

## **Standing Order Seven: Standing Financial Instructions**

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## **Standing Order Seven: Standing Financial Instructions**

### **Foreword**

The Codes of Conduct and Accountability require the Authority to adopt Standing Financial Instructions (SFIs) setting out the responsibilities of individuals.

SFIs form part of the Standing Orders of the Authority, which are laid down by the Codes. In addition, there are financial procedures and Systems Manuals as well as other instructions and guidelines, which are promulgated from time to time by the Director of Corporate Services. Collectively, these must cover all aspects of financial management and control. They are the 'business rules' that Members and employees (including employees of Third Parties contracted to the Authority) must follow when acting on behalf of the Authority.

SFIs adopted by the Authority are mandatory on all Members and employees of the Authority.

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

\* Please note that the numbering of the sections and papers of SFIs does not continue from the previous Standing Order 6. This Standing Order is separately numbered.

## **Standing Order Seven: Standing Financial Instructions**

### **1 Introduction**

#### **1.1 General**

- 1.1.1 These Standing Financial Instructions (SFIs) are issued for the regulation of the conduct of the Authority in relation to all financial matters. They shall have effect as if incorporated in the Standing Orders of the Authority.
- 1.1.2 These SFIs detail the financial responsibilities, policies and procedures to be adopted by the Authority. They are designed to ensure that its financial transactions are carried out in accordance with the law and Government policy in order to achieve probity, economy, efficiency, effectiveness and accuracy of accounting.
- 1.1.3 These SFIs identify the financial responsibilities that apply to everyone working for the Authority. They do not provide detailed procedural advice. These statements shall therefore be read in conjunction with the detailed departmental and financial procedure notes. The Director of Corporate Services must approve all financial procedures.
- 1.1.4 Should any difficulties arise regarding the interpretation or application of any of the SFIs then the advice of the Director of Corporate Services or a Senior Manager **MUST BE SOUGHT BEFORE YOU ACT; FAILURE TO COMPLY WITH SFIs IS A DISCIPLINARY MATTER WHICH COULD RESULT IN DISMISSAL.**

#### **1.2 Terminology**

- 1.2.1 Any expression to which a meaning to given in the Health and Personal Social Services (Quality, Improvement and Regulation) (Northern Ireland) Order 2005, shall have the same meaning in these instructions; and **'Board'** means the Chairman and Members of the Authority appointed by DHSSPS:
  - a) **'Authority'** means the Northern Ireland Regulation and Quality Improvement Authority;
  - b) **'Board'** means the Chairman and Members of the Authority appointed by the Minister;
  - c) **'Budget'** means a resource expressed in financial terms, approved by the Board for the purpose of carrying out, for a specific period, any or all of the functions of the Authority;
  - d) **'Budget Holder'** means the Chief Executive, Director or employee with delegated authority to managed finances (Income and Expenditure) for a specific area of the organisation;
  - e) **'Chief Executive'** means the chief officer of the Authority;
  - f) **'Director of Corporate Services'** means the chief

administrative and financial officer of the RIA;

- g) **'Legal Adviser'** means the properly qualified person appointed by the Authority to provide legal advice.

1.2.2 Wherever the title Chief Executive, Director of Corporate Services, or other nominated officer is used in these instructions, it shall be deemed to include such other directors or employees who have been duly authorised to represent them.

1.2.3 Wherever the term 'employee' is used it shall be deemed to include employees of third parties contracted to the Authority when acting on behalf of the Authority.

### **1.3 Responsibility**

1.3.1 The Board exercises financial supervision and control by:

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

1.3.2 The Authority shall delegate responsibility for the performance of its functions in accordance with the Schemes of Delegation adopted by the Board. (The Board shall keep the extent of delegation under review.)

1.3.3 Notwithstanding the SFIs, the Chief Executive is ultimately accountable to the Board for ensuring that the Authority meets its obligation to perform its functions within the available financial resources. The Chief Executive has overall executive responsibility for the Authority's activities and is responsible to the Board for ensuring that its financial obligations and targets are met.

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1.3.4 The Chief Executive is nominated by the Department as the Accounting Officer who is responsible, (through the Accounting Officer nominated by the Secretary of State), to the Northern Ireland Assembly or Parliament. The Accounting Officer Memorandum issued by the Department's Permanent Secretary to the Chief Executive on 9 March 2005 refers.

1.3.5 The Chief Executive and Director of Corporate Services shall, as far as possible, delegate their detailed responsibilities but they remain accountable for financial control.

- 1.3.6 It is a duty of the Chief Executive to ensure that existing Members and employees and all new appointees are notified of and understand their responsibilities within these instructions.
- 1.3.7 The Director of Corporate Services is responsible for:
- a) implementing the Authority's financial policies and for co-ordinating any corrective action necessary to further these policies;
  - b) maintaining an effective system of internal control including ensuring that detailed financial procedures and systems incorporating the principles of separation of duties and internal checks are prepared, documented and maintained to supplement these instructions;
  - c) ensuring that sufficient records are maintained to show and explain the Authority's transactions, in order to disclose, with reasonable accuracy, the financial position of the Authority at any time;  
and, without prejudice to any other functions of Members and employees of the Board, the duties of the Director of Corporate Services include:
  - d) the provision of financial advice to the Board and its Members and employees;
  - e) the design, implementation and supervision of systems of financial control; and
  - f) the preparation and maintenance of such accounts, certificates, estimates, records and reports as the Authority may require for the purpose of carrying out its statutory duties.
- 1.3.8 All directors and employees, severally and collectively, are responsible for:
- a) the security of the property of the Authority;
  - b) avoiding loss;
  - c) exercising economy and efficiency in the use of resources; and
  - d) conforming with the requirements of Standing Orders, Standing Financial Instructions, Financial Procedures and the Schemes of Delegation.
- 1.3.9 Any contractor or employee of a contractor who is empowered by the Authority to commit the Authority to expenditure or who is authorised to obtain income shall be covered by these instructions. It is the responsibility of the Chief Executive to ensure that such persons are made aware of this.
- 1.3.10 For any and all Members and employees who carry out a financial function, the form in which financial records are kept and the manner in which directors and employees discharge their duties must be to the satisfaction of the Director of Corporate Services.

