

**STANDING FINANCIAL INSTRUCTIONS**

January 2022

(Including Amendments for COVID-19 arrangements)

*Date of next Audit and Risk Committee review: January 2023*

**Approved by the Board: 10-02-22**

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26. **INTRODUCTION**
    1. Background

These Standing Financial Instructions are issued in accordance with the financial directions issued by the Scottish Government Health and Social Care Directorate (SGHSCD) under the provisions contained in the Regulation 4 of the NHS (Financial Provisions) (Scotland) Regulations, 1974 together with the subsequent guidance and requirements contained in NHS Circular No. 1974 (GEN) 88 and Annex, and NHS Circular MEL (1994) 80. Their purpose is to provide a sound basis for the control of NHS Education for Scotland’s (NES) financial affairs and shall have the effect as if incorporated in the Standing Orders of NES.

* 1. The purpose of such a scheme of control is:
     + to ensure that NES acts within the law and that financial transactions are in accordance with the appropriate authority;
     + to ensure that proper accounting records, which are accurate and complete, are maintained;
     + to ensure that financial statements, which give a true and fair view of the financial position of NES and its expenditure and income, are prepared timeously;
     + to protect NES against the risk of fraud and irregularity;
     + to ensure that all staff feel comfortable raising issues of concern, confident that those issues will be investigated fully and impartially;
     + to safeguard NES assets;
     + to ensure that proper standards of financial conduct are maintained;
     + to enable the provision of appropriate management information;
     + to ensure that NES seeks best value from its resources, by making proper arrangements to pursue continuous improvement, having regard to economy, efficiency, and effectiveness in NES’s operations;
     + to ensure that any delegation of responsibility is accompanied by clear lines of control and accountability, together with reporting arrangements; and
     + to ensure transparency and accountability in all procurement and contracting activities.

COMPLIANCE

* 1. All Board Members, officials, staff, and agents of NES shall observe the Standing Financial Instructions. The Chief Executive, Directors and Members of the Executive Team shall be responsible for ensuring that staff and others within the organisation are aware of, and adhere to, the Standing Financial Instructions.
  2. Failure to comply with these Standing Financial Instructions may lead to disciplinary action being taken.
  3. Where these Standing Financial Instructions place a duty upon a person, this may be delegated to another person, subject to the Scheme of Delegation contained within the Standing orders of NES.
  4. All references in these instructions to a particular gender shall be read as equally applicable to any gender.
  5. Nothing in these Standing Financial Instructions shall be held to override any legal requirement or Ministerial Direction placed upon NES, its members, or officers.

1. **RESPONSIBILITIES OF THE CHIEF EXECUTIVE AS ACCOUNTABLE OFFICER**
   1. Under the terms of Section 14 and 15 of the Public Finance and Accountability (Scotland) Act 2000, the Principal Accountable Officer (PAO) for the Scottish Government has designated the Chief Executive of NES as its Accountable Officer.
   2. Accountable Officers must comply with the terms of the Guidance to Accountable Officers and any updates issued to them from time to time by the Scottish Government Health and Social Care Directorate.
   3. GENERAL RESPONSIBILITIES
      1. The Accountable Officer is personally answerable to the Scottish Parliament for the propriety and regularity of the public finances for NES ensuring that the resources of the body are used economically, efficiently and effectively.
      2. The Accountable Officer has a personal duty of signing the Annual Accounts of NES for which they have responsibility. Consequently, they may also have the further duty of being a witness before Scottish Parliament committees including the Public Audit Committee (PAC) 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 on examinations into the economy, efficiency and effectiveness with which the body has used its resources in discharging its functions. The Accountable Officer must also ensure that any arrangements for delegation promote good management, and that they are supported by the necessary staff with an appropriate balance of skills. This requires careful selection and development of staff and the sufficient provision of special skills and services.
   4. SPECIFIC RESPONSIBILITIES

The Accountable Officer must:

* + 1. Ensure that appropriate 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.
    2. Sign the Accounts and the associated governance statement assigned to them, and in doing so accept personal responsibility for their proper presentation as prescribed in legislation and/or in the relevant Accounts Direction issued by Scottish Ministers.
    3. Ensure that proper financial procedures are followed and that accounting records are maintained in the form prescribed for published accounts.
    4. Ensure that the public funds for which they are responsible are properly managed and safeguarded, with independent and effective checks of cash balances in the hands of any official.
    5. Ensure that the assets for which they are responsible, including land, buildings, fixtures, fittings, equipment, intangible and other assets are properly managed and safeguarded and checked as appropriate.
    6. Ensure that, in 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 appropriate brought to the attention of the NES Board.
    7. Ensure that any delegation of authority is accompanied by clear lines of control and accountability, together with reporting arrangements.
    8. Ensure that procurement activity is conducted in accordance with the requirements in the Procurement section of the Scottish Public Finance Manual
    9. Ensure that effective management systems appropriate for the achievement of the organisation’s objectives, including financial monitoring and control; systems have been put in place.

* + 1. 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.
    2. Ensure that arrangements have been made to secure Best Value as set out in the Scottish Public Finance Manual.
    3. Ensure that managers at all levels have a clear view of their objectives and the means to assess and measure outputs, outcomes and performance in relation to those objectives.
    4. Ensure that managers at all levels are assigned well-defined responsibilities for making the best use of resources (both those consumed by their own commands and any made available to third parties) including a critical scrutiny of outputs, outcomes and value for money.
    5. 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.
  1. REGULARITY AND PROPRIETY OF EXPENDITURE
     1. The Accountable Officer has a particular responsibility for ensuring that NES achieves high standards of regularity and propriety in the consumption of resources. Regularity involves compliance with relevant legislation, relevant guidance issued by the Scottish Ministers - in particular the Scottish Public Finance Manual - and the framework document defining the key roles and responsibilities which underpin the relationship between NES and the Scottish Government. Propriety involves respecting the Parliament’s intentions and conventions and adhering to values and behaviours appropriate to the public sector.
     2. All actions must be able to stand the test of parliamentary scrutiny, public judgement on propriety and professional codes of conduct. Care must be taken to avoid actual, potential, or perceived conflicts of interest.
  2. ADVICE TO THE NHS EDUCATION BOARD, AND OTHER DECISION-MAKING BODIES
     1. The Accountable Officer has a duty to ensure that appropriate advice is tendered to the Board, the Executive team, and other decision-making bodies on all matters of financial propriety and regularity, and more broadly, as to all considerations of prudent and economical administration, efficiency, and effectiveness.
     2. If the Accountable Officer considers that, despite their advice to the contrary, the Board or other decision making body is contemplating a course of action which they consider would infringe the requirements of regularity or propriety, and that, as a result, they would be required to take action that is inconsistent with the proper performance of their duties as Accountable Officer, they should, inform the Scottish Government Health and Social Care Directorate’s Accountable Officer, so that the Department, if it considers it appropriate, can intervene, and inform Scottish Ministers. 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 Scottish Parliament’s Public Audit Committee (PAC), as representing value for money, they should obtain written instructions from the Board and send a copy of their request for instruction and the instruction itself as soon as possible to the External auditor and the Auditor General for Scotland.
     3. The Accountable Officer must also ensure that their responsibilities as Accountable Officer do not conflict with those as a 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.
  3. ABSENCE OF ACCOUNTABLE OFFICER
     1. 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 will act on their behalf.
     2. In the event that, the Accountable Officer would be unable to discharge their responsibilities for a period of four weeks or more, NES will notify the Principal Accountable Officer of the Scottish Government, in order that an Accountable Officer can be appointed pending their return.
     3. Where an Accountable Officer is unable, by reason of 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.

1. **RESPONSIBILITIES OF THE BOARD**

The Board functions in accordance with the NHS Scotland Blueprint for Good Governance (issued through [DL 2019) 02](https://www.sehd.scot.nhs.uk/dl/DL(2019)02.pdf)) in setting the direction, clarifying priorities and defining expectations; holding the executive to account and seeking assurance that the organisation is being effectively managed; managing risks to the quality, delivery and sustainability of services; engaging with stakeholders and influencing the Board’s and the organisation’s culture.

* 1. The Board has key functions for which it is held accountable by Scottish Government Health and Social Care Directorate on behalf of the Scottish Ministers:
     + to set strategic direction of the organisation within the overall policies and priorities of the Government and NHS Scotland, define its annual and longer-term objectives and agree plans to achieve them;
     + to oversee the delivery of planned results by monitoring performance against objectives and ensuring corrective action is taken when necessary;
     + to ensure that there is effective dialogue within the organisation and between the organisation and key stakeholders on its plans and performance and that these are responsive to the stakeholders needs;
     + to ensure effective financial stewardship through value for money, financial control and financial planning and strategy;
     + to ensure that high standards of corporate governance and personal behaviour are maintained in the conduct of the business of the whole organisation; and
     + to appoint, appraise and remunerate senior executives.
  2. In fulfilling these functions, the Board should:
     + specify its requirements in organising and presenting financial and other information succinctly and efficiently to ensure the Board can fully understand its responsibilities;
     + be clear what decisions and information are appropriate to the Board and draw up standing orders, a schedule of decisions reserved to the Board, and standing financial instructions to reflect this;
     + establish performance and quality targets that maintain the effective use of resources and provide value for money;
     + ensure that management arrangements are in place to enable responsibility to be clearly delegated to senior officers for the main programmes of action and for performances against programmes to be monitored and senior officers held to account;
     + establish committees, including audit and risk and remuneration committees, on the basis of formally agreed terms of reference which set the membership of the committees, the limit to their powers, and the arrangements for reporting back to the Board; and
     + act within the statutory, financial, and other constraints.

