



STANDING FINANCIAL INSTRUCTIONS

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Purpose and Introduction

These Standing Financial Instructions (SFIs) detail the financial responsibilities, policies and procedures to be adopted by NHS Grampian. They are designed to ensure that its financial transactions are carried out in accordance with the law and government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness.

These SFIs identify the financial responsibilities that apply to everyone working for NHS Grampian. They do not provide detailed procedural advice that can be found in separate procedures manuals. The Director of Finance must approve all financial procedures.

Failure to comply with the SFIs is a disciplinary matter that could result in dismissal.

These SFIs apply to all Board employees and budget holders (including local authority employees) carrying out functions delegated by NHS Grampian to the Integration Joint Board.

For the avoidance of doubt all matters related to investment in property and other capital infrastructure are reserved to the authority of the NHS Grampian Board and must comply with the provisions of these SFIs.

Should any difficulties arise regarding the interpretation or application of any of the SFIs, personnel must seek the advice of the Director of Finance before any action is taken. Officers of NHS Grampian are expected to have a full knowledge of the responsibilities placed on them by the Standing Financial Instructions.

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Definitions

The Board means Grampian NHS Board, the common name for Grampian Health Board.

Integration Joint Board (IJB) as set out under the Public Bodies (Joint Working) Scotland Act 2014. They oversee delivery of Healthcare for the Health & Social Care Partnership (HSCPS). In NHS Grampian these include the IJBs for Aberdeen City, Aberdeenshire and Moray.

NHS Grampian Charity is the operational name for Grampian Health Board Endowment Funds (NHS Grampian).

SGHSCD means the Scottish Government Health and Social Care Directorate.

SCIM means Scottish Capital Investment Manual.

CNORIS means Clinical Negligence and Other Risks Indemnity Scheme, which provides guidance to NHS Grampian for legal obligations arising from clinical, non-clinical and financial matters through the Central Legal Office.

Accountable Officer means the responsible individual accountable on behalf of NHS Grampian Health Board under Section 15 of the Public Finance and Accountability (Scotland) Act 2000. This is the Chief Executive in their capacity as Chief Officer of the Board.

Chief Executive means the Chief Officer of NHS Grampian Health Board.

Director of Finance means the Chief Financial Officer of NHS Grampian Health Board.

Executive Board members means individuals whom the Scottish Government has appointed to NHS Grampian Health Board and lead in developing strategic proposals - drawing on professional and clinical expertise where appropriate.

Non-Executive Board members means individuals whom the Scottish Government has formally appointed to NHS Grampian Health Board. They are appointed to bring independence, external perspectives, skills, and challenge to strategy development for the Board.

Budget means an allocation of resources expressed in financial terms by NHS Grampian for carrying out, over a specified period, a function or functions of the Board.

Budget Holder means employees or directors with delegated authority to manage finances for a specific area of the organisation. These may either be NHS Grampian employees or local authority employees carrying out a functions delegated by NHS Grampian to the Integrated Joint Board.

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Employee means employees of the Health Board, Local authority employees and include employees of third parties who are contracted to the Health board when acting on its behalf.

Virement means the re-allocation of budgetary authority, whereby the budget of a cost centre is reduced and another corresponding budget is increased.

Directed Functions means functions which an Integration Joint Board as defined in the Board's Standing Financial Instructions) has directed the Board to carry out under s.26 (1) of the Public Bodies (Joint Working) (Scotland) Act 2014.

Standing Orders means the standing orders for Grampian NHS Boards regulation for its conducts and proceedings.

Standing Financial Instructions (SFI) means this document, which details the financial responsibilities, policies and procedures adopted by NHS Grampian.

Assurance framework means the assurance systems in place that governs the Committee structure of the Board.

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Section 1: Corporate Governance Framework

Introduction

- 1.1. The guiding principles that inform the Corporate Governance Framework are contained in a number of documents that set out the way that NHS Grampian aims to conduct its business. Combined, these documents set out the standards, procedures and responsibilities that all employees must follow in order to comply with government regulations. The paragraphs below briefly describe the purpose of each of these documents, including the Standing Financial Instructions that form an integral element of the Governance Framework.

Standing Orders and Code of Conduct

- 1.2. The Standing Orders and Code of Conduct for NHS Boards set out the rules for how meetings of the NHS Board and its committees should be conducted and the values of public service, leadership, integrity, objectivity, selflessness, openness, accountability, honesty, and respect that members should promote by their conduct. The Board and designated Senior Employees have specific delegated authorities to make decisions on specific matters. Full details of this “delegated authority” are contained in the Scheme of Delegation.

Scheme of Delegation

- 1.3. It is the responsibility of the Director of Finance to ensure that designated staff maintain the procedures manuals to comply with the law, codes of conduct, NHS guidance and relevant standards of accounting practice in relation to financial activities.
- 1.4. An operational scheme of delegation has been prepared separately from these SFIs and is available on the NHS Grampian Intranet. The Director of Finance is responsible for ensuring that appropriate procedures exist for the maintenance of the operational scheme of delegation. The structure including financial limits of the operational scheme of delegation will be reviewed annually or as appropriate by the Audit and Risk Committee after taking account of the advice of the Director of Finance.
- 1.5. The decisions that are reserved for the Senior Officers of the Board, the Board itself and the committees that report to it are set out in NHS Grampian’s Schedule of Reserved Decisions, a copy of which is available on the NHS Grampian Intranet. The Board must approve the Schedule of Reserved Decisions, and any subsequent amendments.
- 1.6. When a delegated Officer is absent and alternative cover arrangements involve an officer who does not hold an equivalent level of authority then the Assistant Director of Finance must be notified of the temporary arrangements in writing, by an appropriate Officer of equivalent or higher authority.

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- 1.7. When Officers are carrying out their duties under these delegated arrangements, they should not exceed their budgetary limits, and they should not use their budgets for any purpose other than that provided. Expenditure that has not been budgeted for will only be incurred after the Chief Executive, Director of Finance or the Board has given authorisation as appropriate.

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- 1.8. These Standing Financial Instructions (SFIs) are issued for the regulation of the conduct of NHS Grampian, its directors, officers and agents in relation to all financial matters.
- 1.9. All employees must comply with rules for conducting financial business. These rules, called Standing Financial Instructions, are laid out in the attached sections.
- 1.10. The aims of the Standing Financial Instructions are to ensure that NHS Grampian acts within the law, that proper records are maintained and statements produced, that NHS Grampian seeks best value from its resources and that clear lines of control and accountability are in place.
- 1.11. They are also designed to protect NHS Grampian and its staff from the risk of fraud and financial irregularity including the consolidated scheme of offences under the 2010 Bribery Act.
- 1.12. The full range of NHS Grampian's financial activity is covered, from payment of salaries to contracting and purchasing, banking arrangements to charity funds.
- 1.13. Three statutory Integration Joint Boards (IJBs), were established in Grampian effective 6 February 2016. Formal delegation of functions and associated operational budgets took effect from 1 April 2016. The IJBs direct Health and Social Care Partnerships (HSCPs) to undertake the functions that are delegated. All matters relating to budget setting and resource management for services delegated to the IJBs must comply with the SFIs and scheme of delegation agreed by each IJB. Each IJB will however commission services from H&SCP and where these relate to functions delegated by NHS Grampian to the IJB the operational management of these services, including all treasury, cash management, procurement, payroll and other transactional financial activity will continue to be governed by these SFIs.

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Section 2: Standards of Business Conduct

- 2.1 It will be the responsibility of the Chief Executive to ensure that NHS guidelines on Standards of Business Conduct are brought to the attention of all staff and are effectively implemented and ensure that such policies and procedures are kept up to date.
- 2.2 Officers involved in the acquisition of goods and services should also adhere to the ethical code of the Institute of Purchasing and Supply.
- 2.3 There are standards of conduct that everyone who works for the NHS needs to follow. Employees are expected to put the interests of patients first at all times, be impartial and honest when doing their job and ensure value for money when spending public funds. It is each employee's responsibility to ensure that they do not misuse their position to benefit themselves, their family or their friends, take on another job that compromises their NHS duties or promote their private interests in the course of their job.
- 2.4 All staff must declare any private financial, or other relevant interests, where this would give rise to a conflict of interest. All such interests must be disclosed to their line managers and formally recorded in the corporate register of Interests, Gifts and Hospitality.

Conflict of Interest

- 2.5 A 'conflict of interest' is defined as:
- 2.6 "A set of circumstances by which a reasonable person would consider that an individual's ability to apply judgement or act, in the context of delivering, commissioning, or assuring taxpayer funded health and care services is, or could be, impaired or influenced by another interest they hold."
- 2.7 What does this mean in practice?
- 2.8 **Employees must:**

Declare all gifts or hospitality received in the course of their duties as an employee of NHS Grampian. The following principles apply:-

- Articles of low intrinsic value, i.e. less than £25, such as diaries, pens or calendars need not be declared.
- Staff should not accept personally, any gifts of cash or vouchers with a monetary face value. Such gifts, if offered, and with the agreement of the donor, may be paid in to NHS Grampian Charity and used for the benefit of the service. For further guidance on how to process a donation to NHS Grampian Charity funds please contact gram.charities@nhs.scot

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- Obtain permission, in writing, from their manager before taking on outside work, including operating their own business, where there may be a conflict of interests. For the avoidance of doubt permission may be refused should a manager consider that a conflict of interest exists, although this permission should not be unreasonably withheld.
- Obtain permission from their manager before accepting any commercial sponsorship. This includes any offers by outside companies to sponsor or part sponsor educational visits, invitations to speak at conferences or address meetings (Lunches in the course of working visits may be acceptable if they are similar to the scale of hospitality that the NHS as an employer would offer).
- Declare an interest if you are placed in a position which risks, or might appear to others to risk, conflict between private interests and NHS duties. For members of staff involved in supporting procurement activity as a member of a category action group an opportunity for members to declare an interest will be allowed at the start of each meeting. If any doubt exists then you should ask to be excused from the decision process.

2.9 Examples of situations to be avoided are:

- Authorising the discharge of a patient into a nursing home in which you, your family, friend or business acquaintance has a financial interest.
- Purchasing, or authorising or influencing another employee to purchase or authorise the purchase of, goods or services from an organisation in which you, your family, friends or business acquaintances have a financial interest. This need not be a controlling interest, for example a Doctor with a minor shareholding in a pharmaceutical Company will be required to declare this interest should they actively prescribe medicines manufactured by that Company.

2.10 Employees must not:

- Misuse or make available confidential information
- Accept any gifts, inducements or hospitality that might place them in a position of conflict between their private interest and that required by their NHS duties (articles of low intrinsic value, i.e. under £25, such as diaries, pens or calendars need not necessarily be refused)
- Accept gifts of cash or vouchers with a monetary face value.

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- Under any circumstances claim reimbursement for expenses incurred in the purchase of alcoholic beverages when on NHS Grampian business.
- Use their past or present position to make preferential private arrangements
- Unfairly advantage one competitor over another or show favouritism in awarding contracts.

Corporate Register of Interests, Gifts & Hospitality

- 2.11 All staff are required to record, in the Board's Corporate Register of Interests, Gifts and Hospitality:

all relevant interests or gifts including hospitality and any other benefits received either directly or indirectly from external parties in the course of their duties and with a value exceeding £25. Benefits to be disclosed include, but are not limited to, material items, conference fees, meals, travel, sponsorship (including research), entrance to and attendance at events, entertainment of any sort and services such as free consultancy;

- 2.12 each instance where you consider a conflict of interest may exist with your core NHS duties; and

- 2.13 The details of any offers which are declined.

- 2.14 'Interests' can arise in a number of different contexts. A material interest is one, which a reasonable person would take into account when making a decision regarding the use of taxpayers' money because the interest has relevance to that decision.

Interests requiring disclosure fall into the following categories:

Financial interests - Where an individual may get direct financial benefit* from the consequences of a decision they are involved in making.

Non-financial personal interests - Where an individual may benefit* personally in ways which are not directly linked to their professional career and do not give rise to a direct financial benefit, because of decisions they are involved in making in their professional career.

Non-financial professional interests - Where an individual may obtain a non-financial professional benefit* from the consequences of a decision they are involved in making, such as increasing their professional reputation or promoting their professional career.

Indirect interests - Where an individual has a close association** with another individual who has a financial interest, a non-financial

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professional interest or a non-financial personal interest who would stand to benefit* from a decision they are involved in making.

*A benefit may arise from the making of gain or avoiding a loss.

** These associations may arise through relationships with close family members and relatives, close friends and associates, and business partners. A common sense approach should be applied to these terms. It would be unrealistic to expect staff to know of all the interests that people in these classes might hold. However, if staff do know of material interests (or could be reasonably expected to know about these) then these should be declared.

- 2.15 The standard disclosure form to be used to record all declarations is available on the intranet under Departments [>Register of Interests, gifts and hospitality](#). The intranet page also includes more general guidance on the disclosure process and where a conflict of interest may exist.
- 2.16 Completed disclosure forms should be sent to the Board Secretariat at the following e-mail address: gram.corporateregister@nhs.scot.

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Section 3: Addressing Fraud

Introduction

- 3.1 The following should be followed, as a minimum, in cases of suspected theft, fraud, embezzlement, corruption, or other financial irregularities. This also applies to any non-public funds, including NHS Grampian Charity Funds and patients' funds.
- 3.2 Further guidance is available within the NHS Grampian Policy for the Prevention, Detection and Investigation of suspected Fraud, Theft and Corruption which is available on the intranet under Departments > [Finance \(Counter Fraud\)](#)

Role of Staff

- 3.3 It is the duty of **all** NHS Grampian employees who suspect that fraud, theft or corruption may be occurring to report it so that action may be taken.
- 3.4 There are a range of confidential routes available to staff who wish to ask for advice or to report suspected fraud, theft or irregular activity :-

- Your Line manager
- Your HR Manager
- Counter Fraud Champion; Steven Lindsay, Employee Director
- Security Officers on 01224 552945 or internal ext 52945;
- NHS Counter Fraud Services (CFS) Fraud Hotline on - 08000 15 16 28;
- NHS Grampian's Fraud Liaison Officer – Assistant Director Of Finance (Financial Services) by email or MS teams
julie.anderson24@nhs.net
- NHS Grampian's Deputy Fraud Liaison Officer – Financial Governance Manager by email or MS teams
grant.burt@nhs.net

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- Chief Internal Auditor, Ms Gillian Colin,
PricewaterhouseCoopers LLP on 07889 644 231;

- 3.5 All information provided is treated in the strictest of confidence and staff who raise genuine concerns are protected by law – regardless of the outcome of any investigation that they initiate.

Role of the Fraud Liaison Officer

- 3.6 The Chief Executive has the responsibility to designate an officer within the Board who are known as the Fraud Liaison Officer (FLO).
- 3.7 The FLO (or named Deputy) has the specific responsibility for co-ordinating action where there are reasonable grounds for believing that an item of property, including cash, has been stolen.
- 3.8 It is the FLO's (or named Deputy) responsibility to report all allegations to NHS Counter Fraud Services (CFS) and when they deem appropriate the police, the appropriate director, the Appointed Auditor, and the Chief Internal Auditor where such an occurrence is suspected.

Role of Counter Fraud Services

- 3.9 Where preliminary investigations suggest that prima facie grounds exist for believing that a criminal offence of fraud has been committed, CFS will undertake the investigation, on behalf of, and in co-operation with the Board.
- 3.10 Decisions to progress an allegation for potential criminal investigation or internal disciplinary action shall be agreed between the FLO and CFS.
- 3.11 When CFS are conducting an investigation on behalf of NHS Grampian Health board, no further action shall be taken by the FLO, Human Resources Directorate or other Board officer without first consulting with CFS. This is necessary to maintain the integrity of the investigation.
- 3.12 Where the case is one of theft or any other illegal activity then this will be taken forward in liaison with Police Scotland.
- 3.13 When there is disagreement between the NHS Grampian Board and CFS over the application of sanctions recommended by CFS then:

The accountable officer under the Counter Fraud Standard (the Director of Finance) must submit their concerns in writing to the Director of Finance and Governance in the Scottish Government and copy the letter to the CFS Head of Service.

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CFS must submit its concerns to the Board's Accountable Officer, copying in the letter to the Director of Health Finance and Governance, Scottish Government.

- 3.14 At all stages the Director of Finance, Chief Executive or designated Deputy and the Chief Internal Auditor will be kept informed of developments on such cases.

Disclosure of Loss

- 3.15 The FLO shall maintain a log of all reported suspicions of fraud, embezzlement bribery, corruption or systemic theft.
- 3.16 All cases of fraud, attempted fraud, theft and any other irregular financial activity will be reported to the Audit and Risk Committee at least annually.
- 3.17 All cases of fraud and attempted fraud are required to be reported annually to the SGHSCD.

Remedial Action

- 3.18 As with all categories of loss, once the circumstances of a case are known, the Director of Finance (or nominated deputy) will be required to take immediate steps to ensure that so far as possible these do not recur. However, no such action will be taken if it would prove prejudicial to the effective prosecution of the case.
- 3.19 Any defects in the control systems, which may have enabled the loss to occur, will reviewed and any measures to prevent recurrence put in place.

Responses to Press Enquiries & Media Coverage

- 3.20 Under **no circumstances** should a member of staff speak or write to representatives of the press, TV or radio, about a suspected fraud without the express authority of the Chief Executive or the Director of Finance.
- 3.21 Where the publicity surrounding a particular case of alleged financial irregularity attracts enquiries from the press or other media, the Chief Executive or the Director of Finance should ensure that the relevant officials are fully aware of the importance of avoiding issuing any statements, which may be regarded as prejudicial to the outcome of criminal proceedings.

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Section 4: Roles and Responsibilities

All staff

- 4.1. All staff have a responsibility for:
 - the security of the property of NHS Grampian,
 - for avoiding loss, and
 - For the application of economy and efficiency in the use of resources.
- 4.2. All staff must also comply with the requirements of the Standing Orders, the SFIs, the Scheme of Delegation, and other financial procedures that may be issued.
- 4.3. It is the duty of the Chief Executive, and their nominated representatives, to ensure that existing staff and all new employees are informed of their responsibilities within these instructions.
- 4.4. Nominated representatives will have a duty to pass on information contained in the SFIs, including departmental procedures based on these, to staff who have delegated responsibilities for carrying out operations.

Accountable Officer and the NHS Board – general responsibilities

- 4.5. The Principal Accountable Officer for the Scottish Government Health and Social Care Directorates has designated the **Chief Executive of NHS Grampian** as the Accountable Officer.
- 4.6. Accountable Officers must comply with the terms of Section 15 under the Public Finance and Accountability (Scotland) Act 2000, and any updates issued to them by the Principal Accountable Officer for the Scottish Government.
 - 4.6.1. The Accountable Officer is personally answerable to the Scottish Parliament for the propriety and regularity of the public finances for NHS Grampian for which they have responsibility.
 - 4.6.2. The Accountable Officer must ensure that the NHS Board takes account of all relevant financial considerations, including any issues of propriety, regularity or value for money, in considering policy proposals relating to expenditure, or income.
 - 4.6.3. It is incumbent upon the Accountable Officer to combine their duties as Accountable Officer with the duty to the NHS Board to whom they are responsible, and from whom they derives their authority. The NHS Board is in turn responsible to the Scottish Parliament in respect of its policies, actions and conduct.