## **2 Independent Audit**

- 2.1.1 In accordance with Standing Orders, the Board shall establish an Audit Committee, which shall provide an independent and objective view of internal control by:
- a) overseeing Internal and External Audit services;
  - b) reviewing financial systems;
  - c) ensuring compliance with Standing Orders and Standing Financial Instructions; and
  - d) reviewing schedules of losses and compensations and making recommendations to the Authority.
- 2.1.2 Where the Audit Committee feels there is evidence of ultra vires transactions, evidence of improper acts, or if there are other important matters that the committee wish to raise, the Chairperson of the Audit Committee shall raise the matter at a full meeting of the Authority. Exceptionally, the matter may need to be referred to the Department. (To the Director of Financial Management in the first instance).
- 2.1.3 It is the responsibility of the Director of Corporate Services to ensure that an adequate internal audit service is secured and the Audit Committee shall be involved in the selection process when an internal audit service is put out to tender by the Authority.
- 2.1.4 The Audit Committee shall carry out the functions as set out above along with other functions in relation to Risk Management and Controls Assurance as set out in the Standing Orders.

## **2.2 Director of Corporate Services**

- 2.2.1 The Director of Corporate Services is responsible for:
- a) ensuring there are arrangements to review, evaluate and report on the effectiveness of internal financial control by the establishment of an independent internal audit function;
  - b) ensuring that the internal audit is adequate and meets the standards set out in the Internal Audit Manual;
  - c) deciding at what stage to involve the police in cases of fraud, misappropriation, and other irregularities; and
  - d) ensuring that an annual audit report is prepared for the consideration of the Audit Committee on behalf of the Authority. The report must include:
    - (i) a clear statement on the effectiveness of Internal Control
    - (ii) progress against plan approved by the Audit Committee;
    - (iii) major internal financial control weaknesses discovered;
    - (iv) progress on the implementation of internal audit recommendations;
    - (v) strategic audit plan covering the coming three years;

- and  
(vi) a detailed plan for the coming year.

- 2.2.2 The Director of Corporate Services or designated auditors are entitled without necessarily giving prior notice to require and receive:
- a) access to all records, documents and correspondence relating to any financial or other relevant transactions, including documents of a confidential nature;
  - b) access at all reasonable times to any land, premises or employee of the Authority;
  - c) the production of any cash, stores or other property of the Authority under an employee's control; and
  - d) explanations concerning any matter under investigation.

## **2.3 Role of Internal Audit**

- 2.3.1 Internal Audit shall review, appraise and report upon:

- a) the extent of compliance with, and the financial effect of, relevant established policies, plans and procedures;
- b) the adequacy and application of financial and other related management controls;
- c) the suitability of financial and other related management data; and
- d) the extent to which the Authority's assets and interests are accounted for and safeguarded from loss of any kind, arising from:
  - (i) fraud and other offences;
  - (ii) waste, extravagance, inefficient administration; and
  - (iii) poor value for money or other causes.

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

- 2.3.3 The Head of Internal Audit Services, shall normally attend Audit Committee meetings and have a right of direct access to all Audit Committee Members, the Chairman and Chief Executive of the Authority.

- 2.3.4 The reporting system for internal audit is to be as follows:

- an urgent interim report is to be made orally or in writing to alert management to the need to take immediate action to correct a serious weakness in performance or control or whether there are reasonable grounds for suspicion of malpractice;

- on completion of an audit a report is to be sent to the Director or Manager who has a direct responsibility for the activity being audited and who has the authority to take action on internal audit recommendations;
- interim reports are also to be made where it is necessary to make a significant change in the scope of the assignment or where it is desirable to inform management of progress;
- the appropriate Director or Manager shall produce a timely management response to each internal audit report; and
- the internal audit reports and management responses must be submitted to the Audit Committee for consideration.

## **2.4 External Audit**

- 2.4.1 External audit services are provided under arrangements specified in the Statement of Management issued by the Department.
- 2.4.2 The Northern Ireland Comptroller and Auditor General is the appointed External Auditor of the Authority, who may outsource the External Audit programme to appropriately qualified private sector organisations.



### **3 Expenditure Limit Control**

- 3.1 The Statement of Management Financial Memorandum requires that the Authority is to break even in-year, not to exceed its annual Expenditure Limit, with a further requirement to declare all in-year easements to the centre. The Chief Executive has overall executive responsibility for the Authority's activities and is responsible to the Board for ensuring that it stays within its expenditure limit and any in-year or cumulative deficits are eliminated.
- 3.2 The Director of Corporate Services shall:
- a) provide monthly returns in the form required by the Department;
  - b) ensure money drawn from the Department of Health, Social Services and Public Safety against the Expenditure Limit is required for approved expenditure only, and is drawn down only at the time of need;
  - c) be responsible for ensuring that an adequate system of monitoring financial performance is in place to enable the Authority to fulfil its statutory responsibility not to exceed its Annual Revenue and Capital Resource Limits; and
  - d) be responsible for financial risk register and ensure that the Chief Executive and Senior Management Team are advised of potential financial problems to ensure timely action is taken so that Departmental Expenditure limits are not breached.
- 3.3 The Senior Management Team shall ensure that adequate information is provided in a timely way to the Director of Corporate Services to enable reliable financial projections to be made, and necessary advice provided to the Chief Executive on any financial risk to the break-even position.
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**4 Promoting Financial Stability**

- 4.1 The Authority has an obligation, with all other HSS bodies, to contain expenditure within the resources available. Deficits should not be allowed to develop, and where they do threaten to arise, the Authority must ensure that appropriate contingency arrangements are put in place.
- 4.2 The principles set out in circular HSS (F) 29/2000, "Promoting Financial Stability within HPSS Organisations" must be followed.

## **5 Funding, Business Planning, Budgets, Budgetary Control and Monitoring**

### **5.1 Available Funds**

#### **5.1.1 The Director of Corporate Services of the Authority shall:**

- a) periodically review the bases and assumptions for utilising available funds and ensure that these are reasonable and realistic and secure the Authority's entitlement to funds;
- b) at the start of each financial year submit to the Authority for approval a Financial Plan showing the total planned funds available and their proposed distribution including any sums to be held in reserve;
- c) regularly update the Authority on significant changes to the initial funding and the uses of such funds;
- d) be involved in challenging those assumptions made regarding the financial implications of all policy changes and assisting in their evaluation; and
- e) advise the Chief Executive on the need for a contingency reserve in the light of known Budget uncertainties.

### **5.2 Preparation and Approval of Business Plans and Budgets**

#### **5.2.1 The Chief Executive shall compile and submit to the Board a Financial Plan which takes into account financial targets and forecast limits of available resources. The annual plan shall contain:**

- a) a statement of the significant objectives / assumptions on which the plan is based, including a proposed deployment of resources across care programmes for the following period; and
- b) details of major changes in workload or delivery of services (quantified where possible by KPIs – Key Performance Indicators) or resources required to achieve the plan.