1. **RESPONSIBILITIES OF SENIOR MANAGERS AND ALL OFFICERS**
   1. The Chief Executive shall have delegated authority from the NES Board to secure the efficient operation and management of the full range of NES activities in accordance with the current policies of NES and within the limits of the resources available.
   2. Directors of NES have collective responsibility to exercise financial supervision, control, and monitoring by requiring the submission and approval of budgets within approved allocations, by defining and approving essential features of financial arrangements in respect of important procedures and financial systems, including the need to obtain best value, and by defining specific responsibilities placed on officers.
   3. All staff individually and collectively are responsible for the security of NES’s property, for avoiding loss, for economy and efficiency in the use of resources, for identifying and managing risk, and for complying with the requirement of Standing Orders, Standing Financial Instructions, and other financial procedures which the Executive Director of Finance may issue.
   4. It shall be the duty of the Chief Executive to ensure that arrangements are made for existing staff and all new employees to be notified of their responsibilities within these instructions and receive appropriate awareness training.
   5. The Chief Executive shall be responsible for the implementation of NES’s financial policies and for ensuring whatever corrective action is necessary to further these policies after taking account of advice given by the Executive Director of Finance on all such matters.
   6. Without prejudice to the functions of any other officers of NES, the duties of the Executive Director of Finance shall include the provision of financial information to NES and its officers; the design, implementation, and supervision of systems of financial control and the preparation and maintenance of such accounts, certificates, estimates, records, and reports as NES may require for the purpose of carrying out its statutory duties and responsibilities.
   7. The Executive Director of Finance shall prepare, document, and maintain detailed financial procedures and systems incorporating the principles of separation of duties and internal control to supplement these instructions. The Executive Director of Finance shall require any officer, who carries out a financial function, to ensure that the form in which the records are kept and the manner in which the officer discharges their duties shall be to the satisfaction of the Executive Director of Finance.
   8. All records should be stored securely and in accordance with the [NES Retention Policy](https://scottish.sharepoint.com/sites/nes-InformationGovernance/SitePages/Corporate-Policies-and-Procedures.aspx).
   9. Where a fundamental organisational change occurs, the Executive Director of Finance should initiate a review of the relevant Standing Financial Instructions to ensure that if any amendments are required these are implemented timeously. This review would then be subject to the approval of the Board.
   10. Wherever the titles Chief Executive, Executive Director of Finance or other nominated officer is used in these instructions, it shall be deemed to include such officers who have been duly authorised to represent them.
2. **RESOURCE LIMITS**
   1. NES, as a Special Health Board, is required by statutory provision made under Section 85 of the National Health Service (Scotland) Act 1978, as amended by the Health Services Act 1980, to perform its functions within the total of funds allocated by the Scottish Government Health and Social Care Directorate. The financial targets which NES must operate within are the:
      * Revenue Resource Limit (RRL)
      * Capital Resource Limit (CRL)
      * Cash Requirement
   2. The Executive Director of Finance shall ensure that all income and expenditure is identified correctly and accounted for in the relevant financial year.
   3. The Executive Director of Finance shall, on behalf of the Chief Executive, request an appropriate level of Capital resource from the Scottish Government Health and Social Care Directorate. This may be in the format of a funding transfer from Revenue to Capital.
   4. The Executive Director of Finance shall ensure that amounts drawn for NES against the agreed cash limit are required for approved expenditure only.
   5. The Executive Director of Finance will ensure that the cash balances held by NES are not excessive but are sufficient to meet immediate liabilities. The Executive Director of Finance shall therefore ensure that due receipts are collected promptly and shall pay invoices in accordance with targets set by the Scottish Government Health and Social Care Directorate. Payments of due debts shall not be delayed artificially to a following financial year where the expenditure is properly attributable to the current year.
   6. In submitting the final requisition for a fiscal year, the Executive Director of Finance shall ensure that sufficient resources are available to meet financial commitments at the end of the year. The balances of accounts holding public funds will be maintained at the lowest practicable levels.
   7. The Executive Director of Finance will review the RRL/CRL and Cash positions regularly to ensure that NES remain on target to meet its financial objectives.
   8. The Executive Director of Finance shall provide reports to the Scottish Government Health and Social Care Directorate in the form requested and in accordance with the guidance issued by the Scottish Government Health and Social Care Directorate.
3. **PLANNING AND BUDGETING**
   1. The Chief Executive shall carry out their duties within the total of funds allocated by Scottish Ministers and shall not exceed the budgetary limit set for NES. All plans and financial approvals and control systems shall be designed to meet this obligation.
   2. The Chief Executive, with the assistance of the Director of Planning and Corporate Resources, shall compile and submit to NES Board and the Scottish Government Health and Social Care Directorate (SGHSCD) such Delivery Plans as required in accordance with the guidance issued by the Scottish Government Health and Social Care Directorate. The lifespan of the plans will be in accordance with SGHSCD requirements which prevail.
   3. Officers shall provide the Executive Director of Finance with all financial, statistical, and other relevant information as necessary for the compilation of such estimates and forecasts that the Executive Director of Finance may need to fulfil the requirements of NES and the Scottish Government Health and Social Care Directorate.
   4. The Executive Director of Finance shall, on behalf of the Chief Executive, prepare and submit budgets (by Directorate and category, within the limits of available funds) to NES Board for its approval.
   5. The Executive Director of Finance shall provide frequent reports to the Chief Executive and senior managers, comparing actual expenditure and income with approved budgets. Identifying any areas of significant variance against the financial plan which requires action to be taken.
   6. The Executive Director of Finance shall provide quarterly reports to the Chief Executive and NES Board, comparing actual expenditure and income with approved budgets. The Executive Director of Finance shall report to NES Board any significant in year variance from the financial plan and shall advise the Board on action to be taken.
   7. The Executive Director of Finance shall also compile and submit to the Board such financial estimates and forecasts as may be required from time to time. As a consequence, the Executive Director of Finance shall have a right of access to all budget holders on budgetary related matters.
   8. The Executive Director of Finance shall ensure that a system of budgetary control is maintained and that all officers whom NES may empower to engage staff or otherwise incur expenditure, collect, or generate income, shall comply with the requirements of those systems. The systems of budgetary control shall incorporate the reporting of, and investigation into, expenditure variances from budget.
   9. The Chief Executive may delegate responsibility for budgets to officers to permit the performance of defined activities. The terms of delegation shall include a clear definition of individual and group responsibilities for control of expenditure, exercise of virement, achievement of planned levels of service and the provision of regular reports upon the discharge of these delegated functions to the Chief Executive. The Executive Director of Finance will be responsible for providing budgetary information and advice to the Chief Executive and budget holders to enable the Chief Executive and other officers to carry out their budgetary responsibilities.
   10. In carrying out their duties:
       * the Chief Executive shall not exceed the budgetary or virement limits set by NES Board;
       * officers designated as budget holders shall not exceed the budgetary or virement limits set for them by the Chief Executive; and
       * the Chief Executive may vary the budgetary limit of an officer within the Chief Executive’s own budgetary limit.
   11. Except where otherwise approved by the Chief Executive, taking account of advice of the Executive Director of Finance, budgets shall be used only for the purpose for which they were provided and any budgeted funds not required for their designated purpose shall revert to the immediate control of the Chief Executive, unless covered by delegated powers of virement, see Section 19.
   12. Expenditure, for which no provision has been made in an approved budget and not subject to funding under the delegated powers of virement, shall only be incurred after authorisation by the Chief Executive or NES Board, as appropriate.
   13. The Executive Director of Finance shall keep the Chief Executive and the Board informed of the financial consequences of changes in policy, pay awards, and other events and trends affecting budgets and shall advise on the financial and economic aspects of future plans and projects. For information relating to authorisation limits and budget virements, see Section 19.
4. **ANNUAL ACCOUNTS AND REPORTS**
   1. NES is required under the terms of Section 86(3) of the National Health Services (Scotland) Act 1978 and the Public Finance and Accountability (Scotland) Act 2000 to prepare and transmit Annual Accounts to Scottish Ministers.
   2. Scottish Ministers have issued an Accounts Direction in exercise of the powers conferred by Section 86(1) of the National Health Service (Scotland) Act 1978 which contains provisions covering the basis of preparation and the form of accounts. NES shall comply with all these provisions. Subject to the foregoing requirement, the Annual Accounts shall also contain any disclosure and accounting and requirements which Scottish Ministers may issue from time to time.
   3. The Executive Director of Finance shall maintain proper accounting records which allow the timeous preparation of Annual Accounts, in accordance with the timetable set by the Scottish Government Health and Social Care Directorate, and which give a true and fair view of NES and its expenditure and income for the period in question.
   4. Annual Accounts, Supplementary Notes and other financial returns required by the Scottish Government Health and Social Care Directorate shall be prepared by NES in accordance with the guidance and the timetables contained within the NHS Board Accounts Manual for the Annual Report and Accounts of NHS Boards as amended from time to time.
   5. Under the terms of the Public Finance and Accountability (Scotland) Act 2000, the Auditor General for Scotland is responsible for the appointment of the External Auditors of NES.
   6. The Executive Director of Finance shall agree with the External Auditor a timetable for the production, audit, adoption by the Board and submission of accounts to the Auditor General for Scotland and the Scottish Government Health and Social Care Directorate. This timetable shall be consistent with the requirements of the Scottish Government Health and Social Care Directorate and reported to the ARC for information.
   7. The Chief Executive shall be responsible for preparing a Governance Statement as parts of their duties as an Accountable Officer, and in so doing shall seek appropriate assurances, including that of the Chief Internal Auditor, with regard the adequacy of internal control throughout the organisation, including the performance of the non-executive committees.
   8. The Annual Accounts of NES shall be reviewed by the Audit and Risk Committee, which has the responsibility of recommending adoption of the accounts by the NES Board. Under the terms of the Public Finance and Accountability (Scotland) Act 2000, Annual Accounts may not be placed in the public domain, prior to them being formally laid before Parliament.
   9. Following the formal approval of the motion to adopt the accounts by NES Board, the Annual Accounts and relevant certificates shall be duly signed on behalf of the Board and submitted to the External Auditor for completion of the relevant audit certificates.
   10. Signed sets of NES’s Annual Accounts shall then be submitted by the External Auditor to the Scottish Government Health and Social Care Directorate, and to the Auditor General in the required format.
   11. The Chief Executive shall arrange for the publication of an Annual Report for NES, in such form as may be determined by the Scottish Government Health and Social Care Directorate (SGHSCD). The Annual Report, together with an audited financial statement, shall be published no later than nine months after the relevant accounting date, subject to confirmation that they have been formally laid before Parliament.
5. **BANKING ARRANGEMENTS AND OPERATION**
   1. All arrangements with NES’s bankers will be made in accordance with directions and advice from the Scottish Government Health and Social Care Directorate (SGHSCD).
   2. NES is obliged to comply with instructions from Scottish Ministers and Her Majesty’s Treasury in relation to the operation of bank accounts. All bank accounts will only be opened on the instruction of the Executive Director of Finance.
   3. The Scottish Government commercial banking arrangements provide for public bodies to hold a commercial bank account with the Royal Bank of Scotland (RBS).
   4. HM Treasury manage arrangements for the Government Banking Service (GBS) so that all NHS Scotland bodies are obliged to use accounts provided by National Westminster (NatWest), part of RBS Group. From the 31st December 2018 the following bank accounts have been in operation: -

|  |  |  |
| --- | --- | --- |
| Bank | Account Description | Services Provided |
| Royal Bank of Scotland | Commercial Account under the terms of the Scottish Government contract for commercial Bank Accounts | BACS sponsorship and receipts from BACS rejects and recalls; and  Local Pay-Ins. |
| NatWest | Account provided under existing GBS contract | Payable Orders (cheques); BACS payments;  Receipt of Income from Debtors; Portal; Pay by Link card receipts; and payments from/to  Other Public Sector organisations. |

Any new accounts or changes to existing arrangements for the accounts must be approved by the Executive Director of Finance.

* 1. Payable Orders are printed with the signature of the Assistant Paymaster General added at the time of processing.
  2. All other payments are authorised electronically on the above accounts. For payments generated from the Finance System, only one authoriser is required to approve payments using secure on-line access. However, manual payments which exceed £50,000 require on-line approval from two authorisers. The Executive Director of Finance will specify all officers approved to authorise payments and BACS files.
  3. The signatory(ies) will satisfy themselves that payments are correctly substantiated and are in respect of sums properly payable by NES.
  4. All Payable Orders (cheques) (which shall be crossed with “Not Negotiable – Account Payee Only”) shall be treated as controlled stationery in the charge of a duly designated officer controlling their issue.
  5. The Executive Director of Finance is responsible for ensuring the system of control of access to; and authorisation of payments from all bank accounts is robust and administered appropriately using the systems provided by the banks. This system of administration will cover creation and prompt deletion of users as necessary to ensure the security of access and efficient management of the accounts.
  6. The Executive Director of Finance shall ensure that NES does not, without the approval of Scottish Government given as appropriate with the consent of Treasury, borrow or lend money nor give any guarantee, indemnity, nor letter of comfort.

FOREIGN CURRENCY

* 1. Business should normally be conducted in sterling. However, some supplies need to be purchased using on-line Foreign currency transactions through the Government Banking Services. The Executive Director of Finance will approve the currencies which are open to NES for use through GBS.
  2. Foreign currency transactions in excess of £2m require to receive advance authorisation through the Government Banking Service. Such transactions will be referred to the Executive Director of Finance for arrangement.

1. **FINANCIAL ARRANGEMENTS**
   1. The Executive Director of Finance shall ensure that detailed written procedures relating to financial systems are designed, including specific reference to duties of officers under these systems and that these systems, incorporating internal control principles, duly approved by the Executive Director of Finance, are maintained, reviewed annually, and updated as necessary.
   2. Any authorisation for expenditure outside of the approved plans, policies, or regulations and for which no budget has been provided under the powers of virement, must have the written approval of the Executive Director of Finance before payment.