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4.6.4. The Accountable Officer has a personal duty of signing the Annual Accounts of NHS Grampian. Consequently, they may also have the further duty of being a witness before the Audit Committee of the Scottish Parliament, and be expected to deal with questions arising from the Accounts, or, more commonly, from reports made to Parliament by the Auditor General for Scotland.

4.6.5. The NHS Grampian Board will delegate its executive responsibility for the performance of its functions in accordance with its Scheme of Delegation and Schedule of Reserved Decisions. The NHS Board will exercise financial supervision and control by:

- Formulating the financial strategy;
- Requiring the submission and approval of business plans and budgets that are within approved allocations;
- Defining and approving the essential features of financial arrangements in respect of important procedures and financial systems, including the need to obtain value for money and;
- Defining specific responsibilities placed on officers. The NHS Board will also approve a Scheme of Delegation that specifies nominated officers, the area of responsibility and the scope of delegation.

4.6.6. The Accountable Officer must ensure that any arrangements for delegation promote good management, and that they are supported by the necessary staff with an appropriate balance of skills.

4.6.7 The Chief Officer of each IJB will be held responsible and accountable for the strategic and operational management of all delegated functions including performance of all Services that form part of the HSCP delegated by the Partners through and the Integration Scheme and their respective approved Schemes of Delegation, The IJB must make arrangements for the proper administration of its financial affairs and appoint an officer with this responsibility (the IJB Chief Financial Officer). The IJB Financial Officer will act as the Accountable Officer for IJB financial matters.

Accountable Officer - Specific Responsibilities

4.7. The Accountable Officer must, in relation to NHS Grampian:

- ensure that from the outset proper financial systems are in place and applied, and that procedures and controls are reviewed from time to time to ensure their continuing relevance and reliability, especially at times of major changes;

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- sign the Accounts assigned to them, and in doing so accept personal responsibility for ensuring that they are prepared under the principles and in the format directed by Scottish Ministers;
- ensure that proper financial procedures are followed incorporating the principles of separation of duties and internal check and that accounting records are maintained in a form suited to the requirements of the relevant Accounting Manual, as well as in the form prescribed for published accounts;
- ensure that the public funds for which he is responsible are properly managed and safeguarded, with independent and effective checks of cash balances in the hands of any official;
- ensure that the assets for which they are responsible, such as land, buildings or other property, including stores and equipment, are controlled and safeguarded with similar care, and with checks as appropriate;
- ensure that, in the consideration of policy proposals relating to expenditure, or income, for which they have responsibilities as Accountable Officer, all relevant financial considerations, including any issues of propriety, regularity or value for money, are taken into account, and where necessary brought to the attention of the Board;
- ensure that any delegation of authority is accompanied by clear lines of control and accountability, together with reporting arrangements;
- ensure that effective management systems appropriate for the achievement of the organisation's objectives, including financial monitoring and control have been put in place;
- ensure that risks, whether to achievement of business objectives, regularity, propriety, or value for money, are identified, that their significance is assessed and that systems appropriate to the risks are in place in all areas to manage them;
- ensure that best value from resources is sought, by making proper arrangements to pursue continuous improvement having regard to economy, efficiency and effectiveness, and in a manner which encourages the observance of equal opportunities requirements;
- ensure that managers at all levels have a clear view of their objectives, and the means to assess and measure outputs or performance in relation to those objectives;
- ensure managers at all levels are assigned well-defined responsibilities for making the best use of resources (both those

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assumed by their own commands and any made available to organisations or individuals outside NHS Grampian) including a critical scrutiny of output and value for money;

- Ensure that managers at all levels have the information (particularly about costs), training and access to the expert advice which they need to exercise their responsibilities effectively.

Accountable Officer - Regularity and Propriety of Expenditure

- 4.8. Accountable Officers have a responsibility for ensuring compliance with parliamentary requirements in the control of expenditure
- 4.9. Funds should be applied only to the extent and for the purposes authorised by relevant Parliament legislation in Budget Acts or guidance issued by the Scottish Ministers.
- 4.10. Parliament's attention must be drawn to losses or special payments by appropriate notation of the organisation's Accounts. In the case of expenditure approved under the Budget Act, any payments made must be within the scope and amount specified in that Act.
- 4.11. All actions must be able to stand the test of parliamentary scrutiny, public judgements on propriety and professional codes of conduct.

Accountable Officer - Advice to the NHS Board

- 4.12. Accountable Officers have a duty to ensure that appropriate advice is tendered to the Board on all matters of financial propriety and regularity, and more broadly, as to all considerations of prudent and economical administration, efficiency and effectiveness.
- 4.13. If an Accountable Officer considers that, despite their advice to the contrary, the Board is contemplating a course of action which they consider would infringe the requirements of regularity or propriety, and that they would be required to take action that is inconsistent with the proper performance of their duties as Accountable Officer.
- 4.14. The Accountable Officer should if possible, inform the Scottish Government Health Directorate's Accountable Officer, so that the Department, if it considers it appropriate, can intervene, and inform Scottish Ministers.
- 4.15. If this is not possible, the Accountable Officer should set out in writing their objection to the proposal and the reasons for the objection. If their advice is overruled, and the Accountable Officer does not feel that, they would be able to defend the proposal to the Audit Committee of the Scottish Parliament, as representing value for money.
- 4.16. They should obtain written instructions from the Board for which they are designated, and send a copy of their request for instruction and the instruction itself as soon as possible to the External Auditor and

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the Auditor General for Scotland.

- 4.17. The Accountable Officer must ensure that their responsibilities as Accountable Officer do not conflict with those as Board member. They should vote against any action that they cannot endorse as Accountable Officer, and in the absence of a vote, ensure that their opposition as a Board member, as well as Accountable Officer is clearly recorded.

Absence of Accountable Officer

- 4.18. The Accountable Officer should ensure that they are generally available for consultation and that in any temporary period of unavailability due to illness or other cause, or during the normal period of annual leave, a senior officer is identified to act on their behalf if required.
- 4.19. In the event that an Accountable Officer would be unable to discharge their responsibilities for a period of four weeks or more, NHS Grampian will notify the Principal Accountable Officer of the Scottish Executive, in order that an Accountable Officer can be appointed pending their return.
- 4.20. Where an Accountable Officer is unable due to incapacity or absence to sign the Accounts in time for them to be submitted to the Auditor General, the Board may submit unsigned copies, pending the return of the Accountable Officer.

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Section 5: Terms of Service and Payment of Directors and Employees

Introduction

- 5.1 This section outlines the arrangements for remuneration, terms of service and payment for services rendered by employees and Directors of NHS Grampian.

Governance of pay arrangements for Directors and Employees

- 5.2 A Staff Governance Committee will be convened, which will monitor and scrutinise NHS Grampians performance against the national Staff Governance Standard. The Remuneration Committee is a Sub-Committee.
- 5.3 The Remuneration Committee will provide assurance to the Staff Governance committee on behalf of the Board; that the appropriate systems and procedures are in place to manage Executive and Senior Manager pay enabling the overarching staff governance responsibilities to be effectively discharged. This includes remuneration and terms of service for the Chief Executive, Executive Directors and other senior officers and employees as appropriate.
- 5.4 The Remuneration Committee will:
- Ensure that arrangements are in place to comply with NHS Grampian policy and Scottish Government direction and guidance for determining the employment, remuneration, terms and conditions of employment for Executive, Directors and Senior Managers, in particular.
 - Receive formal reports on the operation of remuneration arrangements and the outcomes of the annual assessment of performance and remuneration for each of the Executive, Directors and Senior Managers and of the organisation as a whole;
 - Approve the Personal Objectives of all Executive, Directors and Senior Managers, in the context of relevant National policy, the Strategic Themes and Corporate Objectives of NHS Grampian;
 - When appropriate, in accordance with procedures, approve remuneration arrangements for other staff groups, e.g. discretionary points for medical consultants;
 - Undertake reviews of aspects of remuneration / employment policy for Executive, Directors and Senior Managers (e.g. Relocation Policy) and other Senior staff (e.g. special remuneration), when requested by NHS Grampian;
 - Ensure arrangements are in place to determine the remuneration, terms and conditions and performance assessment for other staff

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employed under the executive and senior management cohort pay systems. The Committee will receive formal reports annually providing evidence of the effective operation of these arrangements.

- Promoting the adoption of an NHS Grampian approach to issues of remuneration and performance assessment to ensure consistency.
- The committee's membership will comprise of the Chair and Non-Executive members of the Board.
- The Director of People and Culture will attend meetings as the advisor to the sub-committee.
- The Chief Executive, and other Directors of the Board may be invited to attend the meeting of the Committee, but will not be present when their own remuneration and terms of service are being discussed. However, they may attend meetings of the Committee to discuss other officers' terms.
- The Remuneration Committee will make decisions on behalf of the Board.

5.5 NHS Grampian will remunerate the Chair and Non-Executive Board members in accordance with instructions issued by the First Minister of Scotland.

Terms of Conditions for Employment

5.6 The Board will adhere to national terms and conditions for the determination of commencing pay rates and conditions of service for its employees.

5.7 The Board will delegate responsibility to the Director of People and Culture for:

- Issuing each employee with a statement of terms and conditions of employment that comply with employment legislation and extant NHS policies.
- Seek approval for all variations to agreed rates of pay and conditions of service on behalf of NHS Grampian Board.
- Maintaining up to date records of NHS Grampian's pay and conditions of service.

Appointment of staff

5.8 Upon the appointment of staff, the appointing manager should complete the Staff Engagement Form and other appropriate documentation.

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- 5.9 A signed copy of the Staff Engagement Form and other appropriate documents as may be required will be sent to the HR Service Centre by the third working day after appointment.
- 5.10 Where placing on a pay scale payment should be made in accordance with the minimum point of the relevant salary scale until the certification of previous service has been verified.

Agency or Regrading of Staff

- 5.11 No officer may engage, re-grade staff or hire agency staff unless in accordance with NHS Grampian's policies and procedures and within an approved budget and financed staff establishment for that department.
- 5.12 In addition, the approval of both the budget holder and other officers is required, where applicable, as detailed in NHS Grampian's procedures.

Authorisation of records

- 5.13 All time records, paysheets and other records should be input to electronic national systems or other approved electronic systems in the first instance. These shall be input and in accordance with issued instructions and authorised through the Scheme of Delegation.
- 5.14 All time records, pay sheets, and other pay records and notifications will be in a form approved by the relevant line manager in accordance with the Scheme of Delegation and will be certified and submitted in accordance with its instructions.
- 5.15 A record of specimen signatures will be held by the Director of Finance for officers and staff who have the authority to approve pay returns.
- 5.16 The Director of People and Culture will be responsible for the final determination of pay, including the verification that the rate of pay and relevant conditions of service are in accordance with current agreements, the proper compilation of the payroll and for payments made.

Payment Arrangements

- 5.17 The Director of People and Culture will determine the dates on which payment of salaries and wages are to be made.

Payments will not be made in advance of normal payday except:

- in special cases authorised by the Director of People and Culture and limited to the net pay due at the time of payment;
- other advances in accordance with national or NHS Grampian agreements.

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5.18 All new employees will be paid as follows:

- Monthly: by BACS credit transfer or by cheque only for the first two months of employment if necessary
- Weekly: by BACS credit transfer

5.19 Where the Director of People and Culture decides a method of payment other than by credit transfer, instructions will be issued for handling cheques that ensure the separation of duties of preparing records and handling cheques.

Record keeping and policies

5.20 The Director of People and Culture will ensure that adequate records are maintained for superannuation, income tax, social security and other authorised deductions from pay.

5.21 The Director of People and Culture will ensure that the payroll service is supported by appropriate terms and conditions, adequate internal controls, audit review procedures and that suitable arrangements are made for the collection of payroll deductions and payment of these to appropriate bodies within prescribed or statutory timescales as appropriate.

5.22 The Director of People and Culture will issue instructions regarding:

- the security and confidentiality of payroll and staff information and will ensure compliance with data protection legislation and other information rights laws such as the Freedom of Information (Scotland) Act in all workforce activity;
- the timetable for receipt and preparation of payroll data;
- the verification and documentation of data;
- the methods of payment available to various categories of staff;
- the procedures for payment of cheques or bank credits to staff;
- the procedures for dealing with unclaimed wages;
- the procedures for authorising advances of pay and the recovery of them;
- The procedures which must be followed when processing overtime including the documentation and level of approvals required;
- checks to be applied to completed payroll before and after payment; and

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- Maintenance of regular and independent reconciliation of payroll control accounts.
- 5.23 Requests for annual leave must be notified to authorising officers or managers within a reasonable period prior to the commencement date of requested leave.
- 5.24 Other leave will be in accordance with the appropriate agreements, policies and procedures of NHS Grampian and national policies.
- 5.25 The appropriate level of management staff should sign the staff return forms and duty rotas as authorisation of temporary amendments and hours worked before sending these for processing by the appropriate department.

Retirement or Redundancy

- 5.26 All applications for premature retirement or voluntary redundancy must be approved by both the Director of People and Culture and the Director of Finance.

Termination

- 5.27 A termination of employment form and such other documents as authorised by the Director of People and Culture will be submitted by the employee, manager or head of department to the HR Service Centre immediately upon the effective date of an employee's resignation, retirement or termination of employment being known.
- 5.28 The HR Service Centre will be notified immediately in the prescribed form by the employee, manager or head of department concerned upon the effective date of any change in the state of employment or relevant personal circumstances of an employee being known.
- 5.29 Where an employee fails to report for duty in circumstances that suggest that they have left without notice, the Operational Payroll Team Leader or Payroll team will be informed immediately. The Director of People and Culture will make every effort to ensure the recovery from leavers of money and property due to NHS Grampian.

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Section 6: Financial Planning, Budgets and Budgetary Control

Introduction

- 6.1 NHS Grampian is accountable to the Cabinet Minister for Health and Social Care on behalf of Scottish Ministers, through the Scottish Government Health and Social Care Directorate (SGHSCD), for the performance of its functions within the total funds allocated.
- 6.2 The board has a responsibility to prepare and submit financial plans in accordance with the requirements of the SGHSCD. All plans, financial approvals and control systems are designed to meet these obligations.
- 6.3 The four key instruments of control through which NHS Grampian will be held accountable are:
- the Annual Delivery Plan setting out NHS Grampian's plans for the next year;
 - the annual accounts which will be presented to the SGHSCD by the end of June each year;
 - The three year financial plan, setting out NHS Grampian's plans for the next three years;
 - Such other information that the First Minister of Scotland and the SGHSCD may request.

Forecasting of Budgets

- 6.4 The Director of Finance, on behalf of the Chief Executive, will compile financial estimates and forecasts, on both revenue and capital expenditure, as may be required from time to time.
- 6.5 A "budget" is defined as an allocation of resources expressed in financial terms by NHS Grampian for carrying out, over a specified period, a function or functions of the Board.
- 6.6 The Director of Finance will in advance of the financial year prepare and submit operating budgets and programmes to the Grampian NHS Board for approval. These will be within the forecast limits of available resources (in accordance with Scottish Government Guidance), planning and workforce policies.
- 6.7 The Director of Finance will review the bases and assumptions used to prepare the financial plans and budgets, and advise the Board whether these are realistic.
- 6.8 The Director of Finance will also ensure that the plans reconcile to budgets and the Director of Finance will have right of access to all budget holders on budget related matters to support this.

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- 6.9 The Board will consider and approve, with or without amendment, the overall financial plan for NHS Grampian, which comprises:
- The annual Revenue Budget as recommended to the Board by the Budget Setting Group.
 - The overall Infrastructure Investment Plan as recommended by the Asset Management Group.
 - The three - year financial plan, which forms part of the Annual Delivery Plan and Medium Term Financial Framework.

Delegation of Budgets

- 6.10 The Chief Executive is responsible to the Board for the management of the budget. The Chief Executive may delegate management of a budget or part of a budget to officers and staff to permit the performance of defined activities.
- 6.11 The terms of delegation will include clear definitions of individual and group responsibilities for the level and control of expenditure, exercise of virement, achievement of planned levels of service and the provision of regular reports from budget holders to the Chief Executive.
- 6.12 Appointed Budget Holders must observe budgetary limits and other restrictions as defined in any Budget Guidance or other financial guidance and protocols issued by the Director of Finance.
- 6.13 In carrying out their duties:
- the Chief Executive may not exceed the budgetary or virement limits set by the Grampian NHS Board;
 - officers or staff must not exceed the budgetary limits set for them in the current financial year nor by commitments for future years;
 - officers or staff must not use non-recurring budgets on recurring expenditure;
 - officers or staff must comply with the requirements of the budgetary control systems and strictly observe any budgetary limits set by the Board;
 - The Chief Executive may vary the budgetary limit of any officer within the Chief Executive's own budgetary limit.
 - Expenditure for which no provision has been made in an approved budget will only be incurred after authorisation by the Chief Executive on the advice of the Director of Finance taking

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account the authority levels set out in the Scheme of Delegation and the Schedule of Reserved Decisions.

Budgetary Control

- 6.14 The Director of Finance will devise and maintain systems of budgetary control.
- 6.15 All officers or staff whom the board empowers to engage staff, incur expenditure or collect or generate income will comply with the requirements of those systems and procedures for the recruitment of staff.
- 6.16 The systems of budgetary control incorporate the reporting, and investigation into, financial, activity, or workforce variances from budget within 15 working days after the end of the month under review.
- 6.17 The Director of Finance will be responsible for providing budgetary information and advice to enable the Chief Executive, other officers and staff to carry out their budgetary responsibilities.
- 6.18 The Director of Finance, on behalf of the Chief Executive, will monitor the use of delegated budgets to ensure that financial control is maintained and that NHS Grampian's plans and policies are implemented.
- 6.19 The Director of Finance will ensure that:
 - 6.8.1 the system of internal financial controls is sufficient and adequate to ensure the achievement of business objectives and compliance with standards and regulations;
 - 6.8.2 adequate statistical and financial systems are in place to monitor and control all Service Agreements for patient services and facilitate the compilation of estimates, forecasts and investigations as may be required from time to time;
 - 6.8.3 officers provide all financial, statistical and other relevant information as necessary for the compilation of estimates and forecasts; and
 - 6.8.4 The Chief Executive and the Board are informed of the financial consequences of changes in policy, pay awards and other events and trends affecting plans, budgets and the overall financial performance of the organisation. The Director of Finance will also advise on the financial and economic aspects of future plans and projects.

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Monitoring of Budgets

- 6.20 The Director of Finance will provide the Grampian NHS Board with regular reports giving details of the current financial position each month and a forecast of the organisations expected out-turn at the year-end.
- 6.21 The Performance, Assurance and Infrastructure Committee will monitor delegated budgets to ensure that financial control is maintained and that the organisation's plans and policies are implemented.
- 6.22 The Director of Finance has a responsibility to ensure that adequate training is delivered on an on-going basis to budget holders to help them manage budgets successfully.
- 6.23 Except where otherwise approved by the Chief Executive, taking account of advice of the Director of Finance, budgets will be used only for the purposes for which they were provided.