#### **5.2.2 At least one month before the start of the financial year the Director of Corporate Services shall, on behalf of the Chief Executive, prepare and submit budgets for consideration by the Senior Executive Team and approval by the Board. Such budgets shall:**

- a) be in accordance with the aims and objectives set out in the Financial Plan;
- b) accord with workload and manpower plans;
- c) be produced following discussions with any Third Party service providers;
- d) be prepared within the limits of available funds; and
- e) identify potential risks.

- 5.2.3 The Director of Corporate Services shall monitor financial performance against budgets, periodically review them, and report to the Senior Management Team and the Board. The Director of Corporate Services shall advise the Chief Executive on the need to apply any contingency reserve.
- 5.2.4 All budget holders shall ensure that the necessary Business Case preparation and approvals have been obtained from the Board **before** committing to recurrent revenue expenditure.
- 5.2.4 Authority budget holders should provide information and estimates as required by the Director of Corporate Services to enable budgets to be compiled.
- 5.2.5 The Director of Corporate Services has a responsibility to ensure that adequate training is delivered on an ongoing basis to Authority employed budget holders to help them manage their budgets successfully.

### **5.3 Budgetary Delegation**

- 5.3.1 The Chief Executive may delegate the management of a budget to permit the performance of a defined range of activities. This delegation must be in writing and be accompanied by a clear definition of:
  - a) the amount of the budget;
  - b) the purpose(s) of each budget heading;
  - c) individual and group responsibility;
  - d) authority to exercise virement, only within total revenue or total Capital (NB no virement between revenue and capital);
  - e) achievement of planned level of service; and
  - f) the provision of regular reports.
- 5.3.2 The Chief Executive and delegated budget holders must not exceed budgetary total or virement set by the Authority.
- 5.3.3 Any budgeted funds not required for their designated purpose(s) revert to the immediate control of the Chief Executive, subject to any authorised use of virement. Where DHSSPS resources allocated for a particular purpose are not required in full, for that purpose, they must be returned to the centre for potential redistribution.
- 5.3.4 Non-recurrent administrative budgets shall not be used to finance recurring expenditure without the authority in writing of the Chief Executive.
- 5.3.5 All Budget Holders are required to regularly review all projected expenditure and identify to the Director of Corporate Services on a timely basis, where inescapable expenditure has the potential to breach their delegated budget.

## **5.4 Budgetary Control and Reporting**

### **5.4.1 The Director of Corporate Services shall devise and maintain systems of budgetary control. These shall include:**

- a) monthly financial reports to the Board in a format approved by the Board containing:
  - (i) income and expenditure to date showing trends and forecast year-end position;
  - (ii) movements in working capital;
  - (iii) material capital project spend and projected outturn against plan;
  - (iv) details of any corrective action where necessary and the Chief Executive's and/or Director of Corporate Services' view of whether such actions are sufficient to correct the situation.
- b) the issue of timely, accurate and comprehensive advice and financial reports to each budget holder, covering the areas for which they are responsible;
- c) investigation and reporting of variances from financial, workload (KPIs) and manpower budgets;
- d) monitoring of management action to correct variations; and
- e) arrangements for the authorisation of in-year budget transfers.

### **5.4.2 Each Budget Holder is responsible for ensuring that:**

- a) any likely overspending or reduction of income which cannot be met by virement is not incurred without the prior consent of the Chief Executive or Director of Corporate Services;
- b) the amount provided in the approved budget is not used in whole or in part for any purpose other than that specifically authorised subject to the rules of virement;
- c) all estimated budgets are reviewed regularly especially where there is a projected impact of their delegated budget;
- d) no new posts are to be filled without the approval of the Chief Executive and confirmation by the Director of Corporate Services that sufficient funds are available within the Authority's budget to meet the full cost of employment; and
- e) they have access to adequate management information and financial advice to ensure that they manage staffing and other budgets effectively within delegated limits.

### **5.4.3 The Chief Executive is responsible for identifying and implementing cost improvements and maintenance of a balanced budget.**

## **5.5 Capital Expenditure**

### **5.5.1 The general rules applying to delegation and reporting shall also**

apply to capital expenditure. The rules governing to capital expenditure are contained in SFI.11 together with the provisions of the HPSS Capital Accounting Manual, March 2004.

The essential elements are that there is a tangible asset capable of use for more than one year and that the expenditure exceeds £5,000.

## **5.6 Capital Monitoring Returns**

- 5.6.1 The Director of Corporate Services is responsible for ensuring that the appropriate monitoring forms are subjected to the appropriate directorate within the Department of Health, Social Services and Public Safety.
- 5.6.2 These monitoring returns must include estimated monthly movement on the cost of Capital and Provisions, (including provisions for employers and public liability and early retirement liabilities).

## **6 Annual Report and Accounts**

6.1 The Chief Executive, on behalf of the Authority, shall:

- a) arrange for the preparation of annual accounts and financial reports in accordance with the Resource Accounting guidance provided by the Department, the Authority's accounting policies, and generally accepted accounting principles;
- b) certify and submit audited Annual Accounts to the Department in accordance with current prescribed guidelines and timetable; and
- c) submit the prescribed financial returns to the Department for each financial year in accordance with the prescribed timetable.

6.2 The Authority's Annual Accounts must be audited by the NI Comptroller and Auditor General and adopted by the Board at a public meeting.

6.3 In accordance with the Statement of Management, the Authority shall publish an Annual Operating and Financial Report and present it at a public meeting. Inter alia the document shall include or provide ready access to:

- a) a summary financial statement consistent with the Annual Accounts of the Authority supported by a statement from the External Auditor that this is so;
- b) a note stating whether the External Auditor's report to the annual accounts was qualified or unqualified and, if qualified, set out the report in full together with any further material needed to understand the qualification;
- c) remuneration of the Chairperson, the Chief Executive and other Senior Executives in accordance with current guidance from the Department;
- d) details of relevant directorships and other significant interests of Board members;
- e) composition of the Remuneration Committee; and
- f) all other specified disclosures consistent with best practice in the publication of Annual Accounts for the public service body

## **7 Banking**

### **7.1 General**

7.1.1 The Director of Corporate Services is responsible for managing the banking arrangements and for advising the Authority on the provision of banking services and operation of accounts. The advice shall take into account guidance/direction issued from time to time by the Department.

7.1.2 The Authority shall be notified of the banking arrangements put in place by the Chief Executive, on the advice of the Director of Corporate Services.

### **7.2 Bank Accounts**

7.2.1 The Director of Corporate Services is responsible for:

- a) bank accounts;
- b) establishing separate bank accounts as appropriate for the Authority's non-exchequer funds;
- c) ensuring payments made from bank accounts do not exceed the amount credited to the account except where arrangements have been made; and
- d) reporting to the Chief Executive all arrangements made with the bankers for accounts to be overdrawn.