SECURITY OF CASH, CHEQUES AND OTHER NEGOTIABLE INSTRUMENTS:

* 1. All means of officially acknowledging or recording amounts received or receivable shall be in the form approved by the Executive Director of Finance. These stationery items shall be subject to the same precautions as are applied to cash, in accordance with the requirements of the Executive Director of Finance.
  2. All officers, whose duty it is to collect or hold cash, shall be provided with a safe or with a lockable cash box which will normally be deposited in a safe or other secure location. The officer concerned shall hold only one key with one duplicate being held by another officer authorised by the Executive Director of Finance and suitable receipts obtained. The loss of any key shall be reported immediately to the Deputy Director of Finance. The Executive Director of Finance shall arrange for all new keys to be despatched directly to them from the manufacturers and shall be responsible for maintaining register of authorised holders of safe keys.
  3. The safe key holder shall not accept unofficial funds for depositing in their safe unless deposits are in sealed envelopes or locked containers. It shall be made clear to the depositor that the NES Board is not held liable for any loss and written indemnity must be obtained from the organisation or individual absolving NES from responsibility for any loss. During the absence of the holder of a safe or cash box key, the officer who acts in their place shall be subject to the same controls as the normal holder of the key. There shall be written discharge for the safe/cash box contents on the transfer of responsibilities and the discharge document must be retained for audit inspection.
  4. All cash, cheques, postal orders, and other forms of payment shall normally be received by more than one officer and shall be entered in an approved form of register which should be signed by both. All cheques and postal orders shall be crossed immediately “Not Negotiable”. The remittances shall be passed to the Operational Assistant from whom a signature shall be obtained.
  5. The opening of mail and the counting and recording of any takings shall be undertaken by two officers together.
  6. Official monies shall not under any circumstances be used for the encashment of private cheques.
  7. All cheques, postal orders, cash etc. shall be banked intact promptly in accordance with the approved procedures of the Executive Director of Finance. Disbursements shall not be made from cash received, except under arrangements approved by the Executive Director of Finance.
  8. Any cash collected from fund raising events will be counted by two staff members in the Directorate where the funds have been collected. If passing to Finance for onward payment to the charity, the directorate team must complete a form with the breakdown of cash, signed by the two staff members before passing the form and cash to Finance. Finance will bank the income and issue a cheque to the Charity. Cash will be banked by finance, no later than the next available working day. Any cash held overnight will be kept in the safe.
  9. All unused payable orders shall be kept in the safe.
  10. Any loss or shortfall of cash, cheques, or other negotiable instruments, however occasioned, shall be reported immediately in accordance with the agreed procedure for reporting losses.
  11. Petty cash reconciliations shall be prepared prior to requesting cash reimbursement for expenses.

SECURITY OF ASSETS

* 1. Each employee has a responsibility to exercise a duty of care over the property of NES and it shall be the responsibility of senior staff in all disciplines to apply appropriate routine security practices in relation to NHS property. Persistent breach of agreed security practices shall be reported to the Chief Executive.
  2. Wherever practicable, items of equipment shall be marked as NES property. Items to be controlled shall be recorded and updated in an appropriate register including all capital assets.
  3. Nominated officer(s) designated by the Chief Executive shall maintain an up-to-date asset register of those items which are capital by definition. Section 17 Fixed Assets.
  4. A separate register of items of a specialist nature which do not meet the formal definition of capital assets e.g. Laptops, PCs, mobile phones shall be maintained by nominated officers. The Executive Director of Finance shall approve the form of all registers and the methods of updating.
  5. Any damage to premises, vehicles and equipment, or any loss of equipment or supplies shall be reported by staff in accordance with the agreed procedure for reporting losses (Also see Losses section).
  6. Registers shall also be maintained by responsible officers and where practicable receipts retained for:
     + Equipment on loan, and
     + Leased equipment.

Equipment on loan to other public bodies during the Covid Pandemic will be approved by the Executive Director of Finance and the Director of Digital.

* 1. The Chief Executive will ensure that NES does not dispose of any assets, unless Scottish Government otherwise agrees, except at current market values and in accordance with the practices applicable to assets purchased out of public funds as laid down in Government Accounting. The Chief Executive shall ensure that assets having a net book value or realisable value, whichever is the higher, in excess of £50,000, are not disposed of without prior Scottish Government approval.
  2. The NES Corporate Information Security Policy provides assurance that the Integrity of Operational systems and Information assets will be maintained. Access to systems is managed through strict user management protocols and firewalls. As a Cloud first organisation NES information (intangible) assets reside within the technology environments provided by the contracted cloud providers. There are two levels of policy and procedure applied to this model, the first provided at vendor level and the second specific to the NES deployment of applications. Both are developed and managed to the UK  government standards of technology and information security, audited by the NES Information Security Forum through internal audit and SG administered the annual Network and Information (NIS) audits
  3. The responsibilities of individuals within NES to protect the information assets owned and used by NES from threats whether internal or external, deliberate or accidental are set out within the [NES Information Security Acceptable Use Policy](https://scottish.sharepoint.com/sites/1nes/Shared%20Documents/Forms/AllItems.aspx?id=%2Fsites%2F1nes%2FShared%20Documents%2FPolicies%2FInformation%20Governance%2FNES%20Information%20Security%20Acceptable%20Use%20Policy%20v2%2E0%2Epdf&parent=%2Fsites%2F1nes%2FShared%20Documents%2FPolicies%2FInformation%20Governance&p=true)

INCOME

* 1. The Executive Director of Finance shall be responsible for designing and ensuring maintenance of systems for the proper recording and collection of all monies due.
  2. All officers shall inform the Executive Director of Finance of monies due to NES arising from transactions they initiate, including all contracts, leases, tenancy agreement and any other transactions in order that an official invoice is raised to the customers.
  3. The Executive Director of Finance shall take appropriate recovery action on all outstanding debts including the establishment of procedures for the write-off of debts after all appropriate recoverable steps have been taken to secure payment (see Losses section).
  4. In relation to Income Generation Schemes, the Executive Director of Finance shall ensure that there are systems in place to identify all costs and services attributed to each scheme before implementation and such schemes should only proceed on the basis of providing income in excess of the cost of the scheme. All fees and charges must be:
* approved in advance by the Director of Finance, and
* reviewed annually by the Budget Holder to ensure they are still appropriate and agreed by the Executive Director of Finance.

PAYMENT OF ACCOUNTS

* 1. The Executive Director of Finance shall ensure that up to date lists of authorised signatories are maintained and reviewed regularly, at least annually.
  2. The Executive Director of Finance shall be responsible for the payment of all accounts, invoices and contract claims in accordance with contractual terms and/or targets set by the Scottish Government Health and Social Care Directorate. Payment systems shall be designed to avoid payments of interest arising from non-compliance with the Late Payment of Commercial Debts (Interest) Act 1998.
  3. All officers shall inform the Executive Director of Finance promptly of all monies payable by NES arising from any transactions related to leases or tenancy agreements. All expenditure should be consistent with approved spend from the budget process. Suppliers shall be instructed to send all invoices to the Finance Department for processing, quoting a valid purchase Order number where appropriate.
  4. All other requests for payment not covered by a Purchase order, should, wherever possible, have relevant invoices or contract payment vouchers attached and shall be authorised by an approved officer from a list of authorised signatories.
  5. The Executive Director of Finance shall be responsible for designing and maintaining a system for the verification, recording and payment of all amounts payable. The system shall provide for certification that:
     + goods have been duly received, examined, are in accordance with specification and order, are satisfactory and that prices are correct;
     + work done or services rendered have been satisfactorily carried out in accordance with the order; that where applicable the materials used were of the requisite standard and that the charges are correct;
     + in the case of contracts based on the measurement of time, materials or expenses, the time charged is in accordance with the time sheets, that the rates of labour are in accordance with the appropriate rates, that the materials have been checked as regards quantity, quality, and price and that the charges for the use of the vehicles, plant and machinery have been examined;
     + where appropriate, the expenditure is in accordance with regulations and that all necessary Board or appropriate officer authorisations have been obtained;
     + the account/claim is arithmetically correct;
     + the account/claim is in order for payment;
     + VAT has been recovered as appropriate;
     + payments are processed timeously in order to secure discounts available; and
     + a timetable and system for submission of accounts for payment is maintained to ensure prompt payment to suppliers.
  6. Budget Holders shall ensure, before a requisition for goods and service is placed, that the purchase has been properly considered and forms part of the department’s allocations, agreed business plans, or other known and specific funds available to the department.
  7. The Executive Director of Finance shall ensure that payment for goods and services is only made once the goods and services are received other than under the terms of a specific contractual agreement. (e.g. Venue Hire where a deposit may be required).
  8. Where an officer certifying accounts or claims relies upon other officers to do preliminary checking, they shall, wherever possible, ensure that those who check delivery or execution of work act independently of those who have placed order and negotiated prices and terms. Budget Managers must therefore ensure that there is effective separation of duties between:
     + the person placing the order,
     + the person certifying receipt of goods and services, and
     + the person authorising the invoice.

No single person should undertake all three functions. The Executive Director of Finance must approve the list of officers authorised to certify invoices, non-invoice payments and payroll schedules, including where required by the Executive Director of Finance, financial limits to their authority. The Director of Finance will maintain details, together with their specimen signatures.

* 1. In the case of contracts for building or engineering works which require payment to be made on account during progress of the works, the Executive Director of Finance shall make payment on receipt of certificate from the appropriate technical consultant or officer. Without prejudice to the responsibility of any consultant or works officer appointed to a particular building or engineering contract, a contractors account shall be subject to such financial examination by the Executive Director of Finance and such general examination by a works officer as may be considered necessary before the person responsible for the contract issues the final certificate. To assist financial control, a contracts register should be created.
  2. The Executive Director of Finance may authorise petty cash as required. Individual payments must be restricted to the amounts authorised by the Director of Finance and appropriate vouchers obtained and retained in accordance with the [NES Retention Policy](https://scottish.sharepoint.com/sites/nes-InformationGovernance/SitePages/Corporate-Policies-and-Procedures.aspx).
  3. When commissioning contractors to carry out work on behalf of NES, the responsible officer must check the employee/employer status of the individual concerned to assess whether NES are compliant with the IR35 rules for each assignment. Claims of self-employed status on behalf of the individual need to be verified for every project undertaken. The Her Majesty’s Revenue & Customs (HMRC) Employment Status Indicator tool should be completed by the officer commissioning the individual (<http://www.hmrc.gov.uk/calcs/esi.htm>). The result should be kept by the officer to produce in the event of an audit from HMRC. If the result confirms that there is no employee/ employer relationship, then the contractor should be asked to provide an invoice for their fees. However, if the result indicates that there is a relationship then the contractor should be provided with a copy of the Employment Status Indicator result as a Status Determination Statement and asked to complete a fee form and will be paid through the NES payroll.
  4. Advance payment for supplies, equipment, or services out-with normal business practices shall not be normally permitted. Advance payment in all exceptional circumstances shall be subject to the express approval of the Executive Director of Finance.
  5. The budget holder is responsible for ensuring that all items due under a payment in advance contract, are received and they must inform the Executive Director of Finance immediately problems are encountered.
  6. NHS Scotland operates a “Payment on Behalf” process which eliminates the need for the transfer of cash between NHSScotland Boards for the payment of services. The process removes the need for Boards to raise Purchase Orders and invoices to one another, and instead recognises the payments as a non-cash transfer. The system is managed by NHS National Services Scotland (NSS) on behalf of Scottish Government and the transfers are processed monthly. Where payments to other Boards are managed through this process, the Executive Director of Finance is responsible for ensuring that there is an authorisation process in place which assures that services have been received and payment authorised prior to the transfer being made. The Deputy Director of Finance has delegated authority to approve the transfer request to NSS on behalf of the Executive Director of Finance.
  7. The issue of NHS Credit/Purchasing cards will be managed by the Executive Director of Finance who will delegate authority to the Deputy Director of Finance to amend credit/purchasing card limits as appropriate during the COVID-19 pandemic to ensure that suppliers are paid timeously. It is the responsibility of the Executive Directors to nominate a card holder or card user for their own area. Daily and single transaction limits will be set by the Deputy Director of Finance based on the expected use of the card. Increases to those limits must be submitted by the card holder and approved by the Deputy Director of Finance. All corporate purchase card transactions will be reviewed at least annually by Finance to ensure appropriate use.

