpose.

17.3 These rights of access extend to the annual audit of all systems, establishments and processes associated with the Authority's functions.