Underspends

- 6.24 Budgeted funds not required for their designated purpose will revert to the immediate control of the Chief Executive, excluding funds allocated to an Integration Joint Board, where unused funding may be retained in the form of a reserve.
- 6.25 Where material underspends arise during the course of a financial year on NHS Grampian budgets and their recognition is confirmed, budget holders **must** discuss any plans to use the under-spend to support funding in other areas with the Director of Finance in order to prevent instances of underspends being used to support areas that are not a priority for investment.
- 6.26 Where underspends arise during the year on budgets for services delegated to Integration Joint Boards, it is the responsibility of the Integration Joint Board to decide on how these underspends are used.
- 6.27 Any virement between budget heads must not conflict with Health Board priorities and be in line with meeting objectives under the Annual Delivery Plan and the Medium Term Financial Framework's priorities.
- 6.28 Any substantial surpluses arising from the failure or delay in the implementation of plans approved by the organisation will be reported to the Performance Assurance Finance and Infrastructure Committee by the Director of Finance, excluding surpluses related to services delegated to Integration Joint Boards.

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Other budgetary commitments

- 6.29 Service Agreements exist where the Board purchases services from another health body or where another health body provides services to the Board. In these cases, those budget holders who are the end user and purchaser of the service have no authority to use sources of supply or service other than with the provider unless exceptional circumstances prevail and written Chief Executive Approval is given.
- 6.30 Where services are operated on a trading account basis, the users will effectively hold the budgets and the trading account should be cleared at the end of the financial year.
- 6.31 Some support services will be provided on an inter-departmental basis without recharges being made to the users. The host department will hold the budget for such a service and will be responsible for its budgetary control.

Integration Joint Boards and Health and Social Care Partnerships

- 6.32 Integration Joint Board (IJB) as set out under the Public Bodies (Joint Working) Scotland Act 2014. They oversee delivery of Healthcare for the Health & Social Care Partnership (HSCPS). In NHS Grampian these include the IJBs for Aberdeen City, Aberdeenshire and Moray.
- 6.33 Grampian NHS Board, Moray Council, Aberdeen City Council and Aberdeenshire Council delegated various functions to the IJB on 1st April 2016 under their respective Integration Scheme. The Partners retain overall statutory responsibility for their respective functions delegated to the IJB, as the IJB are responsible for the strategic planning and resources provision for the functions set out in the Scheme.
- 6.34 The IJBs will be responsible for a pooled budget devolved to them by the Grampian NHS Board and local authority partners.
- 6.35 Each IJB is responsible for their own framework for governance and accountability. All matters relating to budget setting and resource management for services devolved to the IJBs must comply with the financial regulations and scheme of delegation agreed by each IJB.
- 6.36 Each IJB will however commission services from H&SCP and where these relate to functions delegated by NHS Grampian to the IJB the operational management of these services, including all treasury, cash management, procurement, payroll and other transactional financial activity will continue to be governed by these SFIs.
- 6.37 To facilitate these arrangements the scheme of delegation will allow, where appropriate, for an employee of one of the other partner organisations, to be formally appointed to the position of manager of a designated service under an agreed joint management structure.

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Primary Care Contractors

- 6.38 NHS Grampian discharges its responsibility under Part II of the NHS (Scotland) Act 1978 by contracting the provision of Family Health Services to doctors, dentists, pharmacists and optometrists who are independent contractors.
- 6.39 The responsibility for this function is devolved to the three HSCPs who are required to ensure that appropriate governance arrangements exist.
- 6.40 The following arrangements will remain in place for the administration and verification of payments to primary care contractors.
- 6.41 In line with Scottish Government arrangements, the Practitioner Services Division (PSD) of National Services Scotland is the payment agency for payments to all independent Family Health Services (FHS) contractors.
- 6.42 The Director of Finance and Designated IJB Chief Officer will conclude a 'Service Level Agreement' with the PSD covering validation, payment, monitoring and reporting and the provision of an audit service by National Services Scotland Internal Audit.
- 6.43 The Director of Finance will ensure that PSD systems are in place to provide assurance that:
- Only contractors who are included on the Board's approved lists receive payments:
 - All valid contractors' claims are paid correctly, and are supported by the appropriate documentation and authorisations;
 - All payments to third parties are notified to the General Practice Independent Contractors on whose behalf payments are made;
 - Ensure that regular independent post payment verification of claims is undertaken to confirm that:
 - (a) Rules have been correctly and consistently applied;
 - (b) Overpayments are prevented wherever possible; if, however, overpayments are detected, recovery measures are initiated;
 - (c) Fraud is detected and instances of actual and potential fraud are followed up.
 - Exceptionally high/low payments are brought to their attention;

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- Payments made on behalf of the Board by National Services Scotland are pre-authorised;
 - Payments made by National Services Scotland are reconciled with the cash draw-down reported by the Scottish Government to Health Boards.
- 6.44 The Director of Finance will issue operating procedures to cover all payments made by National Services Scotland (both payments made directly or payments made on behalf of the Board).
- 6.45 The Designated IJB Chief Officer and Director of Finance will ensure that payments made to all Primary Care independent contractors and community pharmacists will comply with their appropriate contractor regulations.

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Section 7: Scheme of Delegation and Financial Limits

Introduction

- 7.1 This section outlines the arrangements for the control and management of the Schedule of Reserved Decision (SORD) and the Operational Scheme of Delegation (OSD).
- 7.2 It is the responsibility of the Director of Finance to ensure that designated staff maintain the procedures manuals to comply with the law, codes of conduct, NHS guidance and relevant standards of accounting practice.
- 7.3 The scheme of delegation is available separately from the Standing Financial Instructions on the NHS Grampian intranet and consists of:
- The SORD which outlines delegated authorities to staff and key officers of NHS Grampian and is maintained by the Board Secretary on behalf of the Board;
 - The OSD, a framework detailing staff who have delegated authority of responsibilities and authority to undertake transactions on behalf of NHS Grampian and is maintained by the Assistant Director of Finance (or their nominated deputy)
 - The OSD is available on the [Intranet](#)

Review of the framework

- 7.4 The SORD is reviewed annually by the Audit and Risk Committee and any amendments subsequently approved by the Board on the recommendation of the Audit and Risk Committee
- 7.5 The OSD is reviewed annually by the Assistant Director of Finance (or their nominated deputy), with any amendments to the scheme approved by the Director of Finance.
- 7.6 The financial limits and structure of the OSD and SORD is reviewed as appropriate on the recommendation of the Audit and Risk Committee after taking account of the advice of the Director of Finance.

Operation of the Operational Scheme of Delegation

- 7.7 The Assistant Director of Finance (or their nominated deputy) is responsible for the maintenance of the Scheme of Delegation in line with the structure and limits agreed by the Audit and Risk Committee.
- 7.8 All requests for amendments or entry to the Scheme are submitted by the individuals line manager, checked by a member of the finance team for consistency and compliance with the agreed structure and limits of the scheme, including a sample signature, and authorised by the Assistant Director of Finance or their nominated deputy prior to the

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amendment being processed.

General points under the Scheme of Delegation

- 7.9 When a delegated staff or officer is not available, an officer/staff of equivalent or higher authority should provide cover for the “delegated” responsibilities, unless the Director of Finance has approved separate arrangements.
- 7.10 When staff or officers are carrying out their duties under these delegated duties, they must not exceed their budgetary limits, and they should not use their budgets for any purpose other than that provided.
- 7.11 Expenditure that has not been budgeted for will only be incurred after the Chief Executive, Director of Finance or the Board has given authorisation as appropriate.

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Section 8: Provision of Services (Formally Commissioning of Services)

Introduction

- 8.1 The Chief Executive and the Director of Finance will be responsible for ensuring that all services required or provided for Health Care arrangements are covered by service agreements or other appropriate arrangements.
- 8.2 The Chief Executive and Director of Finance will ensure that adequate funds are retained or recovered to cover the cost of such services, in accordance with the Annual Operational Plan and Medium Term Financial Framework.
- 8.3 The Chief Executive and Director of Finance will be responsible for ensuring that the service framework is affordable within the overall Revenue and Capital Resource Limits as set by the Scottish Government Health and Social Care Directorate (SGHSD).
- 8.4 The Medical Director, Caldicott Guardian and Senior Information Risk Owner (SIRO) will be responsible for ensuring that all activities operate in a way to maintain patient confidentiality and ensure compliance with data protection legislation and the Caldicott Principles.

NHS Grampian is the provider of services

- 8.5 The Chief Executive or designated deputy Chief Executive or designated Deputy on behalf of the Chief Executive will be responsible for ensuring that service agreements are placed with due regard to the need to achieve best value.
- 8.6 The Chief Executive or deputy Chief Executive or their designated Deputy, in conjunction with the Director of Finance, are responsible for ensuring that all service agreements and other arrangements for health care are:
 - Are placed in accordance with guidance issued by the SGHSD.
 - Agreements are within the financial resources available to the Board
 - Agreements are within the operational resources available to the Board.
 - Arrangements are placed in accordance with National Guidance and the need to ensure value for money.
- 8.7 The Director of Finance (or delegated deputy) shall set charges for services and advise the Chief Executive and the Board regarding:

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- Costing and pricing of health care services in accordance with national guidelines and other appropriate costing methods
- Amendments to service agreements
- Payment terms and conditions.

8.8 Any service agreement variations must be approved in accordance with the scheme of delegation.

Other organisations are the provider of services

8.9 The Chief Executive will be responsible for establishing robust financial arrangements, in accordance with guidance from the SGHSCD, for the treatment of Grampian residents by other NHS systems, or by the private sector.

8.10 The Chief Executive or deputy Chief Executive or their designated Deputy, in conjunction with the Director of Finance, are responsible for ensuring that all service agreements and other arrangements for health care are:

- Are placed in accordance with guidance issued by the SGHSD.
- Agreements are within the financial resources available to the Board
- Agreements are within the operational resources available to the Board.
- Arrangements are placed in accordance with National Guidance and the need to ensure value for money.

8.11 The Director of Finance will be responsible for maintaining a system for the rendering and payment of appropriate charges in accordance with the terms of the arrangements, or otherwise in accordance with national guidance.

8.12 Any service agreement variations must be approved in accordance with the scheme of delegation.

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Section 9: Procurement of Products and Services

Introduction

- 9.1 This section outlines the arrangements for the procurement of products and services for NHS Grampian. All officers and staff of NHS Grampian will comply with the requirement justification, sourcing strategy, specification, authorisation, external commitment, tendering and contracting procedures set out in these SFIs.
- 9.2 NHS Grampian procurement policies shall comply with The Public Contracts (Scotland Regulations 2015 (and any subsequent relevant legislation), the Procurement Reform (Scotland) Act 2014 (and any subsequent relevant legislation) and the procurement principles outlined in CEL 05 2012.
- 9.3 All Procurement activity shall comply with the Freedom of Information (Scotland) Act (2002), and with specific provisions and requirements with regard to disclosure of information where they apply.
- 9.4 Under the act, these provisions may override commercial sensitivities in some circumstances if deemed in the public interest. Given the potential for commercial prejudice, and the risks to NHS Grampian for compliance or non-compliance with the Act, a structured and disciplined tender and contract award process taking into account FOI requirements will apply.
- 9.5 All procurement activity shall comply with the Equality Act 2010, which outlaws discrimination, including any potential discrimination through the provision of goods and services. All officers and staff of NHS Grampian have a duty to take into account the provisions of the Equality Act 2010 when procuring goods, works, or services from external providers.

Procurement Management Framework

- 9.6 NHS Grampian shall establish and maintain a Procurement Management Framework, through the Procurement Delivery Group (PDG) and Category Action or Technical User Groups (CAG's/TUG's).
- 9.7 Management and Clinical Leads in these groups have decision-making powers on a pan Grampian basis, through the scheme of delegation, for supplier award and product selection decision making for local contracts.
- 9.8 The Board shall prepare a Procurement Strategy and Annual Procurement Report in line with the requirements outlined in The Procurement Reform (Scotland) Act 2014 and in line with NHS Grampian's strategic plan, Plan for the Future.

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Category Action and Technical User Groups

- 9.9 Decisions made through the CAG/TUGs shall be mandatory across NHS Grampian. These groups shall also provide representation to national Clinical/Commodity Advisory Group (CAP) panels for national or regional contracting activities.

Procurement for goods and services within NHS Grampian

- 9.10 The procedures for obtaining specified works, products or services, incorporating and set out in more detail in NHS Grampian's Procurement Protocol, shall be followed by all officers and staff with any deviation shall be subject to approval by the Director of Finance.

- 9.11 This shall include procurement activity in Designated Procurement Departments in NHS Grampian which are:

- Pharmacy - All Drugs and Prescribed products;
- Medical Physics and Laboratory Services– Medical equipment purchase, rental and maintenance
- E-Health – Information technology requirements.
- Physical Planning and Estates Services – Capital/Project Works, Infrastructure Upgrade, Statutory compliance and Maintenance requirements.
- Planning, Innovation and Programmes Directorate – Responsible for strategic planning and service improvement, organisational development, integration, unscheduled care and planned care.
- Acute and Health and Social Care Partnerships (HSCPs).
- Procurement: - Responsible for undertaking the tendering process and procurement of all other product and service requirements on behalf of the service (unless an officer is acting under delegated authority.)

Budget holders' responsibilities

- 9.12 Budget holders under the scheme of delegation are responsible for the development of business cases and the associated procurement strategies in conjunction with development and approval of specifications for externally sourced products or services requirements.
- 9.13 Limits on individual Budget Holders' approval levels are outlined in NHS Grampian's Operational Scheme of Delegation (OSD).
- 9.14 These limits are **inclusive** of VAT. Budget holders will be held accountable for adhering to the procurement process. Finance and

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Procurement staff shall provide advice, guidance and assistance where necessary.

- 9.15 The approval of charges against specified budgets for all externally purchased products or services will, unless delegated, be the responsibility of budget holders.
- 9.16 No procurement process; or order should be started or placed unless there is an approved budget with funds available to meet the order including an assessment of any additional costs that may arise from the purchase. Examples of this include technology support costs; maintenance costs, training costs etc.
- 9.17 The Head of Strategic Procurement shall be responsible for approving all Procurement Strategy and tender documents to ensure proposed tendering and contract activity address procurement regulation and policy requirements and support compliance with Standing Financial Instructions and NHS Grampians overall Procurement Strategy and Objectives.

Delegation of Budget Holder approvals & specification of need

- 9.18 Approval of specifications for externally sourced products or services requirements shall be the responsibility of budget holders and limits on budget holder's individual approval levels shall be specified in the Scheme of Delegation.
- 9.19 Budget holder approval of specifications for certain externally supplied products or services may be delegated to Clinical Heads of Service **or** Managers of designated specialist support departments and specific responsibilities for this on a pan Grampian basis may be assigned through the Category Action or Technical User Groups (CAGs or TUGs) framework.
- 9.20 No order will be placed or contract let for goods or services where there is no budget provision, unless authorised by the Director of Finance or the Chief Executive. Contracts or orders will not be placed in a manner devised to avoid the financial limits specified by the Board.
- 9.21 Clinical Heads of Service or designated specialist support managers are responsible for influencing and securing peer compliance with relevant product or service selection under national or local contracts.
- 9.22 Budget holder's approval of charges against specified budgets for externally purchased products or services may be delegated to nominated Project or other NHS Grampian executive or senior managers. A record of such delegations this will be maintained in the Scheme of Delegation.

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Delegation of Commitment Authority (Authority to enter contract)

- 9.23 External Commitment Authority is defined 'as the authority to enter into an external contractual commitment as a formal contract.' This is separate authority from budget holder authority and includes all contracts and service level agreements with individuals, other NHS or public sector organisations, including Primacy Care Contractors.
- 9.24 This authority is restricted to senior officers or staff in NHS Grampian. They are responsible for ensuring that externally purchased and contracted products and services are executed in accordance with these SFIs, and appropriate procurement regulations, policies and procedures.
- 9.25 A record of Senior Officers and Staff along with their authority limits shall be maintained in the Scheme of Delegation or the Schedule of Reserved Decisions.
- 9.26 It is the responsibility of the officer or staff entering into an external commitment to ensure that the issue of any purchase order or contract will minimise NHS Grampian's liabilities through the inclusion of approved terms and conditions of contract and commercial terms.
- 9.27 External Commitment Authority may be delegated to a designated budget holders by prior agreement for transactional procurement activity only, and **only** where such procurement is covered by national, regional or local contract agreements put in place in conjunction with designated external commitment officer approvals.

Entering into Purchases for Goods and Services

- 9.28 All external commitments for the supply of products or services with suppliers and contractors must be made through the issue of a validated purchase order, mini competition or call off against contract.
- 9.29 Requisitions for products or services should not be authorised by budget holders or their delegates and passed onto procurement departments for external commitment action when there is no budget provision or allowance within exchequer, Charity or research funds.
- 9.30 Requisition thresholds for non-pay budgets are as set out in the Scheme of Delegation.
- 9.31 Requisitions and Purchase Orders must not be structured in a manner designed to avoid these financial thresholds, as set out under the Scheme of Delegation and Schedule of Reserved decisions.

Tendering Thresholds for the Purchase of Goods and Services

- 9.32 Products and services will be purchased through national or regional procurement contracts where these are available.

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- 9.33 All relevant order transactions after tendering processes have been undertaken will be processed using the PECOS electronic order transaction system.
- 9.34 Under the Procurement (Scotland) Regulations 2016, the threshold for both advertising and formal tendering processes are required to follow regulated procurement arrangements for all external trade expenditure in excess of £50,000 per annum **or** contract value, whichever is lower.
- 9.35 The Scottish Governments Procurement Journey processes and associated templates (as modified for use in NHS Grampian) and the Public Contracts Scotland-Tender (PCS Tender) system shall be mandatory for all contract development requirements which are in excess of £50,000 in value (excluding VAT) unless under exceptional circumstances.
- 9.36 Products (e.g. medical equipment) will not be taken on trial or loan from suppliers or contractors unless authorised in accordance with these SFIs, the OSD and / or approved by the appropriate procurement department and / or CAG / TUG. This will ensure that any arrangements are consistent with purchasing policy and do not commit NHS Grampian to a future uncompetitive purchase.
- 9.37 Measured Term contracts will be tendered for in accordance with the below. Once a contract has been awarded, the works or services shall be called off, subject to specification and budget approvals by contract call offs utilising the PECOS order transaction scheme.
- 9.38 Any call off above £200,000 for any individual project under the Measured Term Contract must obtain written authority in advance from either the Chief Executive or the Director of Finance.
- 9.39 The below tables detail the thresholds and procurement routes.
- 9.40 A routine product or service is defined as a good or service supplied by the NHS National Distribution Service and/or part of a framework or catalogue.