PAYMENT OF STAFF

* 1. Staff may be engaged or re-graded only by authorised officers within the limit of the approved budget and establishment when agreed by the Chief Executive or other authorised officer unless following successful grading appeals. The Remuneration Committee shall approve any changes to the remuneration, allowances, and conditions of service of the Chief Executive and other Directors in accordance with the Code of Corporate Governance, subject to advice from the Director of Workforce.
  2. Each employee shall be issued with a contract which shall comply with current employment legislation and be in a form approved by NES.
  3. Completion and signing of engagement forms and such other documents necessary for the payment of staff as they may require shall be co-ordinated by appropriate HR Officers and approved forms forwarded, as close to the new member of staff commencing with NES, to National Services Scotland (NSS) Payroll.
  4. A termination of employment form and such other documents as may be required, for payment purposes, shall be completed, signed, and approved through the appropriate Line Manager, or other authorised Deanery personnel for trainee employees and HR Officers and submitted to NSS Payroll. Where an employee fails to report for duty, in circumstances which they have left without notice and this has been confirmed, NSS Payroll shall be informed immediately.
  5. Completion and signing of notification of change forms and such other documents necessary for the payment of staff following changes in employment status or terms and conditions of service shall be co-ordinated between the appropriate HR Officers and approved forms forwarded, as close to the effective date of change to NSS Payroll.
  6. Where the personnel and payroll systems are connected by an electronic interface, the requirement for contract/engagement forms, termination of employment forms and notification of change forms to be sent to the Head of Payroll Services may be altered to allow for such information to be transmitted by electronic means providing always that appropriate procedures for such transmissions are agreed by the Executive Director of Finance.
  7. All time-records, staff returns, and other pay records and notifications shall be in a form approved by the Executive Director of Finance and shall be certified and submitted in accordance with their instructions. Where this information is transmitted by electronic means, appropriate procedures covering such transmissions require to be agreed with him/her.
  8. Subject to the limits laid down in the Scheme of Delegation, the Remuneration Committee shall review and approve submissions from the Director of Workforce for any redundancy situation leading to contractual entitlement to a payment in excess of £95,000.
  9. An annual report on voluntary severance agreements and any other voluntary resignations with a financial consideration that have been approved through the extant Scottish Government business case process and authorised by the NES CEO as Accountable Officer shall be presented to the Remuneration Committee in advance of the inclusion of the associated data in the Annual Accounts.
  10. Subject to the limits laid down in the Scheme of Delegation, all early retirals, that meet the requirement for a two-year maximum pay-back period and result in additional costs being borne by the employer, will be submitted to the Remuneration Committee for consideration and recommendation to the NES Board.
  11. Early retirements due to ill health are approved by SPPA and are usually out-with the remit of the Remuneration Committee, in any rare and exceptional case where additional costs may be borne by NES, this will be submitted to the Remuneration Committee for consideration and recommendation to the NES Board.
  12. The Director of Workforce and the Executive Director of Finance shall be jointly responsible for ensuring that rates of pay and relevant conditions of service are in accordance with current agreements as advised by the Scottish Government Health and Social Care Directorate and agreed by the Board. The Chief Executive, or Board in appropriate circumstances, shall be responsible for the final determination of pay but subject to the statutory duty of the Executive Director of Finance who shall issue instructions regarding:
      + verification of documentation of data;
      + the timetable for receipt and preparation of payroll data and payment of staff;
      + maintenance of subsidiary records for Superannuation, Income Tax, National Insurance, and other authorised deductions of pay;
      + security and confidentiality of payroll information in accordance with the principle of the General Data Protection Regulations Act, May 2018;
      + checks to be applied to completed payroll before and after payment;
      + methods of payment available to various categories of staff;
      + procedures for payment to staff;
      + procedures for unclaimed wages which should not be returned to salaries and wages staff;
      + pay advances authorised and their recovery;
      + maintenance of regular and independent reconciliation of adequate control accounts;
      + separation of duties of preparing records and handling cash; and
      + a system to ensure the recovery from leavers of any sums due by them to NES.
  13. All employees shall be paid by bank credit transfer, unless otherwise agreed by the Executive Director of Finance.
  14. After approval by the Remuneration Committee, the Chair will personally authorise for payment the Performance Related Pay (PRP) of the Chief Executive and the Chief Executive will personally authorise for payment the PRP of all other NES staff.
  15. The Executive Director of Finance shall ensure salaries and wages are paid on the currently agreed dates but may vary these when necessary due to special circumstances (e.g. Christmas or other Bank Holidays). Payment to an individual shall not normally be made in advance of the normal pay date.

1. **TRAVEL, SUBSISTENCE AND OTHER ALLOWANCES**
   1. The Executive Director of Finance shall ensure that all expense claims by employees of NES are reimbursed in line with the relevant NHS regulations, and in line with the NES Travel and Subsistence Policy.
   2. The Executive Director of Finance shall issue additional guidance on the submission of expense claims, specifying the documentation to be used, the timescales to be adhered to and the required level of authorisation.
2. **CONTRACTING AND PROCUREMENT**
   1. All procurement must be undertaken in line with the requirements of the Public Contracts (Scotland) Regulations 2015, the Procurement Reform (Scotland) Act 2014, the Procurement (Scotland) Regulations 2016 and the principles set out in the Scottish Government’s Scottish Procurement Policy Handbook 2008, and the Scottish Government’s published Procurement Journey, including any subsequent revisions. In addition, as a result of the UK’s exit from the European Union on 31 December 2020, The Public Procurement etc. (EU Exit) (Scotland) (Amendment) Regulations 2020 and The Public Procurement (Agreement on Government Procurement) (Amendment) Regulations 2021 also apply.
   2. In all circumstances, officers of NES shall seek to obtain Value for Money through the application of the NES Policy and Procedures.
   3. NES shall comply as far as is practicable with the Scottish Capital Investment Manual (SCIM) and Scottish Procurement Policy Notes.
   4. In accordance with CEL 05 (2012) where national, regional, or local contracts exist (including framework agreements) NES will use these contracts. Only in exceptional circumstances and with the authority of the Head of Procurement and Commissioning, the Deputy Director of Finance, or the Executive Director of Finance, based on the scheme of delegation, can goods or services be ordered out-with such agreements.

THRESHOLDS FOR PURCHASING/ORDERING

* 1. The central Procurement team are responsible for all Procurement activities. The thresholds (excluding VAT) for the purchasing/ordering of goods and services are as follows: -

|  |  |
| --- | --- |
| **Thresholds (ex-VAT)** | **Purchasing Process** |
| Order value ≤ £10,000 | Achievement of value for money should be demonstrated. |
| Order value > £10,000 and ≤  £25,000 | Three competitive written quotations to be received from reputable suppliers. |
| Order value ≥ £25,000 | Tendering process applies |

Value for Money (VfM), the use of Public Contracts Scotland (PCS), including PCS Quick Quote and anyWorld Trade Organisation’s (WTO) Government Procurement Agreement (GPA) directives must be applied when the estimated contract value exceeds the procurement thresholds set out in the table below. In case of any doubt, advice must be sought from the Procurement Department

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Spend  £k | **≥115.6\*** | **FaT\*** | **FaT\*** | **FaT\*** | **FaT\*** | **FaT\*** |
| **>50 <115.6\*** | **PCS-T** | **PCS-T** | **PCS-T** | **PCS-T** | **PCS-T** |
| **>25 ≤50** | **PCS** | **PCS** | **PCS** | **PCS** | **PCS** |
| **>10 ≤25** | **PCS Quick Quote** | **PCS Quick Quote** | **PCS Quick Quote** | **PCS Quick Quote** | **PCS** |
| **>0 ≤10** | **VFM** | **VFM** | **VFM** | **VFM** | **PCS Quick Quote** |
|  | | **Very Low** | **Low** | **Medium** | **High** | **Very High** |
| Risk/Complexity | | | | |

*\* UK Find a Tender threshold £115,633 implemented 1/1/22 ((FaT) replaced OJEU Tender process on 1/1/21)*

Order value refers not only to individual orders but also to the total estimated value of recurring orders for like goods/services.

ACCEPTANCE AND AWARD BY CHIEF EXECUTIVE

* 1. The Chief Executive, acting with the Executive Director of Finance are authorised on behalf of the organisation to accept tenders and award contracts. This responsibility can be assigned to those who have delegated financial authority.
  2. The limits for delegation for the acceptance of tenders shall be approved by NES Board and the Executive Team from time to time.
  3. Formal tendering procedures may be waived with the recorded approval of the Executive Director of Finance where:
     + For values below the UK Find a Tender (FaT) limits, the timescale genuinely precludes competitive tendering. Failure to plan the work properly is not a justification for single tender; and
     + Specialist expertise is required, and evidence is provided to demonstrate that this is available from only one source; and
     + The task is essential to complete the project; and
     + Arises as a consequence of a recently completed assignment; and
     + Engagement of different consultants for the new task would be inappropriate; or
     + There is a clear benefit to be gained from maintaining continuity with an earlier project. However, in such cases the benefits of such continuity must outweigh any potential financial advantage to be gained by competitive tendering; or
     + Clause 21 of the Public Contracts (Scotland) Regulations 2015 allows any public sector body to restrict the tendering process for goods or services to supported factories and businesses only. The directive only applies as a matter of law to contract opportunities which have a financial value greater than the OJEU threshold values.
     + Where provided for in the Scottish Capital Investment Manual.
  4. Competitive tendering can only be waived in specific, limited circumstance by the Chief Executive, Executive Director of Finance, Head of Procurement, or Deputy Director of Finance per the maximum contract values in the table below. The waiver and the reasons should be documented, and the record retained by Procurement.

|  |  |
| --- | --- |
| **Waiver Final Approval** | **Authorisation Limit** |
| Head of Procurement1 | Up to or equal to FaT threshold (see section 11.5) |
| Deputy Director of Finance1 | FaT threshold up to or equal to £500,000 |
| Executive Director of Finance | FaT threshold up to or equal to £500,000 |
| Chief Executive | Over £500,000 |

*Note 1: The inclusion of the Head of Procurement and the Deputy Director of Finance is consistent with COVID measures introduced in April 2020*

SINGLE TENDER

* 1. Where only one tender is received, NES must ensure, as far as practicable, that the price to be paid is fair and reasonable. If this situation arises the reasons for accepting the single tender should be formally documented and submitted to the Head of Procurement.

OFFICIAL ORDERS

* 1. No goods, services or works other than works and services executed in accordance with a contract, or a NES Purchasing Card shall be ordered except on an official order, whether hardcopy or electronic, and contractors shall be notified that they should not accept orders unless on an official order form or processed via an approved secure electronic medium. Oral (Verbal) orders shall be issued only by an officer designated by the Chief Executive and only in accordance with the Business Continuity Plan. These shall be confirmed by an official order issued no later than the next working day, except for in exceptional circumstances, and clearly marked “Confirmation Order”. National contracts must be used unless express permission, within the scheme of delegation, has been obtained from the Head of Commissioning and Procurement, the Deputy Director of Finance, or the Executive Director of Finance.
  2. Official orders shall be issued by the NES Purchase to Pay (P2P) Order system and shall incorporate an obligation on the contractor to comply with NES terms and conditions as regards delivery, carriage, documentation, variations etc.
  3. Orders will be processed and transmitted by electronic methods in place of signed numbered paper-based orders providing always that appropriate procedures for such orders are agreed by the Executive Director of Finance.
  4. Official order forms, supported by appropriate requisition requests, shall only be approved officers authorised by the Chief Executive. Lists of authorised officers shall be maintained and a copy of such list supplied to the Executive Director of Finance.
  5. No order, contract, lease shall be issued for any items for which there is no budget provision or for which no funding has been provided under the delegated powers of virement unless authorised by the Executive Director of Finance on behalf of the Chief Executive. Members and officials must ensure that all contracts, leases, tenancy agreements and other commitments they enter into on behalf of NES for which a financial liability may result but without secured funding or budget provision are notified to the Executive Director of Finance in advance of commitment being made.