### **7.3 Procedures**

7.3.1 The Director of Corporate Services shall prepare detailed instructions on the operation of bank accounts, which must include;

- a) the conditions under which each bank account is to be operated;
- b) the limit to be applied to any overdraft; and
- c) those authorised to sign cheques or other orders drawn on the accounts.

7.3.2 The Director of Corporate Services must advise the bankers in writing of the conditions under which each account shall be operated.

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### **7.4 Tendering and review**

The Director of Corporate Services shall review the banking arrangements of the Authority at regular intervals to ensure they reflect best practice and represented best value for money by periodically seeking competitive tenders for the banking business in co-operation with other HPSS organisations.



## **8 Income, Fees And Charges and Security of Cash, Cheques and Other Negotiable Instruments**

### **8.1 Income Systems**

- 8.1.1 The Director of Corporate Services is responsible for designing, maintaining and ensuring compliance with systems for the proper recording, invoicing, collection and coding of all monies due, including 'HPSS' transactions.
- 8.1.2 The Director of Corporate Services is also responsible for the prompt banking of all monies received.

### **8.2 Fees and Charges**

- 8.2.1 The Director of Corporate Services is responsible for approving and regularly reviewing the level of all fees and charges to other than those determined by the Department or by Statute. Independent professional advice on matters of valuation shall be taken as necessary.
- 8.2.2 All employees must inform the Director of Corporate Services promptly of all money due arising from transactions which they initiate/deal with, including all contracts, leases, tenancy agreements and other transactions.

### **8.3 Debt Recovery**

- 8.3.1 The Director of Corporate Services is responsible for the appropriate recovery action on all outstanding debts.
- 8.3.2 Income due but not received shall be dealt with in accordance with guidance on losses detailed in HSS(F) circular 38/98.
- 8.3.3 Overpayments shall be detected (or preferably prevented) and recovery initiated.

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### **8.4 Security of Cash, Cheques and other Negotiable Instruments**

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

d) prescribing systems and procedures for handling cash and negotiable securities on behalf of the Authority.

- 8.4.2 Public Funds shall not, under any circumstances, be used for the encashment of private cheques.
- 8.4.3 All cheques, postal orders, cash etc. shall be banked intact. Disbursements shall not be made from cash received, except under arrangements approved by the Director of Corporate Services.
- 8.4.4 The holders of safe keys shall not accept unofficial funds for depositing in their safes unless such deposits are in special sealed envelopes or locked containers. It shall be made clear to the depositors that the Authority is not to be held liable for any loss and written indemnities must be obtained from the organisation or individuals absolving the Authority from responsibility for any loss.

**9 Recruitment, Terms o Service, Remuneration, Appointments and Payroll Processing**

**9.1 Remuneration and Terms of Service**

9.1.1 The Authority shall formally agree and record in the minutes of its meetings, the precise terms of reference of the Remuneration Committee, specifying which posts fall within its area of responsibility, its composition, and the arrangements for reporting. (The constitution of the this committee is covered in Standing Orders).

9.1.2 The Committee shall:

- a) advise the Board as to the appropriate remuneration and terms of service for the Chief Executive, directors and senior professional advisors (and other senior employees):
  - i. all aspects of salary (including any performance-related elements/bonuses);
  - ii. provisions for other benefits, including pensions and cars; and
  - iii. arrangements for termination of employment and other contractual terms.
- b) such advice is intended to ensure the above are fairly rewarded for their individual contribution to the Authority – having proper regard to the Authority's circumstances and performance and to the provision of any national arrangements for such staff or Departmental guidance where appropriate;
- c) monitor the evaluation of the performance of individual directors and senior professional advisors (and other senior employees); and
- d) advise on and oversee appropriate contractual arrangements for such staff including the proper calculation and scrutiny of termination payments taking account of such national or Departmental guidance as is appropriate.

9.1.3 The Committee shall report through its minutes to the Board the basis for its recommendations. The Board shall use the minutes to not the basis for the Committee's decisions, but remain accountable for taking decisions on the remuneration and terms of service of Senior Executives and employees.

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9.1.4 The Committee shall consider and approve proposals presented by the Chief Executive for the setting of remuneration and conditions of service for other employees.

9.1.5 The Authority shall remunerate the Chairman and Members in accordance with the payment of the Remuneration to Chairmen and Members.

**9.2 Funded Establishment**

9.2.1 The manpower plans incorporated within the annual budget shall form the funded establishment.

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

### **9.3 Staff appointments**

- 9.3.1 No director or employee may engage, re-engage, or regrade employees, either on a permanent or temporary basis, or hire agency staff, or agree to changes in any aspect of remuneration:
- a) unless authorised to do so by the Chief Executive; and
  - b) within the limit of his approved budget and funded establishment as confirmed by the Director of Corporate Services.

### **9.4 Processing of Payroll**

- 9.4.1 The Director of Corporate Services is responsible for:
- a) specifying timetables for submission of properly authorised time records and other notifications;
  - b) the final determination of pay;
  - c) making payment on agreed dates; and
  - d) agreeing methods of payments.
- 9.4.2 The Director of Corporate Services shall issue instructions regarding:
- a) verification and documentation of data;
  - b) the timetable for receipt and preparation of payroll data and the payment of employees;
  - c) maintenance of subsidiary records for superannuation, income tax, social security and other authorised deductions from pay;
  - d) security and confidentiality of payroll information;
  - e) checks to be applied to completed payroll before and after payment;
  - f) authority to release payroll data under the provisions of the Data Protection Act;
  - g) methods of payment available to various categories of employee;
  - h) procedures for payment by cheque, bank credit, or cash to employees;
  - i) procedures for the recall of cheques and bank credits;
  - j) pay advances and their recovery;
  - k) maintenance of regular and independent reconciliation of pay control accounts;
  - l) separation of duties of preparing records and handling cash; and
  - m) a system to ensure the recovery from leavers of sums of money and property due by them to the Authority.
- 9.4.3 Appropriately nominated managers have delegated responsibility for:
- a) submitting time records and other notifications in accordance with agreed timetables;
  - b) completing the records and other notifications in accordance with the Director of Corporate Services; and
  - c) submitting termination forms if the prescribed form immediately upon

knowing the effect date of an employee's resignation, termination or retirement. Where any employee fails to report for duty in circumstances that suggest they have left without notice, the Director of Corporate Services must be informed immediately.