9.40.1 Supply of Goods / Services of a value up to £5,000

Where the estimated expenditure is not greater than £5,000 (excluding VAT), Budget holders under the scheme of delegation should follow the following process.

| Value of Supply | Routine Supply | Process to follow |
|------------------------|-----------------------|--|
| Less than £5,000 | Yes | Seek budget holder approval before placing order on PECOs. |
| Less than £5,000 | No | Seek budget holder approval and contact procurement for sourcing of items/goods requested. |

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| | | |
|------------------|-----|---|
| Less than £5,000 | Yes | Order on PECOS, using price comparisons for value for money. |
| Less than £5,000 | No | Contact procurement for support on sourcing of goods/services required. |

Details of action taken and how value for money was demonstrated should be evidenced on the approved requisition and/or retained in the Purchase Approval Workflow and electronic file in the PECOS order transaction system.

9.40.2 Supply of Goods / Services of a value greater than £5,000 but less than £50,000

Where the estimated expenditure is greater than £5,000 (excluding VAT) but less than £50,000 (including VAT) and is not a routine product or service, Budget holders under the scheme of delegation should follow the following process.

| Value of Supply | Process to follow |
|---|--|
| More than £5,000, but less than £50,000 | Three competitive quotes should be sourced and evaluated through Public Contracts Scotland in accordance with Procurement Journey level 1. If support is required contact Procurement. |

Details of action taken and how value for money was demonstrated should be evidenced on the approved requisition and/or retained in the Purchase Approval Workflow and electronic file in the PECOS order transaction system.

9.40.3 Supply of Goods / Services of a value greater than £50,000

Where the estimated expenditure is greater than £50,000 (excluding VAT) and is not a routine product or service:

| Value of Supply | Process to follow |
|----------------------|--|
| Greater than £50,000 | <p>Contact Procurement for support and complete strategy template for approval.</p> <p>Tender undertaken in accordance with Route 2 or 3 of the Procurement Journey and published on Public Contracts Scotland, Public Award notice published and recorded on the contract register held on Public Contracts Scotland.</p> |

Details of action taken and how value for money was demonstrated

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should be evidenced on the approved requisition and/or retained in the Purchase Approval Workflow and electronic file in the PECOS order transaction system.

In the event it is not possible to satisfy the requirements (e.g.: insufficient ability/response to obtain three quotations), then the budget holder may request the requirement to be deferred or waived in exceptional circumstances.

Tender Waiver Requests

- 9.41 NHS Grampian must comply with the procurement principles and requirements as outlined in paragraph 9.2. Where national, regional or local contracts exist (including framework arrangements) the overriding principle is that use of these contracts shall be considered as a first priority and advice should be sought from Procurement to deviate from this requirement.
- 9.42 If products or services are not available under an existing contract, the procedures for competitive tendering and quotations detailed above in paragraph 9.40.1- 9.40.3 will be followed in order to achieve value for money and protect NHS Grampian and its staff or officers from reputational or legal harm.
- 9.43 However, in exceptional circumstances and in line with The Procurement (Scotland) Regulations 2016 and Regulation 33 of the Public Contracts (Scotland) Regulations 2015 will waiving of tendering for external commitments shall be allowed in accordance with written instructions issued by the Director of Finance.
- 9.44 For procurement which is not governed by the Procurement Regulations, examples of other exclusions from competitive tender or competitive quotation procedures include the following:
- Repairs, where the repair or servicing of a particular item of equipment can only be carried out by the manufacturer.
 - Where the supply of goods or services is of an exceptional nature, and it can be clearly demonstrated that there are no market alternatives.
 - Call offs from un-ranked National Frameworks, where there is a strong rationale for calling off such as standardisation of equipment, patient safety or clinical need.
- 9.45 Tender wavering includes products, goods and services available on contract being tendered and ordered outside of these contracts.
- 9.46 These commitments are subject to the authorisation by the Head of Strategic Procurement or Director of Finance and be sought **prior** to entering into any contractual or commercial arrangement.

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- 9.47 These exceptional commitments are subject to budget holder financial approvals and apply to the supply of all goods and services.

Exceptional Supply of Pharmaceutical products

- 9.48 These include the decision-making process for the supply of pharmaceutical products. Particular detailed procedures and arrangements for approval and procurement of pharmaceutical products apply and are managed by the Pharmacy Department on behalf of NHS Grampian in conjunction with Clinical Heads of Service. It is therefore recognised by the Chief Executive that in many circumstances, that it may not be appropriate to obtain competitive tenders for pharmacy product, and where the issue arises, advice will be sought from the Medical Director and the Director of Finance.
- 9.49 Notwithstanding the above, the Pharmacy Directorate will ensure, where appropriate, that national, regional or local contracts for the provision of pharmaceutical product are utilised. The specifying officers must ensure NHS Grampian input to the objective specification criteria for product or specifications under national contract developments and/or by ensuring that NHS Grampian's pharmaceutical or relevant clinical staff are involved and advised of national product selection decision-making processes. This advice should also take account of clinical, patient and other risk factors and should include consideration and input to the management of risk in product or service specification use or change and the impact on patient care.

Approval of Tender Waiver Requests

- 9.50 The approval of tender wavering or direct call off must be sought in advance of the external commitment through award of contract.
- 9.51 The table below outlines the thresholds and officers who can approve the external commitment and waiver of tendering requirements.

| Value of Tender waiver | Approving Officer |
|-------------------------|---|
| > £5,000 up to £100,000 | Head of Strategic Procurement (or their deputy) |
| >£100,000 | Director of Finance (or their deputy) |

- 9.52 The approval of a tender waiver is not a virement or authorisation of additional spend to budgets from the approving officer to the budget holder.

Record of Contracts

- 9.53 The Head of Strategic Procurement will maintain a register of all contracts awarded by virtue of the circumstances detailed at paragraphs above with designated procurement departments are required to provide the Head of Strategic Procurement with quarterly updates of their section of the contract register. This register will be

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open to audit on an annual basis under the direction of the Finance Directorate or Chief Executive.

- 9.54 For Tender waivers, a register for the justification and authorisation will be maintained by the Finance Directorate on electronic file for audit purposes. This file will be submitted to the Audit and Risk Committee on a quarterly basis for their information and scrutiny.
- 9.55 Standard terms and conditions will be used where appropriate and should be based on national public sector and/or national procurement terms and conditions with input from the Central Legal Office where appropriate. All purchase orders or contracts entered into will incorporate the appropriate set of agreed conditions.

Consultancy services and consultants

- 9.56 Consultants appointed by NHS Grampian to be responsible for the supervision of a contract on its behalf will comply with these SFIs as though they were officers or employees of NHS Grampian.
- 9.57 Where consultancy advice and services are being requested, the specification, authorisation and external commitment authority for procurement of such skills must be in accordance with the guidance issued by the SGHSCD.

Building and Engineering works

- 9.58 The procedures and conditions for building and engineering works other than those specified in 9.6 will be in accordance with the regulations and guidance issued from time to time by the SGHSCD.

Issuing a Purchase Order

- 9.59 Purchase Orders should be issued electronically through E-Procurement systems (PECOS). Where there is no access to an E-Procurement system it is the responsibility of the budget holder to ensure that orders are supported by an agreed contract.
- 9.60 No goods, services or works other than minor purchases from petty cash, will be ordered except on an official order, or where the purchase is supported by an agreed contract, which has been duly approved through the workflow set up for budget and procurement approvals. Wherever possible, contractors will be notified that they should not accept an order unless on an official form.
- 9.61 Verbal orders may be issued by officers with external commitment authority but only in an emergency or urgent necessity and only where the contract specifies this. These will be confirmed by an official order issued no later than the next working day and clearly marked "confirmation order".

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- 9.62 Official electronic orders are consecutively numbered, in a form approved by the Director of Finance and will include such information concerning prices, discounts, delivery terms, documentation, and contract terms and reference as applicable.
- 9.63 The order will incorporate an obligation on the contractor to comply with the full terms and conditions contained therein.
- 9.64 Where an electronic order is not generated the budget holder must ensure that there is an agreed contract in place and that any goods or services procured are supported by official correspondence covering the information concerning prices, discounts, delivery terms, documentation, contract terms and reference as applicable.
- 9.65 Officers or staff with specifying and budget approval authority will approve electronic requisitions in accordance with their delegated authority per the OSD.
- 9.66 Officers or staff with external commitment authority will approve electronic purchase orders and contracts, in accordance with their delegated authority per the Scheme of Delegation.
- 9.67 Retained files, of all authorised requisitions, purchase orders, contracts and associated correspondence, either in paper or in electronic form will be kept by each designated procurement department in accordance with audit and HM Revenue and Customs requirements.
- 9.68 Except where products or services are supplied under national contract (where different review and approval processes will apply) approval for increases in prices allowed under an appropriate variation of prices clause in a contract for supplies and services will be subject to tolerances approval as specified under the Scheme of Delegation.
- 9.69 Service Level Agreements (SLAs) will operate for services provided to NHS Grampian from other NHS bodies. Similarly SLAs will dictate the conditions under which services are provided by NHS Grampian to other NHS bodies.

Conflicts of Interest

- 9.70 Official Purchase Orders or Contracts will under no circumstances be issued for personal use or benefit.
- 9.71 No purchase orders or contracts will be placed for any products or services with any supplier or contractor that has made an offer of gifts, reward or benefit to directors or members of staff of NHS Grampian.
- 9.72 Any member of staff receiving such an offer will notify his line manager as soon as is practicable. Visits, at suppliers' expense, to inspect equipment etc. must not be undertaken without the prior approval of the Chief Executive in accordance with guidance contained in the

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Standards of Business Conduct.

- 9.73 Any Board Member or member of staff concerned with specifying or budget approval or external commitment authority, who has a pecuniary or other interest with any particular tenderer or any incumbent contractor will declare his interest in writing to the Chief Executive or his nominated delegate.
- 9.74 The Board Member or member of staff concerned **must** withdraw from all tender/contract/purchasing processes or arrangements concerning the pecuniary interest. Staff should also be made aware of the requirements of NHS Grampian's policy on the Standards of Business Conduct in Section 2.
- 9.75 The Chief Executive, or their nominated delegate, will be responsible for maintaining a register of all such declarations.

Payment for Goods and Services

- 9.76 The Board shall maintain a no Purchase Order no Payment policy.
- 9.77 Payment under a contract or purchase order will be made by the Director of Finance on the certificate of the Chief Executive or such authorised budget holder as may have been delegated authority for the contract.
- 9.78 The Director of Finance will have the right to carry out such financial examinations and checks as may be considered necessary before making payment.

Receipt of Goods

- 9.79 All goods received will be checked as regards quantity and / or weight and inspected as to quality and specification at the point of delivery.
- 9.80 A delivery note will be obtained from the supplier at the time of delivery and will be signed by the person receiving the goods. Instructions will be issued to staff covering the procedure to be adopted in those cases where a delivery note is not available or when items delivered are otherwise different from those ordered.
- 9.81 Particulars of all goods received will be entered on a goods received record on the day of receipt and if goods received are unsatisfactory, the goods received record will be marked accordingly.
- 9.82 Where goods received are unsatisfactory or short on delivery they will only be accepted on the authority of the designated line manager and the supplier will be notified immediately.

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Section 10: Tendering Procedures

- 10.1 All invitations to tender on a formal competitive tendering basis will be conducted in accordance with this procedure and Section 9 of the Standing Financial Instructions.

Competitive Tendering - Advertisement

- 10.2 In accordance with the Procurement Reform Act (Scotland) 2014, any contract between £50,000 and the threshold values set out in published Scottish Procurement Policy Note SPPN5/2023 over its lifetime is considered a regulated contract.
- 10.3 NHS Grampian and its members of staff responsible for specifying, financially approving or externally committing requirements will ensure that for Products or Services with an annual or contract term value in excess as set out in the below table, will be procured by advertising the requirement through the Public Contracts Scotland (PCS) Portal (www.publiccontractsscotland.gov.uk) in accordance with the regulated timescales and by using the PCS Tender system.

| Threshold for the supply of: | Amount (excl.VAT) |
|------------------------------|-------------------|
| Goods and Services | £50,000 |
| Works | £2,000,000 |

- 10.4 NHS Grampian and its members of staff shall source the supply of goods, services and works in accordance with the thresholds detailed within The Public Contracts (Scotland Regulations 2015 (and any subsequent relevant legislation), the Procurement Reform (Scotland) Act 2014 (and any subsequent relevant legislation) :

| Threshold for the supply of: | Amount (excl.VAT) |
|------------------------------|-------------------|
| Goods and Services | £138,760 |
| Works | £4,447,447 |

- 10.5 By advertising on the PCS portal this will ensure that the notice is also advertised in the Find a Tender Service (FTS) which is a regulatory requirement.
- 10.6 All tenders should be issued following the process outlined within the Scottish Government Procurement Journey (www.procurementjourney.scot) and support can be accessed from the Procurement Service.
- 10.7 Where existing Framework Agreements are to be used, the procedures set out in that Framework Agreement must be followed.

Qualification

- 10.8 External parties who wish to be considered for supplying NHS Grampian's Works, Product or Services requirements will be subject to meeting minimum qualification criteria as outlined in the Single

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Procurement Document (SPD) Scotland.

- 10.9 This is a regulatory requirement for procurement over the thresholds detailed within SPPN5/2023 and recommended for any procurement over £50,000 and shall be mandatory.

Specification of Need

- 10.10 All contracts will have a specification of need and this is the responsibility of the specifying member of staff, Budget Holder or where delegated, the Clinical Head of Service or Manager of designated specialist support to develop and ensure the requirements of NHS Grampian are fully outlined.
- 10.11 Clinical Heads of Service or designated specialist support managers will be responsible for providing specification criteria under national contract, where required, and for ensuring that products meet required specifications
- 10.12 Pre market engagement with suppliers and independent bodies may be undertaken to seek advice in the planning of the procurement process however care must be taken to ensure such contact does not distort competition or violate the principles of transparency and non-discrimination.
- 10.13 All completed tenders should have their submissions scored accordingly by the NHS Grampian members of staff responsible for the requirement.
- 10.14 The relative position of each interested external parties submission, compared to others should be made available to that interested external party if requested under Freedom of Information, but without revealing the names of the other interested parties, to protect their commercial interests.

Tenders for Building and Engineering Works

- 10.15 Tenders for building and engineering works will follow the recommendations embodied within the current version of Construction Procurement Handbook.
- 10.16 The Form of Contract selected will be the most appropriate for the works concerned and in accordance with National or NHS Grampians Measured Term Contract (MTC) for Building and Engineering works following the procurement process in section 10.
- 10.17 Contracts issued under the MTC, will incorporate the latest version of the Scottish Building Contract Committee (SBCC) contracts as set out in the 2019 edition (and any subsequent, relevant, amendments and supplements).

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- 10.18 In all cases, the standard documents should be amended to ensure all Forms of Contract are subject to Scots law.
- 10.19 Tendering based on other forms of contract may be used only after prior consultation with the Scottish Government Health and Social Care Directorate.

Invitations to Tender

- 10.20 Prior to submission of Tender, the criteria for the selection of contractors should have:
- a pre-formatted scoring template for weighting and scoring
 - a scoring cut-off point
- 10.21 All tender submissions will be compiled and retained securely by the assigned member of staff responsible for leading the tender process for use in the analysis of tenders.
- 10.22 This pre-formatted scoring template should not be altered at any time after Invitations to Tender have been issued, unless approved by the Chief Executive.
- 10.23 All invitations to tender will also include a notice warning tenderers of the consequences of engaging in any corrupt or anti-competitive practices or any corrupt practice involving NHS Grampian employees and seek written assurance of compliance through signed declarations.

Submission of Tenders

- 10.24 Tenders must be submitted electronically and through the PCS portal in the first instance.
- 10.25 In the exceptional event that the Invitation to Tender pack is not issued utilising the PCS Portal – e-tendering system, the following requirements should apply:
- a. All tenders received must be received in a plain, sealed package bearing a pre-printed label supplied by NHS Grampian addressed to the NHS Grampian Board Secretary, bearing the word ‘Tender’ followed by the subject to which it relates and the latest date and time for the receipt of such tender. Unopened tenders will be date stamped and stored unopened in a secure place until after the closing date or time.
 - b. The formal opening of tenders at designated locations by designated members of staff throughout NHS Grampian may be delegated to designated Procurement departments as part of their responsibilities to ensure that NHS Grampian’s procurement policies and procedures are adhered to.

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- c. Each designated procurement department will retain a written or electronic e-tender record, approved by The Board Secretary, of all sealed tenders received. This will also detail the designated officers (minimum total of 3 NHS Grampian staff to be present) who witness the opening and the certification of sealed tenders at specified times, and record summary details to evidence original tender documents.
- d. The tender opening witnesses will include the presence of a senior member of staff from both the originating department and the Finance Directorate.
- e. The three designated members of staff present at the opening must initial and date each tender received on the front page and the page detailing the final contract price.

Record keeping

10.26 As a minimum a register will be maintained of all invitations to tender, where the estimated value of the products/services is in excess of £50,000. This permanent record will be maintained to show for each set of competitive tender invitations despatched and received:

- The names of firms/individuals invited;
- The names of and the number of firms/individuals from which tenders have been received;
- The total price(s) tendered;
- Closing date and time; and
- Date and time of opening; and the persons present at the opening will sign the register.

10.27 A record will be maintained of all price alterations on tenders, i.e. where a price has apparently been altered, and the final price shown will be recorded. The three present at the opening should initial every price alteration appearing on a tender and the record.

10.28 A report will be made in the record if, on any one tender, price alterations are so numerous as to render the procedure in Section 10.2 unreasonable.

10.29 All tenders for goods, services (including consultancy services) or works will include a copy of the Health Board terms and conditions applicable for the contract. These should be NHSS Standard Contract Conditions of Purchase or Service as far as this is practical. The advice of the Procurement Service, National Procurement or the Central Legal Office must be sought where alternative contract conditions are used.

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- 10.30 All original certified tender documents from **all** successful and unsuccessful tenderers will be retained by the designated procurement department after opening of the tenders, will be properly filed and archived after contract award and be retained for audit for a period of 7 years, in accordance NHS Grampian Records Management Policy and Scottish Government Records Health and Social Care Code of Practice 2020.
- 10.31 All Tenders should be treated as confidential and should be retained for inspection in accordance with the NHS Grampian Records Management Policy and Scottish Government Records Health and Social Care Code of Practice (2020).