MANAGEMENT CONSULTANTS

* 1. In accordance with the [SG Consultancy Procedures](https://www.gov.scot/binaries/content/documents/govscot/publications/advice-and-guidance/2017/03/use-of-consultants-guidance/documents/use-of-consultancy-services-guidance-download/use-of-consultancy-services-guidance-download/govscot%3Adocument/Use%2Bof%2Bconsultancy%2Bservices.pdf) issued in 2017,when consultants are necessary, they need to be used sparingly, appropriately and effectively. Within NES Management Consultants should only be used when documentary evidence of a benefit to NES has been prepared and the following demonstrated:
     + - the work cannot be carried out internally;
       - Management is determined to take action to bring about change and demonstrate commitment to act upon the outputs;
       - The Management consultants can bring relevant knowledge and have proven experience which will add value; and
       - The number of consultants must not exceed in-house capacity to manage them effectively
  2. In choosing a Management Consultant, steps should be taken to ensure that they are capable of carrying out the assignment; that Value for Money is obtained; and that due probity is demonstrated in awarding the contract. Appointment of Management Consultants must normally be by Competitive Tender.
  3. Where successive assignments beyond the scope and terms of an appointment made by competitive tender arise, these should also be subject to tender arrangements. Where it is expected that there may be follow on assignments, it may be more appropriate for the tendering exercise to appoint Management Consultants under a call off arrangement.

CONTRACTS

* 1. NES may only enter into contracts within its statutory powers and shall comply with:
     + Standing Orders;
     + NES Standing Financial Instructions;
     + UK and World Trade Organization Government Procurement Agreement (WTO GPA) Directives and other statutory provisions;
     + any relevant directions including the Scottish Capital Investment Manual, Scottish Public Finance Manual, and guidance on the use of Management Consultants; and
     + such NHS Standard Contract conditions as are applicable.
  2. Where specific contract conditions are considered necessary by the lead officer, these will be drafted by the Head of Procurement and Commissioning and where appropriate, advice shall be sought from suitably qualified persons and/or the Central Legal Office part of National Services Scotland (NSS).
  3. In all contracts made by NES, the Procurement team shall endeavour to obtainValue for Money. All tenders are awarded on the basis of MEAT (Most Economically Advantageous Tender) which incorporates both qualitative and financial measures into the tender process. All supporting evidence is documented and held in accordance with the [NES Retention Policy](https://scottish.sharepoint.com/sites/nes-InformationGovernance/SitePages/Corporate-Policies-and-Procedures.aspx).
  4. Any contractual aspects will be managed by the Procurement team in addition to a nominated Point of Contact who shall oversee and manage deliverables.
  5. All contracts entered into shall contain standard clauses empowering NES to:
     + Cancel the contract and recover all losses in full where a company or their representative has offered, given, or agreed to give, any inducement to members or officials; and
     + Recover all losses in full or enforce specific performance where goods or services are not delivered in line with contract terms.
  6. The Executive Director of Finance shall ensure that arrangements for financial control and financial audit of building and engineering contracts and property transactions comply with the guidance contained within Scottish Construction Code (SCOTCONCODE) and the Scottish Capital Investment Manual (SCIM). The Technical audit of these contracts shall be the responsibility of the relevant Director.

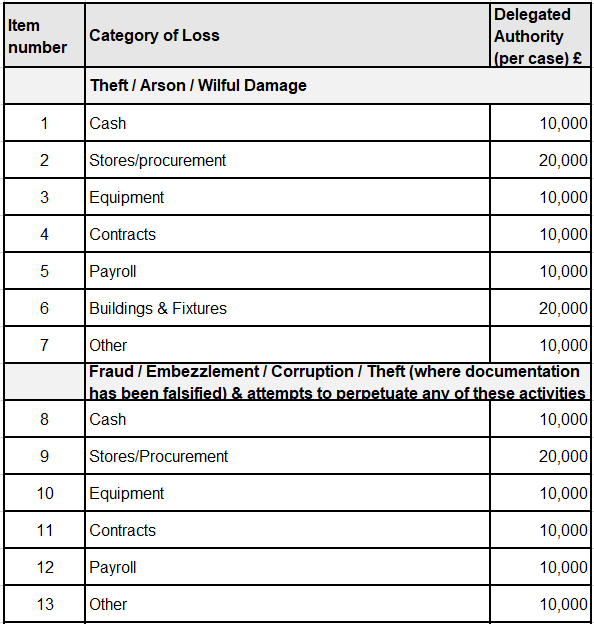
IN HOUSE SERVICES

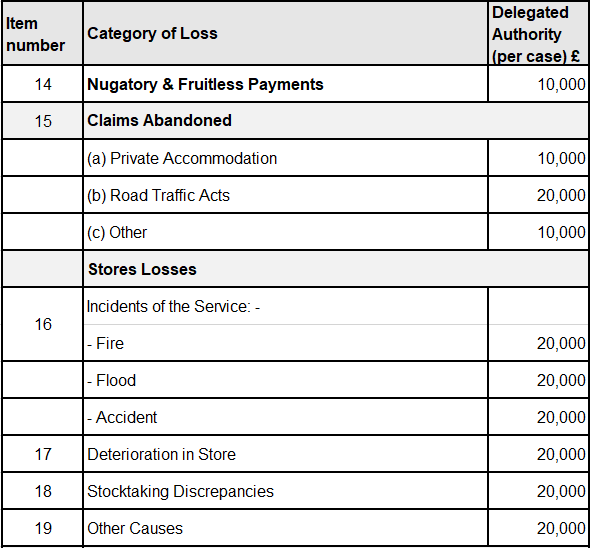
* 1. The Chief Executive shall be responsible for ensuring that Value for Money can be demonstrated for all services provided under contract or in-house. The Board or appropriate committee may also determine from time to time that in-house services should be market tested by competitive tendering.

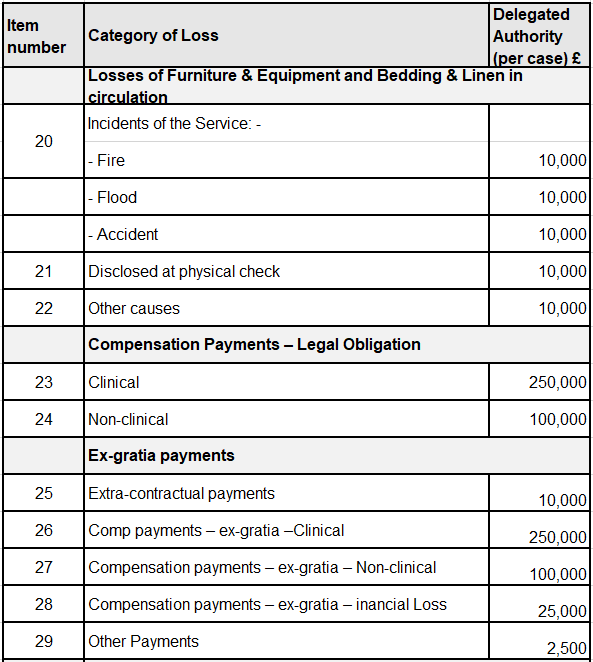
REGISTER OF INTEREST

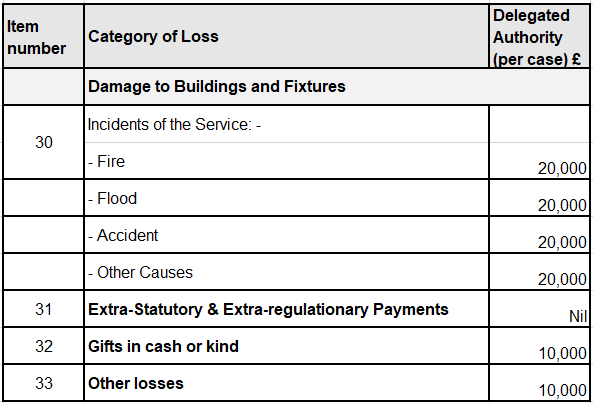
* 1. Acceptance of Financial Assistance, Gifts and Hospitality and Declaration of Interest.
     + the principles relating to the acceptance by Health Service staff of financial assistance, gifts and hospitality from commercial sources and declaration of interest are stated in the [NES Standards of Business Conduct Policy](https://scottish.sharepoint.com/sites/1nes/Shared%20Documents/Forms/AllItems.aspx?e=5%3Ab33318ce8494439ca9299466d8f84c10&at=9&cid=04f06b45%2D27ae%2D4cd5%2D849c%2D9cea31e79308&FolderCTID=0x0120000F686DBB0484D649A3B383C229600BB8&id=%2Fsites%2F1nes%2FShared%20Documents%2FHuman%20Resources%2FPolicies%2FStandards%20of%20business%20conduct%20Oct%2018%2Epdf&parent=%2Fsites%2F1nes%2FShared%20Documents%2FHuman%20Resources%2FPolicies) which references NHS Circular MEL 1994(48) Annex 7 and NHS Circular MEL 1994(80). This policy has been widely circulated and should be read as part of the Standing Financial Instructions;
     + the policy covering acceptance of financial assistance, gifts and hospitality and declaration of interest is updated by the Workforce Directorate on behalf of the Chief Executive;
     + a register covering acceptance of financial assistance, gifts and hospitality is maintained by the Finance Directorate and the register of and declaration of interest is maintained by Board Services on behalf of the Chief Executive for board members and a separate register of interests for staff (excluding Executive Board Members) is maintained by Finance;
     + no order shall be issued for any item or items for which an offer of gifts (other than low-cost items e.g. calendars, diaries, pens and like value items), or hospitality has been received from the person interested in supplying goods or services. Any employee of NES receiving such an offer shall notify their line manager as soon as is practicable; and
* visits at supplier’s expense to inspect equipment, goods or services must not be undertaken without the prior approval of the Chief Executive.

1. **LOSSES AND SPECIAL PAYMENTS**
   1. Any officer discovering or suspecting a loss of any kind shall forthwith inform their line manager, who shall immediately inform the Fraud Liaison Officer. Where a criminal offence is suspected, the Counter Fraud policy in operation at NES must be applied, in accordance with the partnership agreement between NES and Counter Fraud Services.
   2. The Executive Director of Finance shall maintain a losses and compensation register in which details of all losses shall be recorded, as they are known. Write off action shall be recorded against each entry in the register. Losses are noted even if they are recovered or expected to be recovered.
   3. Losses are classified according to details issued by the Scottish Government Health and Social Care Directorate.
   4. An annual report on losses and special payments is presented to the Audit and Risk Committee, and details of individual losses exceeding £250k are published in the Annual Report and Accounts.
   5. In accordance with the Scheme of Delegation, the Chief Executive, acting together with the Executive Director of Finance, may approve the writing off of losses within the limits delegated to the Board / Executive team by the Scottish Government Health and Social Care Directorate, as per NHS Circular CEL 10 (2010) (Appendix C): -









* 1. The exercise of powers of delegation in respect of losses and special payments will be subject to the submission of annual reports to NES Audit & Risk Committee identifying which powers have been exercised and the amount involved.
  2. The Audit and Risk Committee will formally consider and approve all Losses annually when recommending the adoption of the Statutory Annual Accounts.
  3. No special payments exceeding the delegated limits laid down, and subsequent amendments thereto shall be made without prior approval of the Scottish Government Health & Social Care Directorate.
  4. The Executive Director of Finance shall be authorised to take any necessary steps to safeguard NES’s interests in bankruptcies and company liquidations.
  5. All articles surplus to requirements or unserviceable shall be condemned or otherwise disposed of by an officer authorised for that purpose by the Executive Director of Finance.
  6. The officer shall satisfy their self as to whether or not there is evidence of negligence in use and shall report any such evidence to the Executive Director of Finance and the Chief Executive who shall take the appropriate action.