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

## **9.5 Contract of Employment**

The Chief Executive shall make appropriate arrangements for:

- a) ensuring that all employees are issued with a Contract of Employment in a form approved by the Authority and which complies with employment legislation; and
- b) detailing variations to, or termination of, contracts of employment.

**10 Non-pay Expenditure for Authority Administration Including Procurement Procedures**

**10.1 Delegation of Authority**

- 10.1.1 Within the administrative ceiling set by the Department, the Board shall approve the level of non-pay expenditure on an annual basis and the Chief Executive shall determine the level of delegation to budget managers.
- 10.1.2 The Chief Executive shall set out:
- a) the list of managers who are authorised to place requisitions for the supply of goods and services; and
  - b) the maximum level of each requisition and the system for authorisation above that level.
- 10.1.3 The Chief Executive shall set out procedures on the seeking of professional advice regarding the supply of goods and services to ensure proper stewardship of public funds and assets.
- 10.1.4 The Chief Executive is responsible for ensuring that goods and services are correctly specified and that the Centre of Procurement Expertise (CoPE) provides value for money. In support of this a Service Level Agreement should be put in place with the COPE, requiring it to provide assurance that the systems and processes used in procurement ensure appropriate probity and propriety.

**10.2 Choice, requisitioning, ordering, receipt and payment for goods and services**

- 10.2.1 The requisitioner, in choosing the item to be supplied (or the service to be performed) shall always obtain the best value for money (VFM) for the Authority. The concept of VFM remains central to the procurement policy.
- 10.2.2 Twelve guiding principles have been adopted as the basis of procurement policy, which are:
- Transparency;
  - Integrity;
  - Fair Dealing;
  - Consistency;
  - Purchasing by competition;
  - Responsiveness;
  - Informed decision making;
  - Legality;
  - Effectiveness;
  - Efficiency;
  - Integration; and
  - Accountability

- 10.2.3 Therefore the Authority requires that the Regional Supplies Service (RSS) as the Centre of Procurement Expertise (COPE) is consulted in the first instance to ensure that procurement is carried out in a professional way. Where this advice is not acceptable to the requisitioner, the Director of Corporate Services (and/or the Chief Executive) shall be consulted.
- 10.2.4 The Director of Corporate Services shall be responsible for the prompt payment of accounts and claims in line with Public Sector Prompt Payment Policy laid down in HSS(F)3/95 which specifies that payment is to be made within thirty days of receipt of the goods or a valid invoice, whichever is the latter. Payment of contract invoices shall be in accordance with contract terms, or otherwise, in accordance with Department guidance.
- 10.2.5 The Director of Corporate Services shall:
- a) advise the Chief Executive and Senior Executive Team regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; and, once approved, the thresholds shall be incorporated in standing orders and regularly reviewed;
  - b) prepare procedural instructions on the obtaining of goods, works and services incorporating the thresholds;
  - c) be responsible for the prompt payment of all properly authorised accounts and claims;
  - d) be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable. The system shall provide for:
    - (i) a list of directors/employees (including specimens of their signatures) authorised to certify invoices;
    - (ii) certification that:
      - goods have been duly received, examined and are in accordance with specification and the prices are correct;
      - work done or services rendered have been satisfactorily carried out in accordance with the order, and, where applicable, the materials used are of the requisite standard and the charges are correct;
      - in the case of contracts based on the measurement of time, materials or expenses, the time charges are in accordance with the time sheets, the rates of labour are in accordance with the appropriate rates, the materials have been checked as regards quantity, quality, and price and the charges for the use of vehicles, plant and machinery have been examined;
      - where appropriate, the expenditure is in accordance with regulations and all necessary authorisation have been obtained;
      - the account is arithmetically correct; and
      - the account is in order for payment;
    - (iii) a timetable and system for submission to the Director of Corporate Services of accounts for payment; provision shall be

made for the early submission of accounts subject to cash discounts or otherwise requiring early payment; and

- (iv) instructions to employees regarding the handling and payment of accounts;
- e) be responsible for ensuring that payment for goods and services is only made once the goods and services are received, (except as below).

**10.2.6** Prepayments or payments on account are only permitted where exceptional circumstances apply. In such instances:

- a) prepayments are only permitted where the financial advantages outweigh the disadvantages (i.e. cashflow must be discounted to NPV) and the intention is not to circumvent cash limits;
- b) the appropriate manager must provide, in the form of a written report, a case setting out all relevant circumstances of the purchase. The report must set out the effects on the Authority if the supplier is at some time during the source of the prepayment agreement unable to meet his commitments;
- c) the Director of Corporate Services will need to be satisfied with the proposed arrangements before contractual arrangements proceed; and
- d) the budget holder is responsible for ensuring that all items due under a prepayment contract are received and he/she must immediately inform the Chief Executive / Director of Corporate Services if problems are encountered.

**10.2.7** Official orders must:

- a) be consecutively numbered;
- b) be in a form approved by the Director of Corporate Services;
- c) state the terms and conditions of trade; and
- d) only be issued to, and used by, those duly authorised by the Chief Executive.

**10.2.8** Managers must ensure that they comply fully with the guidance and limits specified by the Director of Corporate Services and that:

- a) all contracts, leases, tenancy agreements and other commitments which may result in a liability are notified to the Director of Corporate Services in advance of any commitment being made;
- b) contracts above specified thresholds are advertised and awarded in accordance with Circular HSS (PPM) 3/2004 EC and GATT rules on public procurement and comply with the White Paper on Standards, Quality and International Competitiveness (CMND 8621);
- c) where consultancy advice is being obtained, the procurement of such skills must be in accordance with guidance issued by the Department;
- d) no order shall be issued for any item or items to any firm which has made an offer of reward or benefit to Members or employees, other than:
  - (i) isolated gifts of a trivial character or inexpensive seasonal gifts, such as calendars; or



- (ii) conventional hospitality, such as lunches in the course of working visits;
- e) no requisition/order is placed for any item or items for which there is no budget provision unless authorised by the Chief Executive or the Director of Corporate Services on behalf of the Chief Executive;
- f) all goods, service, or works are ordered on an official order except works and services executed in accordance with a contract and purchases from petty cash;
- g) verbal orders must only be issued very exceptionally – by an employee designated by the Chief Executive and only in cases of emergency or urgent necessity. An official order clearly marked 'Confirmation Order' must confirm these;
- h) orders are not split or otherwise placed in a manner devised so as to avoid the financial thresholds;
- i) goods are not taken on trial or loan in circumstances that could commit the Authority to a future uncompetitive purchase;
- j) changes to the list of managers/employees authorised to certify invoices are notified in a timely manner to the Director of Corporate Services;
- k) purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Director of Corporate Services;
- l) petty cash records are maintained in a form as determined by the Director of Corporate Services.