Admissibility and Acceptance of Formal Tenders

- 10.32 In considering which tender to recommend for acceptance, if any, the designated members of staff will have regard to whether value for money will be obtained and whether the number of tenders received provides adequate competition.
- 10.33 In exceptional circumstances deemed 'force majeure' on the part of the tenderer and with the approval of the Chief Executive, a tender may be received and accepted after the closing date, provided that none of the tenders available for opening at the appointed time have been opened. Where the available tenders have been opened, a late tender will be opened solely to identify the sender and returned with a letter of explanation.
- 10.34 Clarification may also be sought from bidders on matters of quality performance or particular terms and conditions of contracts. In seeking clarification, all communications with bidders must be properly recorded so that an audit trail is maintained. Negotiations in relation to price, essential aspects of the tender or other areas where bid improvements may be possible must not take place as part of the clarification process.
- 10.35 Where only one tender/quotation is received, NHS Grampian must ensure, as far as practicable, that the price to be paid is fair and reasonable or consider re-tendering.
- 10.36 Where competitive tenders have been obtained, the most economically advantageous shall normally be accepted.
- 10.37 Where the form of contract includes a fluctuation clause, all applications for price variations, which are within the NHS Grampian approved project allocation, should be approved in accordance with the Operational Scheme of Delegation. Fluctuations that will result in a variance from the approved project allocation must be approved in accordance with the Schedule of Reserved Decisions.
- 10.38 Agreement with the preferred contractor with regard to all of the commercial terms, contractual terms and conditions, detailed specifications and performance standards, all as specified and detailed

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in a formal contract document is fundamental to the contract award process.

- 10.39 Only in exceptional circumstances will any letter of acceptance signed by the member of staff with appropriate external commitment authority be issued prior to issue of the formal contract.
- 10.40 Such 'conditional' letter of acceptance will clearly specify those terms and conditions already agreed and those requirements still outstanding and subject to mutual agreement. Such letter of acceptance must be followed by issue of the formal contract document duly authorised by a member of staff with external commitment authority and thereafter where appropriate, each call off for products or services against the contract will be covered by issue of a duly authorised purchase order.
- 10.41 NHS Grampian utilises the Public Contracts Scotland (PCS) web portal contract register functionality to maintain a public register of all contracts in excess of £50,000 in value. A standard template for this is available from the Procurement Service and devolved procurement areas must ensure that the contract register is updated to include all contracts over £50,000.

Post-Tender Negotiations

- 10.42 Public Procurement Regulations and requirements strictly govern the circumstances and process whereby post tender negotiations may be applicable.
- 10.43 Only members of staff with external commitment authority and who are authorised within the scheme of delegation to do so can enter into post tender negotiations on NHS Grampian's behalf.
- 10.44 Only in the circumstances where the public procurement regulations allow and where the process followed complies with such regulations will such authorised members of staff carry out post tender negotiations.

The negotiations must be fully documented and clearly indicate:

- The justification for the use of post-tender negotiation;
- The aim of the negotiations and the methods used;
- A precise record of all exchanges, both written and oral; and
- Management approval for the award of contract;

- 10.45 Approval of any post tender negotiations must be obtained from the Chief Executive and Director of Finance when the movement is the lower of £50,000 or 10% of the Contract Value.
- 10.46 Approvals in excess of this must be sought from the Board.

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Waive formal tendering arrangements - Frameworks Scotland or other future arrangements

- 10.47 The Chief Executive and Director of Finance can authorise the waiving of formal tendering procedures for the design, construction and maintenance of building and engineering works when the supply is proposed under special arrangements negotiated by the Scottish Government. In these circumstances the terms of the special arrangements must be complied with.
- 10.48 These special arrangements include the Frameworks Scotland methodology and the HUB initiative under the Scottish Futures Trust. The Director of Finance will issue detailed instructions on the appointment process to be followed in each case.
- 10.49 Both of these procurement routes avoid the requirement for a formal tendering process for each project as this has already been undertaken in arriving at the key principal supply chain partners (PSCPs) and Professional Services Contractors (PSCs) for Frameworks Scotland and the appointment of Private Sector Partners in the HUB initiative.
- 10.50 In these instances an invitation to tender was made through the World Trade Organisation Government Procurement Agreement (WTO GPA) and appointments made following a rigorous selection process incorporating price, quality of design and workmanship, experience within the sector etc.
- 10.51 In addition a full cost benchmarking exercise was undertaken to ensure that pricing for individual projects followed an agreed process and will achieve value for money from the building contractors and professional service contractors.

Unsuccessful Tenders

- 10.52 Following completion of the tender evaluation, unsuccessful bidders must firstly be notified in writing, utilising the template letters and adhering to the timescales detailed in the Scottish Government Procurement Journey.
- 10.53 A letter of contract award should then be drafted and signed by the appropriate Director or senior member of staff with the appropriate level of external commitment authority.

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Section 11: Capital and Infrastructure Investment, Alternative Financing, Fixed Asset Registers and Security of Assets

Introduction

- 11.1 This section outlines the arrangements for the control, management for capital and infrastructure investment, alternative financing and security of assets of NHS Grampian.
- 11.2 Each employee is responsible for the security of the property of NHS Grampian with senior staff in all disciplines applying appropriate routine security practices in relation to NHS property.

Capital Expenditure

- 11.3 Capital expenditure is defined as expenditure, in excess of £5,000 (**including** VAT where this is not recoverable) on the following transactions:
- Acquisition of land and premises, lump sum payment for related rights (including capitalised rents), payments made under the relevant acts and associated fees;
 - Individual works schemes (i.e. buildings, external works, elements of building including engineering services and plant) for the initial provision, improvement, adaptation (including upgrading), renewal or replacement;
 - Pay and related expenses of personnel who are directly engaged on activity attributed to the acquisition or creation of specific fixed assets or capital schemes e.g. project managers but not including staff employed to administer the capital expenditure programme of NHS Grampian. These latter costs should be charged to revenue; and
 - Individual items of equipment or groups of items as defined for the purposes of the capital charging system. The term equipment covers all categories e.g. medical, dental, computer, printing or other equipment (technical and non-technical) not associated with works schemes described above.
 - All vehicles not under a lease arrangement
 - Assets with a value of lower than £5,000 may be capitalised if they form part of a group, with a group value in excess of £20,000.
 - Expenditure on replacing items not counted as capital assets must be recorded as a revenue cost in the year in which the expenditure is incurred.

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Appraisal of Infrastructure Investment proposals

- 11.4 The Chief Executive (or designate) will ensure that there is an adequate appraisal and approval process in place for determining infrastructure expenditure priorities.
- 11.5 The Chief Executive (or designate) is responsible for the management of all stages of infrastructure schemes and for ensuring that schemes are delivered on time and to cost.
- 11.6 They will ensure that the infrastructure investment is not undertaken without confirmation of purchaser support and the availability of resources to finance all revenue consequences, including capital charges.
- 11.7 For every major infrastructure investment proposal the Chief Executive will ensure that:
- A business case is produced setting out an option appraisal of potential benefits compared with known benefits to costs and also setting out appropriate project management and control arrangements in accordance with requirements under the Scottish Capital Investment Manual (SCIM).
 - The Director of Finance has certified professionally to the costs and revenue consequences and commitment against authorised expenditure.

Monitoring of Infrastructure Investment Programmes

- 11.8 The Director of Finance will issue procedures for regular reporting of expenditure and commitment against authorised expenditure.
- 11.9 The approval of an infrastructure programme does **not** constitute approval for expenditure on any scheme.
- 11.10 Relevant project directors will be formally notified of the approval of the scheme and the project directors must ensure that the schemes progress in accordance with the procedures and authorisation limits detailed in the Standing Financial Instructions and the Scheme of Delegation.
- 11.11 The Scheme of Delegation for capital investment management will be in accordance with the Schedule of Reserved Decisions and Scottish Government Health and Social Care Directorate (SGHSCD) guidance.
- 11.12 The Director of Finance will issue procedures governing the financial management, including variations to contract and stage payments, of capital investment projects and valuation for accounting purposes.

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Alternative financing of infrastructure projects and non-exchequer funding

- 11.13 When the Scottish Government or Scottish Futures Trust directs the board to use finance other than through its allocations:
- 11.14 The Director of Finance will satisfy themselves on behalf of NHS Grampian that the use of alternative finance represents value for money and that there is an appropriate level of risk transfer.
- 11.15 Where the sum involved exceeds the limits delegated to NHS Grampian for approval, a business case must be prepared by the Director of Finance and approved by the Grampian NHS Board for onward referral to the Scottish Government for approval.
- 11.16 The selection of a contract / financing company must be on the basis of competitive tendering or quotations.

Asset Registers

- 11.17 A capital asset as defined in 11.3, must be capable of being used in NHS Grampian's activities for a period exceeding one year.
- 11.18 Donated assets are defined as non-Exchequer funded assets acquired after the establishment of the NHS in 1948 for which no consideration has been given. Some assets are jointly funded by donation and NHS funding.
- 11.19 NHS Grampian shall maintain an asset register for all assets that are capital, and greater than £5,000 each or a group value greater than £20,000.
- 11.20 The asset registers will include equipment on loan and all contents of furnished lettings.
- 11.21 Wherever practicable, items of equipment will be marked as NHS Grampian property and, where appropriate, cross-referenced to the Fixed Asset Register or Equipment Register.
- 11.22 The Assistant Director of Finance is responsible for the maintenance of a register of assets, taking account of the requirements of the Chief Executive and Director of Finance on:
- The form,
 - The method of updating, and;
 - Arrangements for an annual physical check of assets against the asset register.

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- 11.23 The register shall hold the minimum data set required by the Scottish Government in accordance with the Capital Accounting Manual to ensure the proper management of NHS Grampian's fixed assets.
- 11.24 Sources of funding will be properly recorded in the asset register in such a way that the capital charge is correctly calculated.
- 11.25 Assets that meet the criteria for capital charging, but are excluded because they are fully depreciated or donated, must still be recorded in the asset register.

Monitoring and evaluation of Capital Assets

- 11.26 Overall control of capital assets is the responsibility of the Chief Executive or designated deputy.
- 11.27 The Director of Finance shall approve fixed asset control procedures, these asset management procedures will make provision for:
- Identification of additions and disposals;
 - Identification of all repairs and maintenance expenses; physical security of assets;
 - Periodic verification of the existence of, condition of, and title to assets recorded; and
 - Identification and reporting of all costs associated with the retention of an asset.
- 11.28 All discrepancies revealed by the verification of physical assets to the fixed asset register must be notified to the appropriate departmental head and to the Assistant Director of Finance, who may also undertake such other independent checks, as either they or the Director of Finance considers necessary.
- 11.29 On the closure of any premises, a check will be carried out and a responsible Officer or staff will certify a list of items held pending eventual disposal.

Additions – General Points

- 11.30 Additions to the fixed asset register must be clearly allocated to an appropriate asset holder and validated by reference to:
- Properly authorised and approved agreements, architects certificates, suppliers invoices and other documentary evidence in respect of purchases from third parties; and
 - Stores requisitions and wages records for own materials and labour.

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Disposal of assets – general points

- 11.31 The Director of Finance will issue provisions for the disposal or scrap of capital assets. These instructions will include procedures for reconciling balances on fixed asset accounts in ledgers against balances on fixed asset registers.
- 11.32 Disposal of scrap and items identified as surplus to requirements will be dealt with in accordance with these instructions.
- 11.33 Where capital assets are to be sold, scrapped, lost or otherwise disposed of, their value must be removed from the accounting records and each disposal validated by reference to authorisation documents and invoices where appropriate.
- 11.34 Disposals of premises and land must be actioned in accordance with the NHS Scotland Property Transactions Handbook.
- 11.35 The retention of benefit from asset disposals is subject to agreement with the SGHSCD on a case by case basis. Receipts from NHS Grampian's asset disposals will form part of its net cash requirement.
- 11.36 The profit or loss on disposal of assets is part of net expenditure charged to the Revenue Resource Limit; NHS Grampian is required to notify the SGHSCD of planned property disposals in its three-year estimate of property transactions including the forecast impact of property transactions on the Revenue Resource Limit.
- 11.37 The Chief Executive will be responsible for ensuring that appropriate policies and procedures for site security and property therein are developed and implemented in accordance with risk management and statutory responsibilities.

Disposal of damaged assets – general points

- 11.38 Any damage to NHS Grampian's premises, vehicles and equipment or any loss of equipment or supplies will be reported by staff in accordance with the procedure for reporting losses.
- 11.39 Disposal of damaged assets will be dealt with in accordance with the losses and special payments procedures.

Revaluation of Land and Buildings

- 11.40 The SGHSCD will issue indices each year to determine the values of assets at 31 March of that year.
- 11.41 The independent valuer, appointed by the Board, will value all land on an annual basis. The valuer will also value at least 20% of NHS

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Grampian's buildings on a rolling basis to ensure that, 100% of the estate is covered over a five-year period.

- 11.42 Indices will be used to revalue the remaining buildings on an annual basis. The Director of Finance will ensure that where necessary such valuations are subject to challenge.
- 11.43 The asset register will be adjusted to reflect the revised values based on either indexation or revaluation.

Depreciation of Capital Assets

- 11.44 The value of each asset will be depreciated using methods and rates as specified in the Capital Accounting Manual issued by the SGHSCD.

Capital Charging

- 11.45 The capital charge is calculated in accordance with the Scottish Capital Accounting Manual. The capital charging scheme relies on the successful compilation and maintenance of asset registers with all capital assets rank as assets for capital charging purposes.

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Section 12: Subsidies and Grants

Introduction

- 12.1 This section outlines arrangements for the award of subsidies or grants within NHS Grampian. An award of this nature would be unusual for NHS Grampian and you should seek guidance from your Finance Manager and demonstrate a business case if you are planning to make such an award for the first time.
- 12.2 A subsidy or grant is defined as providing funding or assistance to a third party organisation or individual from NHS Grampian funds. Grants should not be used to procure works, goods or services which the Board would otherwise have to procure in accordance with section 10 of these SFIs.
- 12.3 When grant funding or subsidy is proposed to be awarded to a third party organisation, consideration must be given to determine that there is proven value for money, or common objective between NHS Grampian and the third party organisation.
- 12.4 Prior to proceeding with an award a financial sustainability check in relation to the third party must be completed and approved by the Assistant Director of Finance.
- 12.5 Grants / Subsidies must be awarded on written terms and conditions, letter inclusive of monitoring arrangements approved by the Director of Finance, through an award. The individual making the award will be responsible for ensuring ongoing monitoring of compliance with the terms and conditions.
- 12.6 Limits on any awards of a Subsidy or Grant are subject to thresholds outlined to Budget Holders with external commitment authority as outlined in the Scheme of Delegation and Schedule of Reserved decisions.

Award of Subsidy and Grants – Legal Compliance General Points

- 12.6 The award of any subsidies and grants from NHS Grampian shall comply with the UK Subsidy Control Act 2022 (and any subsequent relevant legislation). An Act to control the provision of subsidies public resources and prevents unfair competition or effects on trade and investment. It is the responsibility of staff and officers of NHS Grampian to ensure that they have reviewed the guidance and ensured that the proposals for grant or subsidy are not prohibited under the terms of the Subsidy Control Act 2022.

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- 12.7 These awards will comply with the Freedom of Information (Scotland) Act (2002) and the Equality Act 2010.

State aid from the European Commission ceased to apply to the UK after the transition period on 31 December 2020. However, this may still apply to certain types of funding, proposals or awards where an element of EU Funding is present. It shall be the responsibility of staff and managers to ensure that NHS Grampian fully complies with State Aid Law in respect of any funding or subsidy granted by NHS Grampian to a third party where an element of EU funding is present.

Record Keeping

- 12.8 Where any grant or subsidy granted by NHS Grampian to a third party is considered a subsidy, grant or State Aid, the approving manager shall ensure that details of the grant of funding or subsidy is notified to the Assistant Director of Finance.
- 12.9 The Assistant Director of Finance will maintain a register of Grants and Subsidies awarded by NHS Grampian.

Disclosure of Subsidy and Grants

- 12.10 NHS Grampian will publish details of subsidies or grant funding awarded to the nationally available public database in accordance with national guidance and regulations.
- 12.11 Any subsidies or funding that is greater than £315,000 cumulatively or as a standalone award must be disclosed.
- 12.12 NHS Grampian are required to disclose subsidies or funding that are greater than £100,000 or standalone awards. Additional disclosure provisions apply for awards classified as Minimal Financial Assistance or under EU State Aid.
- 12.14 Where any funding or subsidy granted by NHS Grampian to a third party is considered to be State Aid and is administered under Commission Regulation (EC) No 1998/2006 (relating to de minimis aid), relevant staff shall ensure that details of the grant of funding or subsidy (including a copy of the de minimis declaration signed by the third party) is notified to the Assistant Director of Finance.

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Section 13: Stockholding and Stock Management

Introduction

- 13.1 The Chief Executive will be responsible for the overall management of all NHS Grampian stockholdings and will delegate effective and efficient management to designated officers.
- 13.2 The Director of Finance will be responsible for ensuring that the systems and internal controls in relation to stock are adequate.
- 13.3 The appropriate designated senior officer in each department will be charged with responsibility for day to day physical safeguarding and management of the stock in accordance with approved written procedures, subject to such delegation being entered in a record available to the Director of Finance.
- 13.4 The control of pharmaceutical stocks will be the responsibility of a designated pharmaceutical officer.
- 13.5 The control of solid and liquid fuels will be the responsibility of the General Manager Facilities & Estates.

Security of stock holding arrangements

- 13.6 The responsibility for security arrangements and the custody of keys for all stockholding locations will be clearly defined in writing by an officer delegated by the Chief Executive and agreed with the Director of Finance.
- 13.7 Wherever practicable, stock and items of equipment will be marked as NHS Grampian property.

Inventory Records management

- 13.8 All stockholding and stock management records will be in such form and will comply with such a system, as the Director of Finance will approve.
- 13.9 Systems and procedures will be operated to ensure that:
 - the quality and quantity of goods received is as required;
 - the goods are issued only for authorised use;
 - losses or other adjustments are accurately and promptly recorded and available for review or audit by the Director of Finance; and
 - That the range and level of stockholdings held in are reviewed regularly.

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- 13.10 Any alternative arrangements for stockholding and management of stock will require the approval of the Director of Finance.
- 13.11 Stockholding records will include records will include inventory management systems with high turnover such as those supplied through pharmacy stockholdings.

In addition, all items of re-usable equipment, or medical or other equipment as defined by the Medical Equipment Management Service and/ or Estates and / or e-Health and/ or the Finance and/ or the Planning departments as 'equipment' or 'assets' will be properly registered, receipted and controlled. This includes the following:

- Equipment held at departmental level;
 - Equipment on loan; and
 - All contents of furnished lettings.
- 13.12 The level of stockholding (measured in absolute terms and by stock duration in days) will be set annually by the Director of Finance as part of the annual budget setting exercise. It is the responsibility of stockholders to control stock within the agreed level.

Stock taking arrangements

- 13.13 Stock management arrangements including requirements for validating stockholding during and / or at the end of each financial year will be subject to approval and direction by the Director of Finance.
- 13.14 Such physical stock takes will cover all items held in stock and will be carried out either continuously or at least once a year.
- 13.15 Physical checks will involve at least one officer other than the storekeeper and the Director of Finance, or their deputy, will have the right to attend.
- 13.16 The stocktaking records will be numerically controlled and signed by the officers undertaking the check.
- 13.17 Any surpluses or deficiencies revealed after stocktaking will be investigated to identify the cause of the discrepancy and to initiate corrective action within limits specified and agreed with the Director of Finance who has the right to investigate as necessary.

Receipt of Goods from National Distribution Service (NDS)

- 13.18 For goods supplied via the National Distribution Service (NDS), the Director of Finance will identify those authorised to requisition and accept goods from the NDS.