1. **RISK MANAGEMENT**

The Chief Executive Officer shall ensure that NES has a Risk Management Strategy that is approved and monitored by the Audit and Risk Committee.

The Risk Management Strategy shall include:

* a Statement on the NES approach to Risk Management,
* a summary of the NES Strategy for Risk Management,
* details of the Structures in place to implement the strategy,
* details of the processes in place supporting the risk management structures,
* definition of the Risk Appetite i.e. the level of risk the board is willing to accept, and
* definition of responsibilities with regard to risk management.

The Audit and Risk Committee shall have oversight of the Risk Management Strategy and of the implementation and monitoring of risk management structures and processes.

The Executive Director of Finance shall ensure that appropriate insurance and indemnity arrangements are in place in support of the risk management strategy.

1. **STANDING COMMITTEES**

The Board has established standing committees to which it delegates responsibilities. The Terms of Reference of all Committees will be reviewed annually and are published on the [NES external website](https://www.nes.scot.nhs.uk/about-us/our-board/board-committees/). The NES Board jointly governs the work of the NHS Scotland Academy with the NHS Golden Jubilee. An NHS Scotland Academy Joint Strategic Programme Board has been established and Terms of Reference agreed.

1. **SPECIFIC ROLES & RESPONSIBILITIES**

ROLE OF THE EXECUTIVE DIRECTOR OF FINANCE

* 1. The Executive Director of Finance is responsible for:
* ensuring there are arrangements to review, evaluate and report on the effectiveness of internal control including the establishment of an effective internal audit function;
* ensuring that the effectiveness of Internal Audit is reviewed by the Audit and Risk Committee and meets the NHS mandatory audit standards; and
* liaising with Counter Fraud Services as appropriate to determine at what stage to involve the police in cases of fraud, misappropriation, and other irregularities.
  1. The Executive Director of Finance, designated auditors, and representatives from Counter Fraud Services (CFS), are all entitled without necessarily giving prior notice to require and receive:
     + access to all records, documents and correspondence relating to any financial or other relevant transactions, including documents of a confidential nature;
     + access at all reasonable times to any land, premises, or employee of the organisation;
     + the production of any cash, stores, or other property of the organisation under an employee’s control; and
     + explanations concerning any matter under investigation.

ROLE OF INTERNAL AUDIT

* 1. The role, objectives and scope of Internal Audit are set out in the NHS Internal Audit Standards and the Public Sector Internal Audit Standards recognising the importance of an independent and objective internal audit service working to the [NHS Internal Audit Standards](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/212826/NHS-internal-audit-standards-april-2011.pdf) (2011). The work of Internal Audit is carried out primarily for the benefit of the Accountable Officer and Board/Executive of the organisation. The Head of Internal Audit, in accordance with the [Public Sector Internal Audit Standards](https://www.gov.uk/government/publications/public-sector-internal-audit-standards) (2013), has a responsibility to provide an annual opinion on the overall adequacy and effectiveness of the organisation's governance, risk management and control processes. There is consequently a major synergy between the purpose of the Head of Internal Audit and the role of the Audit and Risk Committee.
  2. The Internal Auditor shall have specific responsibility to review, appraise and report upon:

1. controls to ensure achievement of NES’s objectives;
2. the extent of compliance with established policies, procedures, plans, regulations, and laws etc;
3. the extent to which NES’s assets and interests are accounted for and safeguarded from loss of any kind arising from: fraud and other offences, theft, accident, waste, extravagance, inefficient administration, poor value for money or other causes;
4. the suitability, reliability, and integrity of management information systems; and

(f) the adequacy of follow-up action to their reports.

* 1. The Internal Auditors shall be accountable to the Audit and Risk Committee of NES. The reporting and follow up systems for internal audit shall be agreed between the Accountable Officer, the Executive Director of Finance, the Audit and Risk Committee and the Chief Internal Auditor. The agreement shall be in writing and shall comply with the guidance on reporting contained in the NHS Internal Audit manual. The reporting system shall be reviewed at least every 3 years.
  2. Whenever any matter arises which involves, or is thought to involve, irregularities concerning cash, stores or other property of NES or any suspected irregularity in the exercise of any function of a pecuniary nature; the Executive Director of Finance shall be notified immediately. (See also Section 13 – Losses and Special Payments).
  3. NES will nominate a senior officer as Fraud Liaison Officer (FLO) to liaise with NHS Counter Fraud Services (CFS) on all fraud related matters. This is in compliance with the approach agreed in the partnership agreement with CFS. The FLO will report and receive all allegations of fraud to and from CFS on NES’s behalf and will distribute all fraud reports and communications, on behalf of CFS, to appropriate recipients within NES.
  4. The Internal Auditors shall issue reports to the Executive Director of Finance, who shall refer audit reports to the appropriate officers designated by the Chief Executive. Failure to take any necessary remedial action within a reasonable period shall be reported to the Chief Executive.
  5. Where, in exceptional circumstances, the use of normal reporting channels could be seen as a possible limitation of the objectivity of the audit, or where sufficient action is not taken on matters of consequence, the Internal Auditor shall have direct access to the Audit and Risk Committee. In exceptional circumstances, where they deem necessary, the Internal Auditor shall have the right to report direct to the Chief Executive, NES Chair or the Chair of the Audit and Risk Committee.
  6. At each meeting of the Audit and Risk Committee the opportunity should be given for the Chair of the Committee to meet with Non-Executive Members privately. At least twice a year the Chair of the Audit and Risk Committee and the Non-Executive Members should be provided with the opportunity to meet with the Chief Internal Auditor and External Auditors privately.

EXTERNAL AUDIT

* 1. The External Auditor is concerned with providing an independent assurance on financial stewardship including value for money, probity, material accuracy, compliance with guidelines and accepted accounting practice for NES accounts. Responsibility for securing the audit of NES rests with Audit Scotland. The appointed External Auditor’s statutory duties are contained in the Public Finance and Accountability (Scotland) Act 2000.
  2. The appointed auditor has a general duty to satisfy themself that:
     + the organisation’s accounts have been properly prepared in accordance with directions given under the Public Finance and Accountability (Scotland) Act 2000;
     + proper accounting practices have been observed in the preparation of the accounts; and
     + the organisation has made proper arrangements for securing economy, efficiency, and effectiveness in the use of its resources.

1. **INFORMATION TECHNOLOGY**
   1. The Director of NES Technology Service shall be responsible for the overall maintenance and security of networked systems within NES. The Executive Director of Finance shall be primarily responsible for the accuracy of data and the maintenance of appropriate security levels within the financial systems of NES.
   2. The Director of NES Technology shall devise and implement any necessary policies and procedures to protect NES and individuals from inappropriate access, use or misuse of any financial or other information held in NES systems or devices for which they have responsibility and shall take account of the provisions of the Data Protection Act 2018, the UK General Data Protection Regulations (GDPR) and the UK Network and Information Systems (NIS) Regulations.
   3. The Executive Director of Finance shall satisfy themself that such digital and information system audit checks and reviews as they may consider necessary are being carried out.
   4. The Executive Director of Finance shall ensure that new financial systems and amendments to current financial systems are developed in a controlled manner and thoroughly tested prior to implementation. Where this is undertaken by another NHS Board or any other agency, assurances of adequacy will be obtained from them prior to implementation.
   5. The Executive Director of Finance shall ensure that contracts for digital services for financial applications with another NHS Board or any other agency shall clearly define the responsibility of all parties for the security, privacy, accuracy, completeness, and timeliness of data during processing and storage. The contract should also ensure rights of access for audit purposes.
   6. Where another NHS Board or any other agency provides a digital service for financial applications, the Executive Director of Finance shall periodically seek assurances that adequate controls are in operation.
   7. Where digital systems have an impact on corporate financial systems the Executive Director of Finance shall ensure that:
2. systems acquisition, development and maintenance are in line with corporate policies such as Scottish Government Digital Health and Care Strategy 2021.
3. data produced for use with financial systems is adequate, accurate, complete, and timely, and that a management (audit) trail exists; and
4. Executive Director of Finance staff have access to such data.
5. **FIXED ASSETS**
   1. The Chief Executive and Executive Director of Finance shall ensure that there is an adequate appraisal and approval process in place for determining capital expenditure priorities and the effect of each proposal upon the financial plans for the organisation.
   2. Capital assets can be tangible i.e. they have a physical substance, and Intangible have no physical substance e.g. software purchases and internally generated digital developments
   3. Items falling into the following categories are tangible assets:
      * property, plant, and equipment assets which are capable of being used for a period which could exceed one year and have a cost equal to or greater than £5,000 (inclusive of VAT);
      * where a new development would result in an exceptional charge to the Operating Cost Statement in the first year of use, Boards have the option to capitalise such expenditure as a single ‘equipping’ asset with a useful economic life of up to 10 years. Where it is intended to exercise this option, Boards should consult with the SGHSCD;
      * assets of lesser value may be capitalised where they form part of a group of similar assets purchased at approximately the same time, each individual part costs £250 or more and costs over £20,000 in total.
   4. Intangible assets can be bought or developed internally and must meet recognition criteria as set out in the NHS Capital Accounting Manual. They are generally analysed over the following headings:
      * Information Technology - software developed in-house or by third parties;
      * software licences – the right to use software developed by third parties;
      * websites that deliver services;
      * development expenditure;
      * licences, trademarks and artistic originals – original films, sound recordings, etc on which performances are recorded or embodied;
      * patents – inventions that are afforded patent protection; and
      * goodwill
   5. The Executive Director of Finance shall ensure that every capital expenditure proposal meets the following criteria:
      * potential benefits have been evaluated and compared with known costs,
      * the cost consequences of the developments have been evaluated and included in future budgets, and
      * complies with the guidance in the NHS in Scotland (NHSiS) Scottish Capital Investment Manual and subsequent disclosure complies with International Financial Reporting Standards (IFRS).
   6. The Executive Director of Finance shall ensure that processes are in place to capture the impact on the NES Capital Resource Limit (CRL) from entering into property and equipment leases from the 1st April 2022.
   7. In the case of large capital schemes, a system shall be established for progressing the scheme and authorising necessary payments up to completion. Provision should be made for regular reporting of actual expenditure against authorisation of capital expenditure.
   8. Where capital assets are sold, scrapped, or impaired, their value must be reduced or moved from the accounting records and each disposal must be validated by reference to authorisation documents and invoices (where appropriate). Where land and property are disposed of, the requirements set out in the NHSiS Scottish Government Property Transactions handbook and the Scottish Public Finance Manual (SPFM), together with any subsequent amendments, shall be followed.
   9. There is a requirement to achieve the best price reasonably achievable when disposing of assets belonging to NES. Competitive Tendering should normally be undertaken in line with requirements of the Board’s tendering procedure.
   10. Competitive Tendering or Quotation procedures shall not apply to the disposal of:
       * any matter in respect of which a fair price can be obtained only by negotiation or sale by auction as determined by the Chief Executive;
       * obsolete or condemned articles and stores, which may be disposed of in accordance with the supplies policy and recorded within the losses of the organisation;
       * items to be disposed of with an estimated sale value of less than

£5,000, this figure to be reviewed annually;