- 10.2.9 The Chief Executive **must** ensure that the Authority's Standing Orders are compatible with the requirements issued by the Department in respect of building and engineering contracts (CONCODE) and land and property transaction (ESTATECODE). The technical audit of these contracts shall be the responsibility of the Head of Corporate Services. The Director of Corporate Services shall ensure that the arrangements for financial control and financial audit of building and engineering contracts and property transactions comply with the guidance contained within these codes.

### 10.3 **Hospitality**

The use of public funds for hospitality and entertainment shall be carefully considered within the guidelines issued by the Department in circular HSS(F)8/2003-outlined-in-the-Standing-Financial-Instructions

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#### 10.3.1 Providing Hospitality

**Definition** - Hospitality refers to: meals; beverages and light refreshments; of any type provided out of public funds to anyone be they a public servant or official, representative of a public or private body or organisation, or a private individual. It includes hospitality provided for training events run by the Authority itself but not where such events are run by an external organisation.

10.3.2 Justification For Hospitality

See Standing Order 6.7 , Code of Conduct, pp 85-86

A fundamental consideration governing the justification for expenditure by the Authority at public expense is that on **every** occasion the hospitality extended shall be in the direct interest of the Authority and proportionate to that interest.

10.3.3 Accountability

The Chief Executive has ultimate responsibility and accountability for expenditure on hospitality but in most instances the appropriate senior officer (determined by the Chief Executive) of the department or area arranging/providing the hospitality shall decide where it is appropriate and its scale.

10.3.4 Scale of Hospitality

Some events may justify a much greater outlay than others and judgments on the scale of provision shall be based on common sense considerations. The maxim to follow, however, is that official entertainment shall be, and shall be seen to be on a modest scale and not ostentatious in nature.

10.3.5 Recipients of Hospitality

- (a) Anyone from either outside or within the Authority provided with official hospitality can be regarded as recipients of hospitality. The maxim to consider as regards any meeting or other event, which involves people from outside the Authority, is that the numbers of officials from within the Authority shall be kept to a minimum.
- (b) It is also recommended that guests shall not be offered hospitality:
  - (i) solely as a reciprocal gesture;
  - (ii) on an automatically recurrent or regular basis unless circumstances indicate that it is appropriate to do so (for example where long distances are travelled).

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10.3.6 Internal Meetings and Recruitment Panels

- a) Factors to take into account include: the duration of meetings; distance travelled; whether or not non public sector guests will be there; or whether the majority of those present work under the direct control of the chair.
- b) It is suggested that if hospitality is to be extended it shall be limited to light refreshments and written approval shall be sought in advance from the appropriate senior officer.
- c) In the case of recruitment panels it is recommended that lunches shall not normally be provided but the chair of the panel shall decide what is

appropriate taking account of factors like time constraints prohibiting the panel taking lunch and the composition of the panel including the presence of an outside assessor.

10.3.7 Training Courses/Away Days/Seminars/Conferences

a) Residential

It is normal practice for meals and light refreshments to be provided for delegates. Beverages (including alcohol) are permissible with evening meals up to a recommended limit of one third of the total cost of the meal.

b) Non-residential

Lunch may be provided where it facilitates the running of the course or where alternative provision is not available. Written approval shall be sought in advance from the appropriate senior officer. Unless part of a fixed price package, beverages (with the exception of tea/coffee/fruit juice) shall not normally be provided with lunches.

10.3.8 Hospitality involving meals or venues outside the Authority (excluding training events)

a) The Chairperson or Chief Executive may approve such hospitality providing funds are available in their hospitality budgets.

b) Prior written approval shall be obtained from the approving officer regarding:

- the appropriateness of extending hospitality;
- the type of hospitality proposed;
- the scale and cost of hospitality proposed;
- the guest list; and
- the venue.

c) Only in very exceptional circumstances shall recipients of official hospitality be allowed to approve, or instruct their staff to approve, such expenditure.

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10.3.9 Situations not specifically covered by guidelines

It is recognised that there may be exceptional circumstances when hospitality shall be provided, in the interests of the Authority, that may not be covered above. In such situations **approval** shall be obtained, in writing, from the Chief Executive (or the Director of Corporate Services if this seems more appropriate) **before** expenditure is incurred. The request for approval shall give an indication of

- why the request falls outside the boundaries of what is normally allowable;

- why it is considered necessary to provide such hospitality.

#### 10.3.10 Authorising Payment Of Hospitality

In each case it is the responsibility of the delegated officer to ensure that the expenditure was properly approved in accordance with the Financial Schemes of delegation and that the hospitality extended falls within the terms approved.

#### 10.3.11 Documentation

- a) The purchase and payment for hospitality bought from external suppliers, irrespective of whether it is provided within or outside the body, shall be approved, authorised and documented in the same manner as the purchase of any type of goods or services.
- b) The documentation shall include:
  - the written request for permission and approval to extend hospitality (see paragraph 7.7.8 above);
  - if appropriate, evidence of having sought the best price;
  - receipts/invoices detailing separately the purchase of:
    - food; and
    - beverage.

#### 10.3.12 Hospitality And Subsistence Claims

The Chairperson, Chief Executive and senior managers shall be required to submit personal claims for entertainment expenses to the Board for approval, through the Director of Corporate Services.

Staff are reminded that claims for subsistence allowances are not permitted where meals are provided as part of a function attended.

## **11 Capital Expenditure, Fixed Asset Registers and Security of Assets**

### **11.1 Authority's Capital Expenditure**

#### **11.1.1 The Chief Executive:**

- a) shall ensure that there is an adequate appraisal and approval process in place for determining capital expenditure priorities and the effect of each proposal upon the commissioning plans;
- b) is responsible for the management of all stages of capital schemes and for ensuring that schemes are delivered on time and to cost;
- c) shall ensure that the capital investment is not undertaken without the resources to finance all revenue consequences, including capital charges; and

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

- a) that a **business case** (in line with the guidance contained within the Capital Investment Manual) is produced setting out:
  - (i) an option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to costs; and
  - (ii) appropriate project management and control arrangements; and
- b) that the Director of Corporate Services is satisfied with the reliability of the estimated costs and resource consequences detailed in the business case;
- c) that Departmental approval is obtained for projects costing more than the Authority's delegated limit for capital schemes;
- d) schemes requiring Departmental approval are re-submitted to the Department for re-consideration if any of the conditions specified in the Capital Investment Manual apply.