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- 13.19 The authorised person will check receipt against the delivery note and satisfy themselves that the order is complete.
- 13.20 All goods received will be checked as regards quantity and inspected as to quality and specification.
- 13.21 A delivery note will be provided with the order at the time of delivery and will be signed after examination of the goods by the person receiving them.
- 13.22 Instructions will be issued to staff covering the procedures to be adopted in those cases where a delivery note is not available.
- 13.23 Particulars of all goods received will be entered on a goods received record on the day of receipt, and if the goods received are seen to be unsatisfactory, the goods received record will document the reasons.
- 13.24 Further, where goods received are seen to be unsatisfactory or short on delivery, they will only be accepted on the authority of the designated officer and the supplier will be notified immediately.

Issuance of stock

- 13.25 An authorised requisition note must support all issued stock.
- 13.26 Except where other arrangements approved by the Director of Finance have been made, a receipt for the stock issued will be returned to the designated officers who should be independent of the officers responsible for ordering the goods.
- 13.27 Where a “topping up” system is used, a record should be maintained as approved by the Director of Finance.
- 13.28 Regular comparisons will be made of the quantities issued to wards and departments and explanations recorded of significant variations.
- 13.29 All transfers and returns will be recorded on forms provided for the purpose and approved by the Director of Finance.

Breakages

- 13.30 Breakages, losses of goods or other adjustments to stockholding will be recorded as they occur and will be available for inspection and audit as required by the Director of Finance at regular intervals.
- 13.31 Known losses of stock items will also be reported to the Director of Finance, using the NHS Grampian loss report / claim form.

Valuation of Stocks

- 13.32 Stocks will be valued at the lower of cost or net realisable value. For this purpose cost will be ascertained on a consistent basis set by the

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Director of Finance. The cost of stock will be stated either on the basis of the average purchase price or on the basis of FIFO (first in first out). The cost basis used must be clearly stated in any returns or accounts.

Obsolete stock

- 13.33 The designated officer will be responsible for a system approved by the Director of Finance for a review of slow moving and obsolete items and for condemnation, disposal and replacement of all unserviceable articles.
- 13.34 The designated officer will report to the Director of Finance any evidence of significant overstocking and of any negligence or malpractice.
- 13.35 Procedures for the disposal of obsolete stock will follow the procedures for the disposal of all surplus goods.
- 13.36 Stocks that have deteriorated, or are not useable or have become obsolete will be written down to their net realisable value. The Director of Finance, or such delegated officer(s), will approve and record the write down.

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Section 14: Risk Management and Insurance Arrangements

- 14.1 The NHS Grampian Audit & Risk Committee has responsibility for seeking assurance on behalf of the NHS Grampian Board on the effectiveness of the organisation's risk management system. The Medical Director is the nominated lead Executive Director for the co-ordination of risk management within NHS Grampian
- 14.2 The risk management system will align to NHS Grampian's [policies and procedures](#) and include, inter alia:
- (a) A process for identifying assessing and recording risks and potential liabilities;
 - (b) A programme to develop among all levels of staff a positive attitude to the control of risk;
 - (c) The implementation of a programme of risk awareness training;
 - (d) Management processes to ensure that all significant risks and potential liabilities are addressed, including effective systems of internal control, , and decisions on the acceptable level of retained risk. All significant risks and actions taken to manage these risks will be regularly reported to the NHS Grampian Board and aligned Committees;
 - (e) the maintenance of a tiered set of operational and strategic risk registers;
 - (f) Business continuity plans to offset the impact of adverse events;
 - (g) audit arrangements, including internal audit, clinical audit, and health and safety review;
 - (h) Arrangements to review the risk management system; and
 - (i) A process whereby risk management plans are measured against compliance with CNORIS standards.
- 14.3 The management of risk and associated activities are delegated to leadership within NHS Grampian's Directorates, Portfolios and related Health and Social Care Partnerships. In the case of Partnership Working with other agencies, the NHS Grampian risk management framework will be shared to identify and quantify the individual risks, particularly where responsibility cannot be assigned to an individual partner.
- 14.4 The Director of Finance will ensure that insurance arrangements exist in accordance with the risk management system.

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Employee Responsibilities

- 14.5 It is the responsibility of the Director of People and Culture to ensure that existing staff and all new employees are notified of their duties within these instructions, particularly with regard to the completion of incident report forms.
- 14.6 Each employee has a duty to report any incident or occurrence, either verbally or in writing, directly to the NHS Grampian Legal Advisor or appropriate officer.
- 14.7 NHS Grampian retains the services of legal advisors, primarily the Central Legal Office who liaise with insurers regarding claims and inform NHS Grampian about the best course of action to take in each case.
- 14.8 The NHS Grampian Assistant Board Secretary or designated staff, will ensure that procedural instructions are adhered to for reporting the loss of or damage to properties and vehicles used by NHS Grampian or the injury of NHS Grampian employees and members of the public whilst on NHS Grampian premises. These instructions must be in accordance with the broker's procedures for reporting incidents.
- 14.9 Designated staff or NHS Grampian's Legal Advisors are entrusted to report any incidences or occurrences to the insurance brokers using standard documentation supplied by brokers.
- 14.10 A report form supplied by the insurance company will be completed by the individual discovering the incident. However, if the incident is reported verbally it will be completed by the member of staff to whom the incident is reported.
- 14.11 The designated staff (on behalf of NHS Grampians' Legal Advisor) is responsible for maintaining a register, which records all incidents, which may result in an insurance claim.
- 14.12 The designated staff (on behalf of NHS Grampian Legal Advisor) will ensure that there are internal controls in place to ensure that the register is kept up to date.

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Section 15: Patients Funds and Property

Introduction

- 15.1 NHS Grampian has a responsibility to provide safe custody for money and other personal property either:
- Handed in by patients (or guardians as appropriate);
 - In the possession of mentally disordered, confused, disorientated, unconscious patients, or found in the possession of patients dying in hospital, dead on arrival or severely incapacitated for another reason.
- 15.2 The Director of Finance will issue instructions on the collection, custody, investment, recording, safekeeping and disposal of patients' property for all staff whose duty it is to administer in any way the property of patients.
- 15.3 The instructions will cover the necessary arrangements for withdrawal of cash or disbursement of money held in accounts of patients who are incapable of handling their own financial affairs. Due care should be exercised in the management of a patient's money in order to maximise the benefits to the patient.
- 15.4 Staff will be informed, on appointment, by the appropriate departmental or senior officers of their responsibilities and duties for the administration of the property of patients.

Notification of Arrangements to Patients or their Guardians

- 15.5 The Chief Executive or designated deputy is responsible for informing patients or their guardians, either before or at admission, that NHS Grampian will not accept responsibility or liability for patients' monies and personal property brought into NHS Grampian premises.
- 15.6 Responsibility will only be accepted if it is handed in for safe custody and a copy of an official patient's property record is obtained as a receipt. Patients or their guardians will be informed before or on admission by the following methods:
- Notices and information booklets;
 - Hospital admission documentation and property records;
 - The oral advice of administrative and nursing staff responsible for admissions and recorded in the notes.

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Control of Patient's Property or Funds

- 15.7 A Property Register and Property Withdrawal Book, in a form determined by the Director of Finance, will be completed for all personal property received from patients as described in 16.2.
- 15.8 For persons in the latter category a nil return will be completed if no property is taken into custody.
- 15.9 Additional provisions apply where either:
- The patient is detained in hospital under the Adults with Incapacity (Scotland) Act 2000 or the Criminal Procedure (Scotland) Act 1975;
 - The patient is receiving treatment for mental disorder as a patient in hospital where the medical staff have given their opinion that the person is incapable of managing their own affairs.

In these cases the aggregate value of money and valuables held on behalf of a person must **not** exceed £10,000 in the case of cash or funds. If the amounts are to exceed these limits, managers must first obtain the consent of the Director of Finance.

- 15.10 The patients' property record will be completed in the presence of a second member of staff and record will be completed by a member of staff in personal representative where practicable.
- 15.11 Completed property records will then be signed by both members of staff and by the patient, except where the latter is restricted by physical or mental incapacity. Any alterations will be validated by signatures as required for the original entry on the record.
- 15.12 Where patients' property or income is received for specific purposes and held for safekeeping, the property or income will be used only for that purpose, unless any variation is approved by the donor in writing.

Storage and administration of Patient Property

- 15.13 Property handed over for safe custody will be placed in to the care of the Nurse Director or their nominee, or the most senior member of the nursing staff appointed.
- 15.14 Except as provided in paragraphs 15.15 to 15.20, refunds of cash handed in for safe custody will be dealt with in accordance with written instructions issued by the Director of Finance.
- 15.15 Property other than cash that has been handed in for safe custody will be returned to the patient as required by the officer who has been responsible for its security. The return will be receipted by the patient

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or guardian as appropriate and witnessed.

- 15.16 The Director of Finance will make proper arrangements, detailed in a Standing Financial Procedure to ensure that patients' funds are controlled and administered in an efficient and effective manner and in accordance with SGHSCD instructions.

Accident and Emergency Admissions

- 15.17 The Nurse Director will ensure that in the case of accident and emergency admissions, the receipt of patients' property will be recorded in the admission notes.

Banking Arrangements for Patient's Funds

- 15.18 Where Scottish Government Health and Social Care directorate instructions require the opening of separate accounts for patients' money, these will be opened and operated under arrangements agreed by the Director of Finance.
- 15.19 Within the hospital, patients funds handed over to the General Office will be banked in a centralised account, where the amount deposited will be returned in due course, along with any interest that may have been earned, subject to 15.20 below.
- 15.20 Interest received on the centralised account is apportioned to individual patients' balances on a proportional basis, automatically calculated by the system, once all bank charges incurred have been covered by the interest earned.
- 15.21 Bank reconciliations are carried out monthly agreeing the centralised account to the ledger and to a list of individual patients' balances.
- 15.22 Annual records of cash movement for each location are completed in accordance with the guidance contained in the Accounts Manual and are subject to external audit.
- 15.23 Patients fund accounts will be opened by the Head Cashier acting with the Hospital Administrator as required, under the general direction of the Director of Finance.

Release of deceased patient's property to next of kin

- 15.24 The disposal of the property of deceased patients will be effected by the Patient Fund Officer or other appropriate staff responsible for its security. Such disposal will be in accordance with the written instruction issued by the SGHSCD.
- 15.25 Where cash or valuables have been deposited for safe custody prior to death, they will only be released after a disclaimer has been obtained.

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- 15.26 Confirmation in favour of an executor or administrator must be exhibited before any funds are released where either:
- The estate of a deceased patient is of a value of more than the limit prescribed by the SGHSCD (currently £36,000); or
 - There is doubt as to the validity of claims being lodged for the residue of the estate.
- 15.27 In all cases where property of a deceased patient is of a total value in excess of £36,000, the production of Confirmation of Executors will be required before any of the property is released.
- 15.28 Where the total value of property is £36,000, or less, forms of indemnity relieving NHS Grampian of any claims by third parties will be obtained.
- 15.29 All requests to release patient's cash or valuables greater than £10,000 must be authorised by the Director of Finance.

Release of deceased patient's property with no known next of kin

- 15.30 Where a patient dies intestate and with no known next of kin, preferential claims on the estate may be disbursed.
- 15.31 A report will be prepared to the King's and Lord Treasurer's Rembrancer detailing all cash and property held on behalf of the deceased at date of death and specifying payments made out thereafter.
- 15.32 The King's and Lord Treasurer's Rembrancer will be informed of any information which might assist them in tracing next of kin.

Funeral expenses

- 15.33 Any funeral expenses necessarily borne by NHS Grampian are a first charge on a deceased person's estate.
- 15.34 Where arrangements for burial or cremation are not made privately, any cash of the estate held by the hospital may be appropriated towards the funeral expenses, upon the authorisation of the Director of Finance.
- 15.35 No other expenses or debts will be discharged out of the estate of a deceased patient.

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Section 16: e-Health

Introduction

- 16.1 All computer applications and developments progressed by the organisation will be in accordance with NHS Grampian's policy as formulated by a Committee appointed by the Chief Executive or designated Deputy to co-ordinate NHS Grampian's IT systems.
- 16.2 The Chief Executive or designated Deputy will devise and implement necessary procedures to protect NHS Grampian's data, programs or computer hardware, for which they are responsible, from the following:
- Accidental or intentional disclosure to unauthorised persons;
 - Deletion, modification, theft or damage; and
 - Inappropriate use or misuse after taking account of data protection legislation, the Computer Misuse act 1990, the Human Rights act 1998 and the advice of the Senior Information risk Owner and Data Protection Officer (or other similar statutory role).
- 16.3 The Chief Executive or designated Deputy will ensure that adequate controls exist such that computer operation is separated from development, maintenance and amendment.
- 16.4 The Director of Finance will ensure these systems offer good value for money and are consistent with the sound stewardship of public funds.
- 16.5 The Deputy Chief Executive or their designated deputy will ensure that a properly documented disaster recovery plan and business continuity plan is available for all key systems and understood by the staff responsible for their implementation.
- 16.6 The recovery plan should include all aspects of standby and recovery. The occasions when these procedures should be invoked will be clearly laid down, identifying who has the final responsibility for making decisions.

Non – Financial Systems

- 16.7 The Chief Executive or designated Deputy is responsible for ensuring the design, implementation and documentation of effective non-financial information systems.

Financial Systems

- 16.8 The Director of Finance will be accountable to the Chief Executive for the accuracy and security of computerised financial data of NHS Grampian.

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- 16.9 The Director of Finance will ensure that contracts for computer services for financial applications with other bodies will clearly define the responsibilities of all parties for the security of data processing and transmission.
- 16.10 The Director of Finance will ensure that adequate data controls exist to provide for security of financial applications during data entry processing, storage, transmission and output to ensure security, privacy, accuracy, completeness and timeliness of data, as well as the efficient and effective operation of the system. This include the use of any external agency arrangements and data transferred in networks.

Use of other NHS Bodies Computer systems or services

- 16.11 Where another NHS body or any other agency provides a computer service for financial applications, the Director of Finance will seek assurances that adequate controls are in operation.

Configuration of IT Controls of financial computer systems

- 16.12 The Director of Finance will satisfy themselves that such computer audit checks as they consider necessary are carried out and that adequate audit trails exist through the computerised finance system.
- 16.13 The Director of Finance will ensure that contracts for computer services for financial applications with another organisation will ensure the rights of access required for audit purposes.
- 16.14 The Director of Finance will satisfy themselves that new financial systems and amendments to current financial systems are developed in a controlled manner and thoroughly tested prior to implementation.
- 16.15 Where undertaken by another organisation, the Director of Finance will obtain assurances of said systems adequacy prior to implementation.
- 16.16 Where computer systems have an impact on corporate financial systems, the Director of Finance will satisfy themselves that:
- systems acquisition, development and maintenance are in line with corporate policies;
 - data produced for use with financial systems is adequate, accurate, complete and timely, and that a clear audit trail exists;
 - Finance directorate staff have access to such data; and
 - Computer audit reviews, as considered necessary, are performed.

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Section 17: Condemnations, Losses and Special Payments

Introduction

- 17.1 This section of the SFIs should be read in conjunction with the Scottish Public Finance Manual guidance on Losses and Special Payments, which must be complied with.
- 17.2 The Director of Finance will issue detailed procedures for the disposal of assets, including condemnations, and on the recording and accounting for condemnations, losses and special payments and ensure that these are notified to managers.
- 17.3 The Director of Finance is authorised to take any necessary steps to safeguard NHS Grampian's interests arising from bankruptcies and company liquidations.

Disposal of Assets

- 17.4 When an asset of NHS Grampian is to be disposed, the head of department or authorised deputy will determine and advise the Director of Finance of the estimated market value of the item, taking account of professional advice where appropriate.
- 17.5 All articles surplus to requirements or unserviceable will be condemned or otherwise disposed of for the best possible terms by an officer authorised for that purpose by the Director of Finance.
- 17.6 The Condemning Officer will record the details in a form approved by the Director of Finance, which will indicate whether the articles are to be converted, destroyed or otherwise disposed of.
- 17.7 The Condemning Officer will satisfy themselves as to whether or not there is evidence of negligence in use and will report any such evidence to the Director of Finance who will take appropriate action.

Losses arising due to Fraud or other financial irregularities

- 17.8 Any member of staff discovering or suspecting a loss of any kind will inform the head of department, who will immediately inform the Assistant Director of Finance in their capacity as Fraud Liaison Officer.
- 17.9 Where a criminal offence e.g. fraud or theft is suspected, the Assistant Director of Finance will inform NHS Counter Fraud Services and Police Scotland as appropriate.
- 17.10 For losses apparently caused by theft, fraud, arson, neglect of duty or gross carelessness, except if trivial and where fraud is not suspected, the Assistant Director of Finance will immediately notify the Director of Finance, Chief Executive, or designated Deputy and the Chief Internal Auditor.

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17.11 NHS Grampian will approve the write off losses within the limits delegated to it by the SGHSCD.

17.12 The Director of Finance will prepare a schedule of losses and compensation payments for annual review by the Audit and Risk Committee.

Authorisation of losses, write offs and ex gratia

17.13 The limits delegated to the board for approval of losses and special payments are set out under CEL 10 (2010) in Annex 1 below.

17.14 The authorisation of losses, write offs, ex gratia or any other irregular payments that do not fall within normal operating expenditure must be approved under the SORD and the operational scheme of delegation by one of the following:

For losses in excess of £10K

- Chief Executive
- Director of Finance,
- Assistant Director of Finance,

For losses up to £5k

- Deputy Director of Finance,
- Head of Financial Services and Accounting; o
- Or where appropriate, their authorised officers under the Scheme of Delegation.

17.15 Authorisation of compensation payments due to legal obligations are restricted to key officers as set out in the Schedule of Reserved Decisions.

17.16 No special payments exceeding the delegated limits currently laid down by the SGHSCD will be made without the prior approval from the SGHSCD.

Record Keeping

17.17 The Director of Finance (or delegate) will maintain a Losses and Special Payments Register in which details of all losses will be recorded.

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Insurance Claims

17.18 The Director of Finance will make appropriate arrangements for insurance in relation to NHS Grampian's assets and activities, for areas where self-insurance is not applicable from a risk management perspective.