* + - items arising from works of construction, demolition, or site clearance, which should be dealt with in accordance with the relevant contract; and
    - land or buildings concerning which Scottish Government guidance has been issued but subject to compliance with such guidance.
  1. When evaluating options for the treatment of surplus assets, consideration of the disposal of assets to community bodies will be included, where appropriate. This consideration should be consistent with the principles of Best Value, where wider public benefits may be achieved.
  2. The overall control of fixed assets shall be the responsibility of the Chief Executive advised by the Executive Director of Finance.
  + The Executive Director of Finance shall be notified of the disposal and proceeds from disposal of any fixed assets.
  1. NES shall maintain an asset register recording NES’s fixed assets. The minimum data set to be held within these registers shall be as specified in the Capital Asset Accounting Manual as issued by the Scottish Government Health and Social Care Directorate. The organisation shall also maintain a register of assets held under operating leases.
  2. A fixed asset control procedure shall be approved by the Executive Director of Finance. This procedure shall make provision for:
     + recording managerial responsibility for each asset;
     + identification of additions including internally developed assets;
     + identification of assets for impairment or disposal;
     + identification of all repairs and maintenance expenses;
     + security of assets;
     + periodic verification of the existence, condition, remaining life and title to assets recorded; and
     + identification and reporting of all costs associated with the retention of an asset.
  3. The items on the register shall be checked at least annually by the designated officer and all discrepancies shall be notified in writing to the Executive Director of Finance, who may also undertake such other independent checks as they consider necessary. On the closure of premises, a check shall be carried out and a designated officer shall certify a list of items held showing eventual disposal.
  4. The Executive Director of Finance shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.
  5. All discrepancies revealed by verification of assets to fixed asset register shall be notified to the Executive Director of Finance.
  6. The value of each asset shall be indexed to current values in accordance with methods specified in the Capital Accounting Manual.
  7. The value of each asset shall be depreciated or amortised appropriately, using methods and rates as specified in the Capital Accounting Manual.
  8. The Executive Director of Finance shall approve a procedure for the calculation and payment of capital charges as specified in the Capital Accounting Manual.

**PERSONAL USE OF OFFICIAL ACCOMMODATION, EQUIPMENT OR VEHICLES**

* 1. No employee of NES may make use of, or make available for use, official accommodation, equipment, supplies, services, or vehicles, for private purposes, without the prior permission of the Chief Executive.
  2. Employees should not make inappropriate or unauthorised use of IT systems, the NES [Information Security Acceptable use Policy](https://scottish.sharepoint.com/sites/nes-InformationGovernance/SitePages/Corporate-Policies-and-Procedures.aspx) governing the use of IT systems should be referred to for further guidance.

1. **FINANCIAL IRREGULARITIES**

**This section should be read in conjunction with the** [**NES Counter Fraud policy**](https://intranet.nes.scot.nhs.uk/policies/finance/) **and the NES** [**Standards of Business Conduct Policy**](https://scottish.sharepoint.com/sites/1nes/Shared%20Documents/Forms/AllItems.aspx?e=5%3Ab33318ce8494439ca9299466d8f84c10&at=9&cid=04f06b45%2D27ae%2D4cd5%2D849c%2D9cea31e79308&FolderCTID=0x0120000F686DBB0484D649A3B383C229600BB8&id=%2Fsites%2F1nes%2FShared%20Documents%2FHuman%20Resources%2FPolicies%2FStandards%20of%20business%20conduct%20Oct%2018%2Epdf&parent=%2Fsites%2F1nes%2FShared%20Documents%2FHuman%20Resources%2FPolicies)**.**

* 1. In January 2008, the Scottish Government (SG) published its strategy “[Strategy to Combat NHS Fraud in Scotland](https://www.sehd.scot.nhs.uk/mels/CEL2008_03.pdf)” (See SG circular [CEL 3 (2008)](https://www.sehd.scot.nhs.uk/mels/CEL2008_03.pdf)). In June 2015, the Scottish Government also published its strategy “[Protecting Public Resources in Scotland – A Strategic Approach to Fighting Fraud and Error](https://www.gov.scot/publications/protecting-public-resources-scotland/)” which complements and supports the 2008 NHS strategy document.
  2. NES works in partnership with NHS Scotland Counter Fraud Services (CFS) to combat financial crime within the NHS in Scotland. Health Boards nominate a senior officer as Fraud Liaison Officer (FLO) to liaise with CFS on all fraud related matters. The FLO will report and receive all allegations of fraud to and from CFS on the Health Board’s behalf. The designated FLO within NES is the Deputy Director of Finance.
  3. The Scottish Government’s Strategy also requires Health Boards to appoint a senior executive or non-executive director as Counter Fraud Champion (CFC). Their role is to influence cultural change within organisations to achieve a position where fraud is considered unacceptable. The designated CFC within NES is the Executive Director of Finance. SG circular [CEL 11 (2013)](https://www.sehd.scot.nhs.uk/mels/CEL2013_11.pdf) provides details of the roles and responsibilities of CFCs and FLOs.
  4. Accountable Officers are responsible for having adequate arrangements in place to counter fraud within their Health Board. In line with central guidance, these arrangements should encompass robust systems of prevention, detection, and investigation controls, to reduce the risk of fraud and contribute to the promotion of a counter-fraud culture.
  5. Within NES all staff are expected to undertake the NHS Scotland counter Fraud eLearning Module available within Turas. Line Managers are also required to complete the Counter Fraud for Line Managers Training. This training is subject to compliance monitoring.
  6. All fraud against NHS Scotland must be reported to CFS, regardless of who the suspect or victim is, whether or not the matter has been prosecuted criminally, through civil action or by discipline, or whether the fraud was actual or attempted. However, the FLO, in consultation with CFS, may occasionally decide that a fraud is best dealt with by internal management action. In general, this will be on the grounds of low value.
  7. There are numerous types of fraud and some examples are given below, but this list is not exhaustive.

|  |  |  |
| --- | --- | --- |
| Deception | bribery | forgery |
| extortion | corruption | theft |
| conspiracy | embezzlement | misappropriation |
| false representation | concealment of material facts & collusion |  |

For practical purposes fraud may be defined as the use of deception with the intention of obtaining an advantage, avoiding an obligation, or causing loss to another party.

* 1. Any officers suspecting theft and/or fraud should immediately inform their line manager who shall in turn inform the Fraud Liaison Officer, who will immediately comply with the requirements of the partnership agreement with NHS Counter Fraud Services.
  2. The Fraud Liaison Officer will also prepare a report for the first appropriate meeting of the Audit and Risk Committee setting out the full circumstances of the incident and any implications for management, including changes to internal control systems which may require to be made.
  3. Careful consideration should be given to payment claims which arise from organisations or individuals who are under investigation or against who proceedings are being taken for suspected fraud, etc. Legal advice should be sought where necessary.
  4. The Chief Executive should report the matter to the Scottish Government Health and Social Care Directorate in cases where the nature, scale or the persons involved in the suspected offence could give rise to national or local controversy or publicity, or where the offence may be widespread.

**Policy**

**All staff must be aware of the Counter Fraud Policy (and the Fraud Action Plan) and the Whistleblowing Policy**

1. **WHISTLEBLOWING**
   1. NES adopts the National whistleblowing standards and encourages all staff In NES to raise any concerns where there is a risk of harm or wrongdoing (including where financial loss or misuse could ensue). Information on how to raise any concerns is available on the [NES Intranet](https://intranet.nes.scot.nhs.uk/help-me-with/complaints-and-whistleblowing/whistleblowing/).
   2. Any issues raised will be investigated fully and impartially.  Nobody will be unfairly treated for raising a concern, for having a whistleblowing allegation made against them or for cooperating with any investigation.
2. **AUTHORISATION LIMITS**
   1. The purpose of Standing Financial Instructions is to ensure adequate controls exist for the committing and payment of funds on behalf of the Board.

SCHEME OF DELEGATION FOR SERVICE LEVEL AGREEMENTS

* 1. Provided the service or activity has been approved in the Operational Planning process or virement approval has been obtained, and once verified by the designated Finance Manager one of the signatories on a Service Level Agreement must be in accordance with the following:

|  |  |
| --- | --- |
| **OFFICER** | **AUTHORISATION LIMIT** |
| Senior Managers and Assistant Directors | Up to or equal to £25,000 |
| Associate Directors | £25,000 to £50,000 |
| Directors and  Post Graduate Deans | £50,000 to £250,000 |
| Executive Director of Finance | Over £250,000 |
| Chief Executive | Over £500,000 |

SCHEME OF DELEGATION FOR CONTRACTS

* 1. Contracts and other agreements with non-NHS Bodies must have two signatories, one of which will be a Directorate officer and the other an authorised buyer, with specific delegated authority in accordance with the table below. The “List of Authorised Buyers” will be held by the Finance Department. The total contract value must also be verified by the designated Finance Manager to ensure this is in line with Operational Plans and budgets.

|  |  |
| --- | --- |
| **OFFICER** | **AUTHORISATION LIMIT** |
| Administrator, Coordinator, Officer | Up to the level of their designated authority, which shall be no greater than £10,000 |
| Senior Managers and Assistant Directors | £10,000 to £25,000 |
| Associate Directors | £25,000 to £50,000 |
| Directors and Post Graduate Deans | Over £50,000 |

|  |  |
| --- | --- |
| **AUTHORISED BUYER** | **AUTHORISATION LIMIT** |
| Procurement Officer | Up to the level of their designated authority, which shall be no greater than £50,000 |
| Procurement Manager | Up to or equal to £150,000 |
| Head of Procurement | Up to or equal to £250,000 |
| Executive Director of Finance | £250,000 to £500,000 |
| Chief Executive | Contractual and other commitments over  £500,000 |

Contractual and other commitments with non-NHS Bodies, over £1,000,000 in total, should be reported to the Board.

SCHEME OF DELEGATION FOR PURCHASES (PURCHASE ORDERS AND INVOICES)

* 1. Purchase requisitions and invoices must be authorised by budget holders, or staff with delegated authority from budget holders, and verified by the designated Finance Managers up to the following levels:

|  |  |
| --- | --- |
| **OFFICER** | **AUTHORISATION LIMIT** |
| Administrator, Coordinator, Officer | Up to the level of their designated authority, which shall be no greater than £10,000 |
| Senior Managers and Assistant Directors | Up to or equal to £25,000 |
| Associate Directors | Up to or equal to £50,000 |
| Directors and Post Graduate Deans | Up to or equal to £250,000 |
| Executive Director of Finance | Up to or equal to £500,000 |
| Chief Executive | Contractual and other commitments over  £500,000 |

* 1. All orders over £100k require a second authorisation to provide assurance that the spend is in line with contractual and other commitments and ensures that orders have already been authorised by another senior member of staff, responsible for the budget concerned.

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| --- | --- |
| **SECONDARY APPROVAL** | **AUTHORISATION LIMIT** |
| Procurement Manager | Up to or equal to £250,000 |
| Head of Procurement | Up to or equal to £500,000 |
| Deputy Director of Finance | Up to or equal to £500,000 |
| Executive Director of Finance | Up to or equal to £500,000 |
| Chief Executive | Contractual and other commitments over  £500,000 |

* 1. In order to ensure that Purchase Orders can be processed through eFinancials and PECOS, it will be necessary to give Directors and Post Graduate Deans a higher limit of £500,000 within the background tables of the Finance Systems. This enables the system workflow to operate in a way that assures the buyer (providing the second level of approval) that the order has been approved by the person responsible for the budget. However, the controls in both systems will ensure that all Purchase Orders above £100,000 will require approval by a buyer, thus ensuring that the above limits are applied in practice. The same limits and dual authorisation process apply to all invoices without purchase orders.
  2. Special arrangements exist for payments to other Boards in relation to payments made through the Payment on Behalf Process as outlined in Section 9.40. These include payments in respect of Training Grades and the Additional Costs of Teaching (ACT). These payments are covered by approved SLAs and individual monthly payments are processed subject to confirmation from nominated senior officers within the relevant Directorate who have delegated authority from their director. All submissions are reviewed and authorised by the Deputy Director of Finance before being processed.