#### **11.1.3 For capital schemes where the contracts stipulate stage payments, the Chief Executive shall issue procedures for their management, incorporating the recommendations of 'Estatecode'.**

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~~The Director of Corporate Services shall issue procedures for the regular reporting of expenditure and commitment against authorised capital expenditure.~~

#### **11.1.4 The approval of a capital programme shall not constitute approval for expenditure on any scheme.**

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

- a) specific authority to commit expenditure;
- b) authority to proceed to tender; and
- c) approval to accept a successful tender.

The Chief Executive shall issue a scheme of delegation for capital investment management in accordance with 'Estatecode' guidance and the Authority's Standing Orders.

- 11.1.5 The Director of Corporate Services shall issue procedures governing the financial management, including variations to contract, of capital investment projects and valuation for accounting purposes.

## **11.2 Asset Registers**

- 11.2.1 The Chief Executive is responsible for the maintenance of register of assets, taking account of the advice of the Director of Corporate Services concerning the form of any register and the method of updating, and arranging for a physical check of assets against the asset register to be conducted at least once a year.

- 11.2.2 The Authority shall maintain an asset register recording fixed assets. The minimum data set to be held within this register shall be as specified in the Capital Accounting Manual, March 2004, issued by the Department.

- 11.2.3 Additions to the fixed asset register must be clearly identified to an appropriate budget holder and be validated by reference to:

- a) properly authorised and approved agreements, architect's certificates, supplier's invoices and other documentary evidence in respect of purchases from third parties;
- b) stores, requisitions and wages records for own materials and labour including appropriate overheads; and
- c) lease agreements in respect of asset held under a finance lease and capitalised.

- 11.2.4 Where capital assets are sold, scrapped, lost or otherwise disposed of, their value must be removed from the accounting records and each disposal must be validated by reference to authorisation documents and invoices (where appropriate).

- 11.2.5 The Director of Corporate Services shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.
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- 11.2.6 The value of each asset shall be indexed to current values in accordance with methods specified in the Capital Accounting Manual, March 2004, issued by the Department.

- 11.2.7 The value of each asset, where appropriate, shall be depreciated using methods and rates as specified in the Capital Accounting Manual, March 2004, issued by the Department.

- 11.2.8 The Director of Corporate Services of the Authority shall calculate and pay capital charges as specified in the Capital Accounting Manual, March 2004,

issued by the Department.

### **11.3 Security of Assets**

- 11.3.1 The overall control of fixed assets is the responsibility of the Chief Executive.
- 11.3.2 The Director of Corporate Services must approve asset control procedures (including fixed assets, cash, cheques and negotiable instruments, and also including donated assets). This procedure shall make provision for:
- (a) recording managerial responsibility for each asset;
  - (b) identification of additions and disposals;
  - (c) identification of all repairs and maintenance expenses;
  - (d) physical security of assets;
  - (e) periodic verification of the existence of, condition of, and title to, assets recorded;
  - (f) identification and reporting of all costs associated with the retention of an asset; and
  - (g) reporting, recording and safekeeping of cash, cheques, and negotiable instruments.
- 11.3.3 All discrepancies revealed by verification of physical assets to fixed asset register shall be notified to the Director of Corporate Services.
- 11.3.4 Whilst each employee has responsibility for the security of property of the Authority, it is the responsibility of directors and senior employees in all disciplines to apply such appropriate routine security practices in relation to HPSS property as may be determined by the Authority. Directors or employees using portable Authority assets are responsible for the safe custody of those assets and the secure storage of those assets when unattended. Any breach of agreed security practices must be reported in accordance with instructions.
- 11.3.5 Any damage to the Authority's premises, vehicles and equipment, or any loss of equipment, stores or supplies must be reported by employees in accordance with the procedure for reporting losses.
- 11.3.6 Where practicable, assets shall be marked as Authority property.
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## **12 Stores and Receipt of Goods**

- 12.1** The Authority's need to hold stores is minimal and mainly office supplies. Stores, defined in terms of controlled stores and departmental stores (for immediate use) shall be:
- a) kept to a minimum;
  - b) subjected to annual stocktake; and
  - c) valued at the lower of cost and net realisable value.
- 12.2** Subject to the responsibility of the Director of Corporate Services for the systems of control, overall responsibility for the control of stores shall be delegated to an employee by the Chief Executive. The day-to-day responsibility may be delegated by her / him to departmental employees and stores managers/keepers, subject to such delegation being entered in a record available to the Director of Corporate Services. The control of fuel oil shall be the responsibility of a designated estates manager.
- 12.3** The responsibility for security arrangements and the custody of keys for all stores and locations shall be clearly defined in writing by the designated manager. Wherever practicable, stocks shall be marked as health service property.
- 12.4** The Director of Corporate Services shall set out procedures and systems to regulate the stores including records for receipts of goods, issues, and returns to stores, and losses.
- 12.5** Stocktaking arrangements shall be agreed with the Director of Corporate Services and there shall be a physical check covering all items in store at least once a year.
- 12.6** Where a complete system of stores control is not justified, alternative arrangements shall require the approval of the Director of Corporate Services.
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- 12.7** The designated Manager shall be responsible for a system approved by the Director of Corporate Services for a review of slow moving and obsolete items and for condemnation, disposal, and replacement of all unserviceable articles. The designated officer shall report to the Director of Corporate Services any evidence of significant overstocking and of any negligence or malpractice (see also 13, Condemnations, Losses and Special Payments). Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods.
- 12.8** For goods supplied via the Regional Supplies Service, the Chief Executive shall identify those authorised to requisition and accept goods from the store. The authorised person shall check receipt against the delivery note before



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forwarding this to the Director of Corporate Services who shall satisfy herself that the goods have been received before accepting the recharge.

## **13 Disposals and Condemnations, Losses and Special Payments**

### **13.1 Disposals and Condemnations**

- 13.1.1 The Director of Corporate Services must prepare detailed procedures for the disposal of assets including condemnations, and ensure that these are notified to managers.
- 13.1.2 When it is decided to dispose of a Authority asset, the head of department or authorised deputy shall determine and advise the Director of Corporate Services of the estimated market value of the item, taking account of professional advice where appropriate.
- 13.1.3 All unserviceable articles shall be:
- a) condemned or otherwise disposed of by an employee authorised for that purpose by the Director of Corporate Services; and
  - b) recorded by the Condemning Officer in a form approved by the Director of Corporate Services which shall indicate whether the articles are to be converted, destroyed or otherwise disposed of. All entries shall be confirmed by the countersignature of a second employee authorised for the purpose by the Director of Corporate Services.
- 13.1.4 The Condemning Officer shall satisfy himself as to whether or not there is evidence of negligence in use and shall report any such evidence to the Director Corporate Services who shall take the appropriate actions.