17.19 For any loss, the Director of Finance will consider whether a claim may be made against NHS Grampian's insurers.

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Section 18: Intellectual Property Rights Policy

- 18.1 NHS Grampian wishes to encourage the exploitation of inventions and intellectual property developed by members of staff to the mutual benefit of inventors and the organisation.
- 18.2 The provisions of NHS HDL (2004) 09 dated 8 March 2004 entitled “Management of Intellectual Property in the NHS” are referred to for their terms and guidance. However, NHS Grampian must also bring to the attention of staff Section 39 of the Patents Act 1977 where ownership of intellectual property rights generated by an employee rests with the employer, where the idea was produced:
- a) In the normal course of the employee’s duties; and/or
 - b) In the course of duties specifically assigned to the employee
- 18.3 To ensure ideas for patenting are processed as quickly as possible, NHS Grampian has available an Intellectual Property Disclosure Form available from the NHS Grampian Board Secretary.
- 18.4 This form should be completed prior to making public the nature of the idea by any means including publishing an article, giving a talk or poster presentation or disclosing to any outside organisation.
- 18.5 After receiving the Intellectual Property Disclosure Form, NHS Grampian will then decide whether the idea is worthy of patenting in which case an agreement is made between NHS Grampian, the inventor and the department in which the inventor works so that any resulting income arising from royalties or other income payable, after expenses incurred in exploiting the invention, will be shared on the following basis:
- a) one third to the inventor;
 - b) one third to the inventor’s department; and
 - c) one third to NHS Grampian
- 18.6 Should NHS Grampian decide not to support the idea, the ownership of the idea will revert to the inventor who may wish to pursue exploitation of the invention at their own expense in which case any income generated from the invention reverts to the individual.

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Section 19: Annual Accounts and Report

- 19.1 The Director of Finance will keep books and records for preparing Annual Report and Accounts and financial returns.
- 19.2 The annual accounts and financial returns will comply with:
- Guidance issued by the Scottish Government and Treasury,
 - The accounting disclosure requirements of the NHS Accounts Manual Scotland,
 - The Board's accounting policy and;
 - Generally accepted accounting practice.
- 19.3 The Director of Finance shall prepare and submit financial returns as directed by guidance issued by the Scottish Government and Treasury for the NHS in Scotland.
- 19.4 The Director of Finance, on behalf of the NHS Board, will prepare, certify and submit Annual Report and Accounts to the Chief Executive for each financial year in accordance with extant guidance.
- 19.5 The Director of Finance will submit the Annual Report and Accounts and returns to the external auditor appointed by Audit Scotland.
- 19.6 The audited Annual Report and Accounts and Auditors Annual Report, shall be presented to the Audit and Risk Committee for its review.
- 19.7 The Audit and Risk Committee shall make a recommendation or otherwise for approval onward the Board for approval of the Annual Report and Accounts.
- 19.8 This Annual Report and Accounts and financial returns will be prepared in accordance with the required time scales for reporting to the Treasury on the NHS in Scotland.
- 19.9 The Grampian NHS Board will adopt the Annual Report and Accounts at a formal meeting and publish on the website, following their being laid before the Scottish Parliament.

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Section 20: Internal and External Audit

Introduction

- 20.1 This section outlines the Internal and External audit arrangements within NHS Grampian.
- 20.2 The Director of Finance shall prepare accounts and arrange to provide information that the external / internal auditor may require, as to support the efficient conduct of audits.
- 20.3 It is the responsibility of management to establish and maintain systems of internal control for operations, for which it is responsible, to ensure that these are properly run.
- 20.4 The Director of Finance and Internal and External Auditors, are entitled without necessarily giving prior notice to require and receive:
- Examine systems and associated controls;
 - Access to all records, documents and correspondence relating to any financial or other relevant transactions, including documents of a confidential nature (in which case there will be a duty to safeguard the confidentiality);
 - Access at all reasonable times to any land, premises or employee of NHS Grampian;
 - The production of any cash, stores or other property of NHS Grampian under an employee's control; and
 - Explanations concerning any matter under investigation

External Audit

- 20.5 The Auditor General appoints the external auditor on behalf of Audit Scotland, with the cost borne by NHS Grampian.
- 20.6 The external auditors conduct their duties in line with what is required by law and Audit Scotland's Code of Practice.
- 20.7 The external auditors will form an opinion and prepare an audit opinion and report on NHS Grampians Financial Statements.
- 20.8 It is important that the auditors are independent both in appearance and in fact with any work they undertake. Therefore, they should not undertake any non-audit work that may be perceived to create a conflict of interest in their role.
- 20.9 The Audit and Risk Committee will receive reports and correspondence from the External Auditor and review the action planned by NHS Grampian's Management to remedy any weaknesses

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of financial management made by the External Auditor.

- 20.10 The NHS Grampian Audit and Risk Committee must ensure a cost-efficient service. In the event of a problem or conflict, this should be raised with the external auditor and referred to Audit Scotland if the issue cannot be resolved.

Internal Audit

- 20.11 The Director of Finance is responsible for ensuring an adequate internal audit service is provided.
- 20.12 The Audit and Risk Committee will be involved in the selection process when an internal audit service provider is changed.
- 20.13 Internal Audit assists various levels of management in discharging their duties and responsibilities by carrying out appraisals and making necessary appropriate recommendations to management for operations under its control.
- 20.14 Internal Audit will conduct their work to form an opinion on the adequacy of risk management and internal control through their work.
- 20.15 The Director of Finance is responsible for:
- Ensuring there are arrangements to review, evaluate and report on the effectiveness of internal financial control by the establishment of an internal audit function;
 - Ensuring that the internal audit function is adequate and meets NHS mandatory audit standards;
 - Ensuring that an annual audit report is prepared for the consideration of the Audit and Risk Committee and the NHS Board.

The report must cover:

- a. Progress against plan during the year;
 - b. Major internal financial control weaknesses discovered;
 - c. Progress on the implementation of internal audit recommendations;
- 20.16 Ensuring that an audit plan reports are prepared for the consideration of the Audit and Risk Committee and the NHS Board. These audit plan reports will cover:
- a) Strategic audit plan covering the coming three years; and
 - b) A detailed plan for the coming year.

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20.17 Internal Audit will review, appraise and report upon:

- The extent of compliance with, and the financial effect of, relevant established policies, plans and procedures;
- The adequacy and application of financial and other related management controls;
- The suitability of financial and other related management data;
- The extent to which NHS Grampian's assets and interests are accounted for and safeguarded from loss of any kind, arising from:
 - a. fraud and other offences;
 - b. waste, extravagance, inefficient administration; and
 - c. Poor value for money or other causes.
 - d. the adequacy of follow-up action to Audit reports

20.18 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.

Role of the Chief Internal Auditor

20.19 The Chief Internal Auditor will normally attend Audit and Risk Committee meetings and a right of access to all Audit and Risk Committee Members, the Chairperson and Chief Executive.

20.20 The aim of the Internal Audit report is to prompt management action to implement recommendations for change leading to improvement in performance and control.

The report will also provide a formal record of points arising from the internal audit assignment and, where appropriate, of agreements reached with management. The internal audit reporting policy will be as follows:

- The Chief Internal Auditor will prepare and submit a draft report of findings within three weeks of completion of the field work of each audit assignment. Prior to issue, it will be discussed with the appropriate manager or department head by a senior member of the Internal Audit staff.
- The draft report will be distributed to the relevant line manager(s) who will make formal written comment on the report. The response will include an agreement to action the audit recommendations; or

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an explanation of why not and the acceptance of any resultant business risk. Responses will be made within three weeks of receiving the draft report.

- The Chief Internal Auditor will issue the final report to the project sponsor following agreement of the management responses. The Chief Internal Auditor will also send copies to the Director of Finance and the Assistant Director of Finance for Financial Accounting and relevant line managers.
- It is the responsibility of NHS Grampian management to ensure that proper consideration is given to the implementation of recommendations made in internal audit reports.
- Both the Chief Internal Auditor and the Director of Finance will be responsible for ensuring that there is a formal follow up of the implementation of internal audit recommendations. The implementation status of recommendations will be reported on a quarterly basis to the Audit and Risk Committee.
- Any financial irregularities or discrepancies discovered during an audit must be reported to the Director of Finance immediately.
- The Chief Internal Auditor, or their agreed deputy, will present a report to each Audit and Risk Committee and be available to answer questions thereon. The report, as agreed with the Director of Finance, will contain summarised details of audits completed in the preceding quarter and senior management's responses.
- The Chief Internal Auditor will prepare and submit to the Audit and Risk Committee an annual report for each financial year, by the end of the succeeding quarter. This will contain a summary of the audit work done, the main issues arising, and analyses of the input compared against the agreed budget input.

Audit and Risk Committee

20.21 In accordance with Standing Orders and relevant guidance the Board will establish an Audit and Risk Committee which will provide assurance to the Board through scrutiny, that an appropriate system of internal control is in place to ensure that:

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

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The Audit & Risk Committee has authority to investigate any matters within its Terms of Reference, and granted access to all information and resources that it requires.

The Committee should be able to obtain external professional advice and to invite outsiders with relevant experience to attend if necessary. The Chairperson of the Audit and Risk Committee should be available to answer questions about its work at the Annual General Meeting.

- 20.22 Where the Audit and Risk 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 Chairperson of the Audit and Risk Committee will raise the matter at a full meeting of the NHS Grampian Board.
- 20.23 The Committee shall scrutinise and review the outputs from the Internal and External Auditors.
- 20.24 Exceptionally, the matter may need to be referred to the SGHSCD after reference to the Director of Finance in the first instance.

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Section 21: Receipt of income and security of cash, cheques and other negotiable instruments.

Introduction

21.1 NHS Grampian's income includes funds from the following sources:

- Private patients and/or their insurance companies,
- Medical and dental education and research;
- Education and training of health care professionals,
- Donations
- Income from other NHS bodies
- Income from non-core NHS Grampian operations
e.g.: Catering and Hospitality activities

21.2 The Director of Finance will be responsible for establishing and maintaining systems, and ensuring compliance with the systems, for the proper recording invoicing, collection and prompt banking of all monies due.

21.3 The Director of Finance will be consulted about the pricing of goods and services that relate to non-core NHS activity. The Director of Finance is responsible for ensuring that appropriate costing protocols are observed.

21.4 Responsibility for arranging the level of rentals for property and for the annual review of other charges will rest with the Director of Finance, who may take into account independent professional advice on matters of valuation.

Notification of income generation arrangements

21.5 Officers or staff will inform the Director of Finance of monies due to NHS Grampian arising from transactions which they initiate involving all contracts, leases, tenancy agreements, private, overseas or amenity patient undertakings, and other activities.

Due diligence of income generation

21.6 All Officers and staff with responsibility for income generation must ensure that due diligence is carried out as appropriate on all companies or individuals with whom NHS Grampian has a commercial customer relationship prior to contract signature.

21.7 All potential income generation contracts with a value in excess of £150,000 must be referred to the Financial Governance Manager who will ensure that professional support is available to support the due

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diligence process.

- 21.8 For income generation contracts of less than £150k the Director of Finance will issue guidance to operational managers in the form of a simplified “due diligence” questionnaire to aid local assessment of the key issues.
- 21.9 Contracts should be priced at the level that the market will bear, subject to the need to make a minimum return on assets.

Security of Cash, Cheques and other negotiable instruments

- 21.10 All receipt books, tickets, or other means of officially acknowledging or recording amounts received or receivable will be in a form approved by the Director of Finance, such stationery will be controlled by them and subject to the same precautions as applied to cash.
- 21.11 All payable orders will be in a form approved by the Director of Finance. All unused payable orders will be ordered and controlled by them and subject to the same security precautions as applied to cash.
- 21.12 The Director of Finance will prescribe the system for the transporting of cash and pre-signed payable orders. Wherever required, the services of a specialist security firm will be employed.
- 21.13 All unused cheques and other orders will be subject to the same security precautions as are applied to cash.

Responsibility of employees and officers

- 21.14 Each employee has a responsibility for the security of the property of NHS Grampian. It will be the responsibility of senior staff in to apply appropriate routine security practices in relation to NHS property.
- 21.15 Any breach of agreed security practices must be reported to the Director of Finance.
- 21.16 Staff will be informed in writing on appointment by the appropriate departmental staff or Senior Officers of their responsibilities and duties for the collection, handling or disbursement of cash and cheques and other negotiable instruments.
- 21.17 It is the responsibility of each line manager to ensure that there are adequate process controls and procedures in place for the security of cash in their area of responsibility.
- 21.18 Each line manager is responsible for ensuring that all officers under their responsibility, whose duty it is to collect or hold cash, will be provided with a safe or a lockable cash box that will normally be deposited in a safe.

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- 21.19 All cash must be kept in the safe or locked cash box, which should be located in an area of minimal through traffic. Each line manager must ensure that this is adhered to in their area of responsibility. Wherever possible, the amount of cash held on site should be minimal.
- 21.20 Combinations for locks giving access to areas where cash or other negotiable instruments are held, should be changed annually and on every occasion where there are changes to personnel who require access.
- 21.21 For safes and cash boxes, the officer concerned will hold only one key and all duplicates will be lodged with another officer, as authorised by the relevant line manager.
- 21.22 Each line manager will be responsible for maintaining a register of authorised holders of safe keys in their area of responsibility.
- 21.23 The loss of any key will be reported immediately to the relevant line manager. The line manager after a satisfactory explanation, will authorise the release of the duplicate key.

Recording, banking and monitoring of Cash and negotiable instruments

- 21.24 All cash, cheques, postal orders and other forms of payment received will be entered into an approved form of register. The register will be passed to a second individual to check and a signature will be obtained.
- 21.25 All cheques and cash must be banked intact at the earliest opportunity and on a regular basis in accordance with the rules and procedures laid down by the Director of Finance.
- 21.26 All funds deposited should be to the credit of the NHS Grampian account under the Government Banking Service Disbursements will not be made from cash received.
- 21.27 Official monies will under no circumstances be used for the encashment of private cheques.
- 21.28 All cash received should be recorded and reconciliations carried out between records of cash received and the cash and is applicable to till takings.
- 21.29 Whenever cash is handled, two staff or officers must be present, with the required segregation of duties in place.
- 21.30 For all payments received by Debit or Credit card through the Streamline System the automated reconciliation print must be extracted from the system and, with a corresponding income analysis sheet, forwarded to the Head Cashier in the Finance Department at the end of each working day.

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- 21.31 The custodian of a safe/cash box will not accept unofficial funds for depositing in their safe unless such deposits are in special sealed envelopes or locked containers.
- 21.32 It will be made clear to the depositor that NHS Grampian is not to be held liable for any loss and a written indemnity must be obtained from the organisation or individual absolving NHS Grampian from responsibility for any loss.
- 21.33 During the absence (e.g. on holiday) of the custodian of a safe or cash box, the officer or staff who acts in their place will be subject to the same controls as the normal custodian.
- 21.34 There will be written discharge for the safe and/or cash box contents on the transfer of responsibilities and the discharge document must be retained for audit inspection.

Debt Recovery

- 21.35 The Director of Finance will take appropriate recovery action on all outstanding debts. The Director of Finance will establish procedures for the write off of debts after all reasonable steps have been taken to secure payment.
- 21.36 Where sums to be written off exceed the amount specified in the schedule of financial limits, the Director of Finance will seek consent from the SGHSCD.
- 21.37 Where income is considered to be irrecoverable, it will be dealt with in accordance with losses and special payments procedures.
- 21.38 Disposal of scrap material and items surplus to requirements will be dealt with in accordance with the losses and special payments procedures.

Losses and shortfalls

- 21.39 Any loss or shortfall of cash, cheques or other negotiable instruments, however occasioned, will be reported immediately in accordance with the agreed procedure for reporting losses.

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Section 22: Banking, Investing and Borrowing Arrangements

Introduction

- 22.1 This section outlines the arrangements for Banking, Investing and Borrowing Operations within NHS Grampian.
- 22.2 NHS Grampian will operate the bank arrangements in accordance with relevant guidance issued by the Scottish Government Health and Social Care Directorate (SGHSCD), HM Treasury, Scottish Public Finance Manual (SPFM) and Scottish Government Banking Services framework and subsequent updates.
- 22.3 The Director of Finance is responsible for the preparation of procedural instructions for the operation of the Boards bank accounts.
- 22.4 These instructions will include internal controls that will ensure that transactions are complete record and ensure NHS Grampian assets are safeguarded.

Bank accounts

- 22.5 The Government Banking Service (GBS) shall be the main banker for NHS Grampian (with the exception of NHS Grampian Charities and Patients Funds).
- 22.6 When necessary, NHS Grampian may enter into arrangements with commercial banks to provide services that GBS is unable to offer.

Opening of new bank accounts and services

- 22.7 Opening of new bank accounts or trust deeds for arrangements is restricted to the joint authority of the Chief Executive and Director of Finance on behalf of NHS Grampian. Bank accounts must not be opened by other officers or staff under any circumstances
- 22.8 All funds should be held in accounts in the name of NHS Grampian, NHS Grampian Patient Funds or for project bank accounts, NHS Grampian and the main contractor or NHS Grampian Endowment Fund (the legal name of NHS Grampian Charity).
- 22.9 Contracts for Commercial bank accounts and services will be in accordance with guidance issued by the SGHSCD and the GBS.
- 22.10 Commercial bank accounts and services must be opened in the name of NHS Grampian.
- 22.11 The Chief Executive and Director of Finance will advise the Commercial Bank, in writing of the conditions under which such commercial accounts will be operated, the limits to be applied to any overdraft and the limitation on single signatory payments.

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22.12 A record of commercial banks, overdraft limits and single signatory payments or other services will be maintained in the finance directorate.

Amendments of banking arrangements

22.13 The Director of Finance will advise the GBS and the commercial banks, as required, of any alterations in the conditions of operation of accounts that may be required by financial regulations of the Health Service from the SGHSCD or by resolution of the Board.

22.14 The Director of Finance will advise the GBS and the commercial bank in writing on the limit to be applied to any overdraft and of the officers or directors authorised to release money from, and draw cheques on, each bank account of NHS Grampian.

22.15 The Director of Finance is responsible for the prompt notification of the cancellation of any such authorisation in writing. The letter will indicate that the mandate instructions have been reviewed and agreed by the NHS Grampian Board.

22.16 A record of alterations and approvals, to these changes to conditions for commercial banks and overdraft limits and single signatory payments will be maintained in the finance directorate.

Operation of accounts

22.17 The Director of Finance is responsible for:

- The prompt banking of all monies received.
- All GBS and commercial bank accounts;
- Establishing separate bank accounts for NHS Grampian's non-exchequer funds; and
- Reporting to the Board all arrangements made for accounts to be overdrawn.

22.18 A GBS account will be used for the receipt for main sources of income to NHS Grampian.

22.19 The Commercial account will be used for the receipt of other sources of NHS Grampian income, whether by transfer from the GBS account, or received from external bodies.

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22.20 All funds will be held in accounts in the name of NHS Grampian, other than such monies as may from time to time be legally required to be held in a joint interest bearing deposit account or in joint project bank accounts for major capital schemes progressed as mandated by the SGHSCD.

Authorising and making payments or transfers

22.21 The Director of Finance will issue instructions on the operation of GBS and commercial bank accounts to ensure that:

- Payments made from GBS or Commercial bank accounts do not exceed the amount credited to the account, except where prior arrangements have been made.
- Authorisation by NHS Grampian Board or officers, who are empowered to authorise the issue of orders payable, sign BACs and payable order authorisation schedules.

22.22 Staff or officers authorised to sign BACS or payable order schedules will be responsible for ensuring that properly documented evidence is available before the schedule is signed.

22.23 No staff or officer shall sign or be obliged to sign any banking instrument (BACS, Cheque, payable order schedule) until they are satisfied it is properly evidenced and authorised.