SCHEME OF DELEGATION FOR VIREMENTS

* 1. It is the responsibility of the Chief Executive and the Executive Director of Finance to ensure all financial commitments entered into on behalf of the Board are in line with approved budgets and management plans. The authority to vire between budgets is covered through a scheme of financial delegation as set out below.
  2. Virement is the agreed transfer of revenue budget provision from one income or expenditure line to another within a financial year, within the same Directorate.
  3. During the operational planning process, the Executive Team approve the allocation of budgets on the basis of the information on inputs, outcomes and impact provided to them at that time. A key part of the governance process in NES is a robust system of budget monitoring and review to ensure that:
     + budgets are used for the purposes for which they are allocated,
       - any planned change in the purpose for which funds are used supports the strategic direction of NES, and
     + there is no duplication in the use of funds across the organisation.

It is these criteria which must be taken into account when any budget virement is being considered.

* 1. The following adjustments are not subject to the Scheme of Delegation for Virements:
* actual receipt of allocations which were anticipated and included as part of the operational planning process and therefore use has been approved. This transaction merely confirms receipt of pre-agreed funds and will be noted and approved at the next Executive team meeting;
* training grade adjustments - where the number of trainees is set by Scottish Government and the total funding allocation agreed. Budget adjustments which reallocate funds within the pre-agreed total and on the approval of the appropriate governance group (National Reshaping Workforce Group) are not subject to virement rules;
* budget allocations made by finance to release pre-agreed provisions (example – a provision created for a potential pay award); and
* enactment of structural change within the organisation. Where organisational change has been approved by the Change management Board and/or the Executive team which necessitates the reallocation of budget this will not also be subject to the Virement rules (example – consolidating budgets which are currently split across cost centres into one single budget).

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| **OFFICER** | **VIREMENT LIMIT** | **AUTHORITY REQUIRED** |
| Chief Executive | 0 to £250,000 | Totally Delegated (inform DoF) |
|  | £250,000 to £500,000 | Delegated but inform the Board |
|  | over £500,000 | Seek prior approval from the Board |
| Director of Finance | 0 to £100,000  £100,000 to £250,000  over £250,000 | Totally delegated (Inform Relevant Finance Manager)  Delegated but report to Chief Executive  Seek prior approval from Chief Executive |
| Principal Lead, Finance Business Partnering (FBP) and  Deputy Director of Finance | 0 to £25,000 | Delegated (Inform Relevant  Finance Manager) |
| £25,000 to £100,000 | Delegated but report to Executive Director of Finance |
| Over £100,000 | Seek prior approval from DoF |
| Budget Holders | 0 to £25,000 | Delegated (Inform Finance Manager) |
| £25,000 to £100,000 | Seek prior approval from Principal Lead FBP or Deputy Director of Finance |
| over £100,000 | Seek prior approval from Executive Director of Finance |
| The base materiality level for the use of virement will be 10% of the original budget allocation. For example, where a cost centre/project has an original budget of £10,000 it is not envisaged that budget virements would be carried out for sums less than £1,000. | | |

* 1. Once the Board has approved the budget, plans and performance target for the year and taken account of all reserves and anticipated contingencies, the Directors and Budget Holders will be responsible for managing their affairs within the budget allocated to them. This will include dealing with planned or unplanned expenditure on an individual basis and virement within the rules stated above. The virement rules stated above may be suspended with the agreement of the Executive Team.
  2. Any savings generated during the year must be quantified and disclosed to the Executive Director of Finance as soon as possible prior to distribution under the virement rules stated above.
  3. The Chief Executive in consultation with their Executive Director of Finance should set authorisation limits for any other expenditure.

RESERVATION OF POWERS AND SCHEME OF DELEGATION

* 1. Matters on which decisions on, and/or approval of, are retained by the Board:
     + policy,
     + strategy, business plans and budgets,
     + Standing Orders,
     + Standing Financial Instructions,
     + the establishment, terms and reference and reporting arrangements for all Committees and Sub Committees (including Standing Committees),
     + significant items of Capital Expenditure or disposal of assets,
     + recommendations from all Committees and Sub-Committees (Where powers are Delegated),
     + Annual Report and Annual Accounts,
     + financial and performance reporting arrangements,
     + Investment Policy for exchequer and endowment funds, and
     + Constitution and Terms of Reference for statutory Committees.
  2. Powers delegated by the Board to the Standing Committees and the executives are detailed in the Board Scheme of Delegation which is available [here](https://www.nes.scot.nhs.uk/media/wcppeysz/board-sceme-of-delegation-approved-by-board-10-02-22.docx)

1. **ENDOWMENT FUNDS**
   1. The Review of Governance of NHS Endowment Funds, November 2019, was developed to ensure that all Scottish Endowment funds are managed appropriately using a standard regulations and procedures and this review reported in October 2021.
   2. Should the Board ever receive an endowment (NHS-linked charity), an endowment fund should be set up following regulations set out in 21.1 above. These were put in place to safeguard the use of NHS-linked charitable funds within the Scottish NHS.
2. **GENERAL NURSING COUNCIL (GNC) FUND: REGISTERED CHARITY: SC015662**
   1. The GNC is a charitable trust and is registered with OSCR (SC015662) and constituted by deed which includes provision for the appointment and resignation of Trustees who manage the fund in the deliverance of it’s charitable purpose.
   2. The GNC Fund was set up with the net proceeds from the sale of the former General Nursing Council for Scotland premises in Darnaway Street, Edinburgh by the National Board for Nursing, Midwifery and Health Visiting for Scotland, a predecessor body of NHS Education for Scotland, in 1983.
   3. The management of The Fund is the responsibility of the Trustees. The Trustees rely on the GNC Fund project team and disbursement panel to distribute information concerning The Fund to potential beneficiaries and to make recommendations to the Trustees concerning awards. The day to day financial management of the charity is delegated to the Executive Director of Finance at NHS Education for Scotland.
   4. The Trustees of the GNC may include NES Executive and Non-Executive Directors and Board Members whose appointment will be endorsed by the NES Board Chair. All Trustees act independently of the NES Board.
   5. The Trustees shall ensure appropriate arrangements are in place to maintain such accounts and records as may be necessary to record and protect all transactions and funds of the GNC Fund, including an Investments Register consistent with the current statutory requirements (Law Reform (Miscellaneous Provision) (Scotland) Act 1990).
   6. The Trustees shall ensure that annual accounts are prepared within 9 months of the year end and in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended), and that proper arrangements are made for these to be audited by a separately appointed External Auditor and submitted to the Office of the Scottish Charity Regulator (OSCR).
   7. All share and stock certificates and property deeds shall be deposited either with the trustee body’s Bankers or Investment Advisers, or in a safe, or a compartment within a safe, to which only a designated responsible officer will have access.
3. **JOINT WORKING ARRANGEMENTS**

23.1 NES has a entered into a joint arrangement with the NHS Golden Jubilee for the provision of the NHS Scotland Academy (NHSSA).

23.2 Jointly controlled operations involve the use of assets and other resources of the parties, rather than the establishment of a separate entity. Each party uses its own assets, incurs its own expenses and liabilities, and is responsible for the proper accounting treatment of these, within its own records. [IAS 31]

23.3 Participation or investment in any legal entity (e.g. joint venture) is subject to prevailing legislation and SGHSC guidance and is subject to approval by the Minister. Before proceeding, legal and procedural advice is required, and any activity in this area must be advised to and approved by the Executive Director of Finance.

23.4 Joint working with pharmaceutical companies is permitted within certain parameters set out in the Scottish Government’s guidance – A Common Understanding 2012 Working Together For Patients. The guide on joint-working between NHS Scotland and the pharmaceutical industry, should be applied to any such joint-working arrangement and will assist in developing local joint-working, governance, monitoring and project arrangements. Such arrangements should also be reviewed in line with sponsorship and Intellectual property policies

23.5 Joint working is also permitted with voluntary organisations, in the form of funding arrangements, subject to certain conditions. NES can only directly fund a third sector organisation; whose role was in line with NES’s statutory purpose, strategic direction and roles and responsibilities.

**24. SPONSORSHIP**

**24.1** All sponsorship arrangements, entered into by NES, must comply with the NES Sponsorship policy and MEL(2000)13: “Fund Raising, Income Generation and sponsorship within the NHSiS” at all times and be in accordance with the [NES Sponsorship Policy](https://scottish.sharepoint.com/sites/6nes/Shared%20Documents/Forms/AllItems.aspx?id=%2Fsites%2F6nes%2FShared%20Documents%2FCorporate%20Comms%2FDepartmental%2FPolicies%2F2018%2D07%2D30%20Sponsorship%20protocol%2Epdf&parent=%2Fsites%2F6nes%2FShared%20Documents%2FCorporate%20Comms%2FDepartmental%2FPolicies&p=true&slrid=6a44879e-b044-6000-eb49-d56e11e6dd42), as amended for arrangements within the NHS Scotland Academy (NHSSA).

**24.2** Where sponsorship arrangements are entered into, they should be appropriate and discreet and not call into question NHS in Scotland (NHSiS) funding of core business.

**24.3** If sponsorship arrangements are agreed, the requirements set out in the income sections 9.23 to 9.26 of the is document, should be followed.

**25. INTELLECTUAL PROPERTY**

**25**.**1** The registration, other forms of protection, management, and exploitation of Intellectual Property Rights (e.g. a brand, patent, domain name, etc.) is subject to compliance with HDL(2004)09 A framework and Guidance on the Management of IP in NHSS, MEL (1998) 23 Policy Framework for the Management of IP within NHSS and current NES Intellectual Property Policy [**​pdf icon**the IP policy](https://eur01.safelinks.protection.outlook.com/ap/b-59584e83/?url=https%3A%2F%2Fscottish.sharepoint.com%2Fsites%2F1nes%2FShared%2520Documents%2FCorporate%2520Reference%2520Documents%2FIntellectual%2520Property%2FRevised%2520NES%2520Intellectual%2520Property%2520Policy%2520FINAL%2520-%25204%2520Aug%25202015.pdf&data=04%7C01%7Cpaula.tovey%40nhs.scot%7C1547fd51ad1b439ec53108d9d4f9d815%7C10efe0bda0304bca809cb5e6745e499a%7C0%7C0%7C637774991793059341%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C3000&sdata=vPWpSatHSKi%2BBUXrbGHPUhJcI%2FYL9oARn75MQVmSQXQ%3D&reserved=0)and Scheme of Delegation.

**25.2** Where we wish to exploit our right or potential right commercially, it is NES policy to take appropriate advice from legal and IP experts in concluding any agreements or licences necessary to deal with the commercial exploitation of IP owned or being developed by NES. All proposals to commercially exploit our IPR must be fully costed, taking into account NES policies on income generation, and must have the approval of the Executive Director of Finance and the relevant Director.

**25.3** Any request by a third party for permission to exploit NES IPR commercially must be given reasonable consideration in compliance with the Re-use of Public Sector Information regulations, and any refusal must be recorded together with the rationale for refusal. NES will, whenever appropriate, ensure that IP resulting from projects funded in whole or in part by NHS funds is exploited to the benefit of NES and ultimately NHSScotland.

**25.4** As per the NES Standard Terms of Purchase, where development forms part of a contract for supply of goods or services, right of ownership of any invention, design or IP arising from such development shall be transferred to NES as soon as any such right arises.

**25.5** If the sale of any intellectual property rights are being considered, the requirements set out in the income sections 9.23 to 9.26 of the is document, should be followed.

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**APPENDIX 1**

**Board Scheme of Delegation**

The Board Scheme of Delegation includes a number of delegated areas in addition to the top-level financial delegation. It is available **here**