### **13.2 Losses and special payments**

- 13.2.1 The Director of Corporate Services must prepare procedural instructions on the recording of and accounting for condemnations, losses, and special payments, in line with Departmental guidance.
- 13.2.2 Any employee discovering or suspecting a loss of any kind must immediately inform their head of department, who must immediately inform the Chief Executive and the Director of Corporate Services. Where a criminal offence is suspected, the Director of Corporate Services must immediately inform the police if theft or arson is involved, but if the case involves suspicion of fraud, then the particular circumstances of the case shall determine the stage at which the police are notified.
- 13.2.3 The Director of Corporate Services must notify the Department of all frauds.
- 13.2.4 For losses apparently caused by theft, fraud, arson, neglect of duty or gross carelessness, except if trivial and where fraud is not suspected, the Director of Corporate Services must immediately notify:

- a) the Board; and
- b) Departmental Director of Financial Management.

- 13.2.5 The write off of losses and special payments shall be in accordance with the guidelines issued under Circular HSS(F)38/98 which draws on the manual 'Government Accounting in Northern Ireland' issued by the Department of Corporate Services and Personnel.
- 13.2.6 Within limits delegated to it by the Department, the Audit Committee on behalf of the Authority shall approve the write off of losses. Losses and special payments in excess of the delegated authority must be referred to the Department's Finance Policy and Accountability unit.
- 13.2.7 The Director of Corporate Services shall be authorised to take any necessary steps to safeguard the Authority's interests in bankruptcies and company liquidations.
- 13.2.8 For any loss, the Director of Corporate Services shall consider whether an insurance claim can be made against any applicable insurers.
- 13.2.9 The Director of Corporate Services shall maintain a Losses and Special Payments Register in which write-off action is recorded.
- 13.2.10 The Audit Committee's approval shall be sought to the write off action prior to their disclosure in the Notes to the Annual accounts.
- 13.2.11 No special payments exceeding delegated limits shall be made without the prior approval of the Department.

## **14 Information Technology**

**14.1** The Director of Corporate Services, who is responsible for the accuracy and security of the computerised financial data of the Authority, shall in accordance with HPSS IT Security Policy:

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

**14.2** The Director of Corporate Services 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 organisation, assurances of adequacy shall be obtained from them prior to implementation.

**14.3** In the case of computer systems which are proposed General Applications (ie normally those applications which HSS bodies wish to sponsor jointly) all responsible directors and employees shall send to the Director of Corporate Services:

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- a) details of the outline design of the system;
  - b) the operational requirement, in the case of packages acquired either from a commercial organisation, from the HPSS, or from another public sector organisation.

**14.4** The Director of Corporate Services shall ensure that contracts for computer services for financial applications with another health organisation or any other agency shall clearly define the responsibility of all parties for the security, privacy, accuracy, completeness, and timeliness of data during processing, transmission and storage. The contract shall also ensure rights of access for audit purposes.

- 14.5** Where another health organisation or any other agency provides a computer service for financial applications, the Director of Corporate Services shall periodically seek assurances that adequate controls are in operation.
- 14.6** Where computer systems have an impact on corporate financial systems the Director of Corporate Services shall be satisfied that:
- a) systems acquisition, development and maintenance are in line with corporate policies such as an Information Communications and Technology Strategy (ICT);
  - b) data produced for use with financial systems is adequate, accurate, complete and timely, and that a management (audit) trail exists;
  - c) Finance staff have access to such data;
  - d) such computer audit reviews as are considered necessary are being carried out; and
  - e) an outturn statement comparing actual with forecast performance. Special reference shall be made to any supplementary funding requirements.

**15 Payments to Independent Contractors**

- 15.1** The Chief Executive shall approve additions to, and deletions from, approved lists of contractors consistent with HPSS policy, taking into account the care needs of the local population, and the access to existing services. All applications and resignations received shall be dealt with equitably, with any time limits laid down in the contractor's HPSS terms and conditions of service.
- 15.2** The Chief Executive shall:
- a) ensure that lists of all contractors, for which the Authority is responsible, are maintained in an up to date condition; and
  - b) ensure that systems are in place to deal with applications, resignations, inspection of premises etc, within the appropriate contractor's terms and conditions of service.
- 15.3** The Director of Corporate Services shall:
- a) ensure that only contractors included in the Authority's approved lists receive payments;
  - b) maintain a system of payments such that all valid contractors' claims are paid promptly and correctly, and are supported by the appropriate documentation and signatures;
  - c) ensure that regular independent verification of claims is undertaken, to confirm that:
    - (i) rules have been correctly and consistently applied;
    - (ii) overpayments are detected (or preferably prevented) and recovery initiated in accordance with HPSS(F)38/98 circular, Guidance on Losses and Special Payments, Appendix B "Recovery of Overpayments"; and
    - (iii) fraud is detected (or preferably prevented).
  - d) ensure that arrangements are in place to identify contractors receiving exceptionally high, low or no payments, and highlight these for further investigation; and
  - e) ensure that a prompt response is made to any query raised by either the Central Services Agency or Counter Fraud Unit regarding claims from contractors submitted directly to them.
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**16 Retention of Documents**

- 16.1** The Chief Executive shall be responsible for maintaining archives for all documents required to be retained under guidance contained in Circular HSS(F)14/2004 on the Preservation and Destruction of Financial and Associated Records issued by the Department and any subsequent guidance.
- 16.2** The documents held in archived shall be capable of retrieval by authorised person.
- 16.3** Documents held under Departmental guidance shall only be destroyed at the express instigation of the Chief Executive and records shall be maintained of documents so destroyed.

**17 Risk Management**

**17.1** The Chief Executive shall ensure that the Authority has a systematic programme of risk identification, assessment and management, which shall be approved and monitored by the Audit Committee on behalf of the Authority.

**17.2** The programme of risk management shall include:

- a) a process for identifying and quantifying risks and potential liabilities;
- b) engendering among all levels of staff a positive attitude towards the identification and control of risk;
- c) management processes to ensure all significant risks and potential liabilities are addressed including effective systems of internal control;
- d) contingency plans to mitigate the impact of adverse events;
- e) audit arrangements including internal audit, clinical and social care audit, health and safety review;
- f) arrangements to review the risk management programme on an annual basis, as stipulated by the Departmental Controls Assurance programme.
- g) A corporate risk register must be maintained and reviewed at least once annually.

The existence, integration and evaluation of the above elements shall provide assurance on the adequacy of internal controls as required by HSS(F)13/98, Supplement 1 and subsequent guidance.