22.24 The GBS and the Commercial bank will be advised in writing of those officers authorised to instruct payment of money:

- all payment will be made by either BACs or payable orders drawn on the authorised GBS account, with the exception of Patients Funds and Endowment Funds and;
- All payable orders are to be treated as controlled stationary and are to be in the charge of a duly designated officer who is responsible for controlling the issue of these orders.

22.25 All CHAPS payments made by NHS Grampian will be processed through the main GBS account.

22.26 Transfers between bank accounts will normally be made by electronic banking system.

22.27 At the end of each month, surplus cash in the Commercial account will be transferred to the GBS account.

Provision of Imprest (Petty Cash)

22.28 The Director of Finance is responsible for authorising the issue of imprest accounts (known as petty cash). The use of petty cash and the circumstances in which it may be used will be determined by the

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Director of Finance in appropriate Operating Procedures.

- 22.29 These operating procedures will outline the operation and reimbursement of the imprest account.
- 22.30 The Director of Finance may authorise advances on the imprest system for petty cash and other purposes as required.
- 22.31 Individual payments from petty cash are restricted to the amounts, and only for the uses, authorised by the Director of Finance.
- 22.32 Petty cash records must be maintained in a form as determined by the Director of Finance.

Purchasing cards

- 22.33 In exceptional instances, purchasing cards may be issued for payment of goods and services when it is not possible to make payment through BACS, Cheque or payable order schedule.
- 22.34 The Assistant Director of Finance will issue instructions on the operation of purchasing cards to ensure that they operated in accordance with their intended use and in accordance with the scheme of delegation.

Investments – Surplus Funds

- 22.35 In accordance with SGHSCD guidance and GBS policy, NHS Grampian does not invest temporary surplus funds.
- 22.36 All exchequer funds are managed through the GBS with balances managed centrally by HM Treasury.

Other Investments

- 22.37 Without specific remit from Scottish Ministers, NHS Grampian shall not invest resources outside the public sector, nor shall it make investments of a speculative nature.

External Borrowing

- 22.38 In line with Scottish Government Health and Social Care Directorate guidance and GBS policy, NHS Grampian cannot operate or have authority to request external borrowing facilities such as an overdraft or loans.
- 22.39 Requests for such facilities, (unless already agreed and in place) and their approval must be sought from the Scottish Ministers in accordance with the Scottish Public Finance Manual by the Director of Finance, with the Chief Executives approval.

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External Brokerage

- 22.40 An application for brokerage will only be made by the Director of Finance, or by any so delegated staff or officer of NHS Grampian
- 22.41 NHS Grampian will comply with the provisions under Section 22 of the Public Finance and Accountability (Scotland Act) with all brokerage must be consistent with the plans outlined in the financial pro-formas and within the limits authorised by the Scottish Government Health and Social Care Directorate.

Exceptions to these arrangements

- 22.42 The exception to these provisions, is in relation to Patient fund accounts, or arrangements for the administration of joint project bank accounts for major capital projects under the Frameworks Scotland Regulations.

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Section 23: Payment of Accounts

Introduction

- 23.1 This section outlines the arrangements for the payment of accounts and claims.

General points

- 23.2 The Director of Finance will be responsible for the prompt payment of all accounts and claims from NHS Grampian Suppliers such as invoices or credit notes.
- 23.3 The Director of Finance is responsible for designing and maintaining a system for the verification, recording and payment of all amounts payable by NHS Grampian.
- 23.4 Staff and Officers of NHS Grampian who are authorised to certify invoices will be maintained in the Operational Scheme of Delegation.
- 23.5 The Scheme of Delegation shall contain sufficient information to enable staff of NHS Grampian to verify certified invoices for payment authorisation.
- 23.6 The term payment is defined as any arrangement established to settle payment on a non-cash basis.
- 23.7 Payment of contract invoices will be in accordance with the contract terms, or national guidance.
- 23.8 The Director of Finance will ensure that instructions are issued to employees regarding the handling and payment of accounts within the Finance Department.
- 23.9 Staff or Officers will inform the Director of Finance promptly of all money payable by NHS Grampian from transactions which they initiate, these include contracts, leases, tenancy agreements and other transactions.
- 23.10 A timetable and system for submission to the Director of Finance of accounts for payment will be issued to managers.
- 23.11 Provision will be made for the early submission of accounts subject to prompt payment discounts or otherwise requiring early payment.

Certification of Invoices

- 23.12 The Director of Finance will provide for the certification of invoices and provide instructions to directorates and departments to ensure that:

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- Goods have been duly received, examined, are in accordance with the specification and order, are satisfactory and that the prices are correct;
- Work done 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 authority or management authorisations have been obtained, and competitive tendering requirements have been followed;
- The account is arithmetically correct;
- The account is a proper charge against exchequer, endowment or research funds as appropriate and is in order and due for payment; and;
- The account is within the authorising officer's or staffs authority level as per the Operational Scheme of Delegation.
- Goods or Service have been raised on an Official NHS Grampian Purchase order.

23.13 Where staff or an officer certifying invoices relies on other staff or officers to do preliminary checking, they will wherever possible, ensure that those who check the delivery or execution of work act independently to those who have placed the order and negotiated prices and terms.

Payments in advance

23.14 The Director of Finance will ensure that where it is necessary for NHS Grampian to pay in advance for goods and services that:

- The appropriate manager must provide a justification for the purchase;
- It is part of an agreed contract that has been subject to the required due diligence and relates to a service where industry standard practice is payment in advance (e.g. an insurance policy or a maintenance contract.)

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- In exceptional circumstances however, advance payment may be unavoidable or deliver significant financial savings, and in these circumstances the responsible manager must set out a full case for the consideration of the Director of Finance, including the effects on NHS Grampian if the supplier is at some time during the course of the prepayment agreement, unable to meet their commitments
- Managers must not enter into any contractual agreement that commits the Board to pre-payment without the prior approval of the Director of Finance;
- The budget holder is responsible for ensuring that all items due under a prepayment contract are received and they must immediately inform the Director of Finance if problems are encountered.

Building and Engineering works

- 23.15 In the case of contracts for building or engineering works which require payment to be made on account during the progress of the works, the Director of Finance will make payment on receipt of a certificate from an appropriate technical consultant or officer.
- 23.16 A contractor's account will be subjected to such financial examination by the relevant officer as may be considered necessary, before the person responsible to NHS Grampian for the contract issues the final certificate.
- 23.17 A contracts register will be maintained to ensure that appropriate financial control is maintained.

Payment of Invoices

- 23.18 Every invoice rendered to NHS Grampian for payment will be in the form in normal usage by the relevant contractor or supplier.
- 23.19 Payments will be to suppliers with a PO number in the first instance. It is by exception that a supplier payment will be made without an official purchase order.
- 23.20 Payment must not be made on:
- Supplier statements
 - Delivery notes or;
 - Other similar documentation without supporting invoices.

Exceptions to this requirement must be specifically agreed by the Director of Finance or their delegate for **each** and every payment.

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Payment of VAT

- 23.21 Staff and Officers of NHS Grampian must ensure that, where appropriate, VAT is identified and correctly accounted for in accordance with VAT regulations.
- 23.22 VAT must **not** be paid if no VAT registration number is shown on an invoice.

Payment of Expenses

- 23.23 Officers' and staffs' expenses must be supported by a valid authorisation and supporting receipts from their line manager or officer of the board.
- 23.24 Authorisers must have the appropriate authority under the Scheme of Delegation to authorise any expense claim made by staff or officers.

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Section 24: Charitable Donations & NHS Grampian Charity Funds (Endowments)

Funds Managed as a Trust

- 24.1 The current legislative basis for NHS-linked charities in Scotland is contained in section 83(1) of the National Health Service (Scotland) Act 1978 (the 1978 Act). This gives power to a Health Board "to accept, hold and administer any property on trust for purposes relating to any service which it is their function to make arrangements for, administer or provide, or to their functions with respect to research."
- 24.2 The underlying legal entity NHS Grampian Charity is therefore a trust.
- 24.3 The Director of Finance will, in conjunction with the Legal Advisor, arrange for the creation of a new trust where funds and/or other assets, received in accordance with NHS Grampian's policies, cannot adequately be managed as part of an existing trust.
- 24.4 The Legal Advisor will present the governing document to the NHS Board for adoption as required in the Standing Orders for each new trust. Such a document will clearly identify, inter alia, the objects of the new trust, the capacity of NHS Grampian to delegate powers to manage and the power to assign the residue of NHS Grampian to another fund contingent upon certain conditions e.g. discharge of original objects.

Donations

- 24.5 All gifts, donations and proceeds of fund raising activities which are intended for NHS Grampian's use, when received, will be handed to the Director of Finance, or an officer nominated by them for the purpose, to be banked directly to the NHS Grampian Charity.
- 24.6 All non-monetary donations will be accepted and held in the name of NHS Grampian and administered in accordance with NHS Grampian's policy subject to the terms of specific funds. As NHS Grampian can accept non-monetary donations only for purposes relating to health services, research or its prescribed regulatory and statutory functions, officers will, in cases of doubt, consult the Director of Finance before accepting any non-monetary donation.
- 24.7 Any offer of a non-monetary donation whose possession will result in on going costs such as staffing, supplies or maintenance must be referred to the Director of Finance who will advise whether it can be accepted.
- 24.8 Assets in the ownership of or used by NHS Grampian as corporate trustee will be maintained along with the general estate and inventory of assets of NHS Grampian.

NHS Grampian

Standing Financial Instructions

24.9 In respect of donations, the Director of Finance will provide guidelines to officers of NHS Grampian as to how to proceed when offered funds. These include:

- The identification of the donors' intentions;
- The avoidance of new funds where possible;
- The avoidance of impossible, undesirable or administratively difficult objects;
- Sources of immediate further advice;
- Provide secure and appropriate receipting arrangements which will indicate that funds have been accepted directly into Charity funds and that the donors intentions have been noted and accepted.

24.10 Where personal gifts are offered, reference should be made to the NHS Grampian Standards of Business Conduct.

24.11 The Director of Finance will be required to advise the Grampian NHS Board on the financial implications of any proposal for fund raising activities that the Grampian NHS Board may initiate, sponsor or approve.

24.12 The imputed costs of donations are taken into account when considering the costs of service delivery but the benefits of such donations are recognised by reducing the prices of services for all or some of NHS Grampian's NHS patients.

24.13 In respect of legacies and bequests, the Director of Finance will put:

- Be kept informed of all enquiries regarding legacies and will keep an appropriate record;
- Provide guidelines to officers of NHS Grampian covering any approach regarding the wording of wills and the receipt of funds or other assets from executors;
- Where necessary, obtain confirmation or grant of probate or make application for grant of letters of administration where NHS Grampian is the beneficiary;
- Ensure on behalf of NHS Grampian proper arrangements are in place to negotiate arrangements regarding the administration of a will with executors;
- Be directly responsible in conjunction with the NHS Grampian Legal Advisor for the appropriate treatment of all legacies and bequests; and

NHS Grampian Standing Financial Instructions

- After the death of a testator, ensure proper arrangements are in place to deal with all relevant correspondence concerning a legacy on behalf of NHS Grampian;
- The Director of Finance alone will be empowered to grant an executor discharge.

NHS Grampian Charity Governance Arrangements

Application of SFI

- 24.14 The following section of the SFIs will be interpreted and applied in conjunction with the rest of NHS Grampian's SFIs, subject to the modifications contained herein and specific guidance included in the NHS Grampian Charity Charter and Fund Guidance. It also confirms the authority and responsibility delegated to staff supporting the NHS Grampian Charity who are also employees of Grampian Health Board.

NHS Grampian Charity

- 24.15 Funds received by way of endowments or direct donation do not form part of the funds of NHS Grampian but form part of the funds of a separate legal entity which is also a registered charity, the NHS Grampian Charity (the Charity).
- 24.16 NHS Grampian, as a corporate body, acts as trustee in respect of endowments and all executive directors and non-executive directors are trustees of the Charity (Trustees).
- 24.17 The Charter and associated Fund Guidance as agreed by Trustees constitute the framework for financial governance of the charity.
- 24.18 The Charter and Fund Guidance can be accessed on the NHS Grampian Charity page of the NHS Grampian intranet.
- 24.19 The Director of Finance will act as custodian of the Charity and is responsible for all endowment matters including the discharge of all normal bequests.
- 24.20 The Trustees must approve all strategy and policy matters relevant to the charity including investment strategy, reserves policy, approval of the annual accounts and report, appointment of external auditors and appointment of investment advisors.
- 24.21 The Trustees also determine the arrangements for governance and management administration of the charity's activities including terms of reference of any committee or sub-committee to be established by the Trustees

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Standing Financial Instructions

- 24.22 The Trustees delegate to the NHS Grampian Charity Committee responsibility to manage performance and otherwise carry out the day to day business of the charity.
- 24.23 All spend to be funded through NHS Grampian Charity, whether this is to be funded from general or specific endowment funds, must be consistent with the overall charitable purpose of NHS Grampian Charity Funds as specified below
- 24.24 The advancement of health through improvement in the physical and mental health of the people of Scotland and the prevention, diagnosis and treatment of illness;
- 24.25 To observe any conditions attached to a donation or legacy prescribed by a donor to the charity, so far as is reasonably practicable, and consistent with the above purpose and the law.
- 24.26 The Trustees shall observe the following principles whilst discharging their responsibilities under the Charter and the law.
- 24.27 The grant of Charity funds should not substitute for a core provision within the Grampian Health Board's Annual Operational Plan. Nor should Charity funds be used to cover a responsibility of the Grampian Health Board that is a direct requirement of health and safety or employment law or a ministerial policy direction.
- 24.28 An employee of the Grampian Health Board or the Trustees may only benefit from the charity, where the grant or award conferring the benefit satisfies the "public benefit" element of the charity test, as set out in the Charities and Trustee Investment ("Scotland") Act 2005, and the guidance on "Meeting the Charity Test" published by OSCR. The expenditure must be aimed at improving health, welfare or the prevention, diagnosis or treatment of illness for the Grampian Health Boards residents and any benefit to the employee must be incidental to (and necessary for) that public benefit to be realised.
- 24.29 Neither the charity's funds in totality, nor any individual fund (restricted or unrestricted) shall be permitted to go into deficit at any time.

Discretion

- 24.30 The exercise of NHS Grampian's discretion will be managed by the Director of Finance in conjunction with the NHS Grampian Charity Committee. In so doing they will be aware of the following:
- The objects of various funds and designated objectives;
 - The availability of liquid funds within NHS Grampian Charity;
 - The powers of delegation available to commit resources;

NHS Grampian Standing Financial Instructions

- The need for avoidance of the use of exchequer funds to discharge charity fund liabilities and to ensure that any indebtedness to the exchequer will be discharged by charity funds at the earliest possible time;
- The avoidance of the use of charity funds to discharge NHS Grampian exchequer responsibilities;
- That funds are to be spent rather than preserved, subject to the wishes of the donor and the needs of NHS Grampian; and
- The definitions of “charitable purposes” as agreed by the SGHSCD with HM Revenue and Customs.

24.31 The Director of Finance may recommend an increase in the number of funds where this is consistent with NHS Grampian’s policy for ensuring the safe and appropriate management of restricted funds.

Expenditure Limits

24.32 Expenditure from the Charitable Funds will be restricted to the purposes of the appropriate Fund.

24.33 Expenditure from any endowment fund will be made subject to the Charity’s purpose and principles in line with the procedures documented in the detailed Fund Guidance

24.34 Approval of expenditure from available funds will be in accordance with the following:

| Role | Approval Limit |
|--|-------------------|
| Fund Steward | Up to £5,000 |
| Assistant Director of Finance | Up to £5,000 |
| Deputy Director of Finance | Up to £5,000 |
| Director of Finance | Up to £15,000 |
| Director of Finance and NHS Grampian Charity Committee Chairperson | £15,000 - £50,000 |
| NHS Grampian Charity Committee | £50,000 + |

24.35 Expenditure in relation to operational running costs will be approved as part of budget setting arrangements of the Charity.

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Standing Financial Instructions

Staffing Arrangements

24.36 The Director of Finance with the agreement of the Trustees of the Charity will put in place arrangements for staff supporting the NHS Grampian Charity who are also employees of Grampian Health Board.

Record Keeping

24.37 The Director of Finance will maintain such accounts and documents as may be necessary to record and protect all transactions and funds of the Grampian NHS Board as trustee of the Fund, including an investment register.

24.38 The Director of Finance will arrange for the administration of all existing funds. They will ensure that terms of reference exist for every fund and produce detailed procedures covering every aspect of the financial management of funds held on trust, for the guidance of directors and officers. Such guidance will identify the restricted nature of certain funds.

24.39 All share and stock certificates and property deeds will be held by a third party nominated by NHS Grampian's investment advisors.

NHS Grampian Charity – Investment

24.40 In respect of investment income, the Trustees will be responsible for the appropriate treatment of all dividends, interest and other receipts from this source. The Director of Finance will be responsible for advising the Trustees on this matter.

24.41 NHS Grampian Charity funds will be invested subject to the following considerations:

- The conditions associated with of accumulated balances;
- The Investment Strategy as approved by the Trustees
- The Director of Finance will be responsible for all aspects of the management of the investment of funds held on trust. The issues on which he will be required to provide advice to the Trustees will include:
- Recommendation on the appointment of investment advisors. The Director of Finance will agree the terms of such appointments. Written agreements will be signed by the Chief Executive;
- Pooling of investment resources with other entities and the preparation of a scheme for approval by the Inland Revenue;

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Standing Financial Instructions

- That the use of NHS Grampian's assets will be appropriately authorised in writing and charges raised within policy guidelines;
- The review of the performance of investment advisors; and
- The reporting of the performance of investment arrangements.

Banking Arrangements

24.42 The Director of Finance will advise the NHS Grampian Charity Committee and, with its approval, will ensure that appropriate banking services and controls are available to NHS Grampian Charity. These bank accounts should permit the separate identification of liquid funds where this is deemed necessary by HM Revenue and Customs.

Financial Reporting

24.43 The Director of Finance will ensure that regular reports are made to the NHS Grampian Charity Committee with regard to the receipt of funds, investments and the disposition of resources.

24.44 The Director of Finance will prepare annual accounts, including the Trustees report, in the required manner that will be submitted to an annual general meeting of the Trustees for approval within the agreed timescales.

24.45 The Director of Finance will maintain all financial records to enable the production of reports as above and to the satisfaction of internal and external audit.

24.46 The Director of Finance will ensure that internal audit review the records, accounts and returns on a regular basis and in situations where there is a requirement for a specific review.

24.47 The Director of Finance will advise the Trustees on the outcome of the annual audit.

24.48 The Director of Finance will identify all costs directly incurred in the administration of funds held on trust and in agreement with the NHS Grampian Charity Committee will charge such costs to the appropriate funds.

24.49 The Director of Finance will ensure that NHS Grampian's liability to taxation and excise duty is managed appropriately, taking full advantage of available concessions through the maintenance of appropriate records, the preparation and submission of the required returns and the recovery of deductions at source.